ROYAL VICTORIA LIFE
INSURANCE COMPANY.

ANNUAL MEETING, MONTREAL, MARCH 27th, 1907

The Directors' Report was unanimously adopted and retiring directors re-elected

DIRECTORS' REPORT

The Directors beg to submit the following report of the Company's operations for the year 1906, together with the financial statement and the auditor's report.

New business satisfactory. The new business amounting to $962,675.00 in applications for Insurance, of which $840,175.00 was accepted and policies issued therefor, was not as large as in the previous year, owing to the unsettled conditions in Life Insurance that existed in Canada during the past year. The amount of new business obtained, however, under the conditions referred to is considered satisfactory.

Management expenses reduced. The expenses of the year show a further reduction of 7 1-2 per cent. on the previous year. Compared with the sum of expenses in the previous year the actual reduction amounts to $4,600.00.

Cash income increased. The cash income from premiums and interest amounted to $170,823.23, being an increase of $10,514,58 over the previous year. The balance of premium revenue (premiums outstanding and deferred) amounted to $40,600.46, as shown in the assets under that heading.

Invested assets increased The Ledger assets have increased during the year in the sum of $46,618.73, which now brings the total security for holders of insurance and annuity policies (including the capital) up to $1,333,456.05.

Legal Reserves increased. The Legal Reserves on policies in force, according to the valuation made by the Canadian Insurance Department, at December 31st last, amounted to $479,456.05, which covers the Reserve liability under each policy in force from the date of its inception to its anniversary date in 1907.

Payments under policies increased. The payments made under policies during the year amounted to $56,454.33, being for death claims $42,451.45 (of which $6,500 was shown as a liability in last annual statement); for cash surrender values $8,648.60; and for annuities $5,354.28, making an increase in the total of such payments of $9,125.93 over the previous year.

Loans on stocks and bonds well secured. The loans on stocks and bonds at December 31st, amounted to $150,000.00, being an increase of $40,000.00; the company holding as collateral security first-class bonds and stocks, having a market value of over $180,000.00.

Loans on policies secured by large Reserves. The loans to policy-holders made in cash and to pay premiums on the security of their policies amounted to $40,173.24, being an increase of $8,868.02. The reserves held under such policies, included in the liabilities, amounted to over $75,000.00, showing an average of $186.00 of Reserve as security against each $100.00 of policy loans.

Interest promptly paid. The interest on investments has during the year, as usual, in every instance been promptly paid when due, not one dollar being overdue in the accounts on the 31st of December.

Adjustment of capital Shares. As intimated at the last Annual Meeting of the Company, the Directors have taken the necessary steps to obtain from Parliament powers under the Company's Act of Incorporation to adjust the capital shares. In due course a by-law will be submitted to the shareholders for their consideration, at a special meeting, which will be held during the year for that purpose.

Investigation by Royal Commission. As a result of the investigation of Life Insurance in Canada during the past year by the Royal Commission, it is believed the conditions under which the companies have been doing business will be improved, and that necessary amendments will be made to the Insurance Act, providing for a broader and equally safe range of investments, and also for an adjustment of the standard of valuation of policy Reserves in the initial years of insurance.

All of which is respectfully submitted.

DAVID BURKE,
General Manager.

JAMES CRATHERN,
President.