

intervals of several years, cannot be too highly appreciated by the policy-holders. It will also be interesting to them, and to the shareholders, to observe the handsome surplus of \$49,278.97 held by the Association at the end of the first year of the second quinquennium.

The auditors have continued to check, in a most thorough manner, each month the various transactions involving the receipt or payment of money. The actuary's report, and the report of a special committee of the Board appointed to examine the securities, will be found appended to this report.

Two half yearly dividends, at the rate of 8 per cent. per annum, have been paid to the shareholders for the past year, which, with the bonus of 2 per cent., makes the dividend equal to 10 per cent. per annum. The profits of the year again warrant the payment of a bonus of 2 per cent., which has been declared and will be paid to the shareholders on the first of May.

In addition to what has already been said, the steady progress made by the Association will be observed from the following statement of the assets at the close of each year, the paid-up capital remaining the same:—

At the end of 1st year.....	\$100,952 63
" " 2nd "	118,293 69
" " 3rd "	162,283 12
" " 4th "	223,474 98
" " 5th "	289,209 19
" " 6th "	369,870 94

All branches of the business have had the close attention of your Directors. The insured lives have been selected with care, to which is doubtless owing the fact that the death rate continues low; while the investments have been made with the utmost prudence.

Under the provisions of the Act of Incorporation all the Directors retire, but all are eligible for re-election.

W. P. HOWLAND, President.

J. K. MACDONALD, Managing Director.

CASH ACCOUNT—1877.

Dr.

1876.		
Dec. 31.	To Cash on hand and in banks...	\$ 11,793 17
1877		
Dec. 31	" " for premiums	132,600 69
	" " " in advance	383 95
	" " annuities	5,048 00
	" " interest	20,854 54
	" " loans repaid	20,752 34
	" " from sundry sources	979 19
	" " profit and loss	1,125 44
	" " for death claims re-assured	560 00
		<u>\$194,105 32</u>

Cr.

1877.		
Dec. 31.	By Expenses for year	\$ 40,394 76
	" re-insurance	2,717 28
	" surrendered policies	9,511 43
	" death claims	19,436 73
	" cash profits paid to policy-holders	15,184 45
	" one year's dividend on stock to Dec. 31, 1876	4,000 00
	" bonus on stock to Dec. 31, 1876	1,000 00
	" half-year's dividend on stock to June 30, 1877	2,000 00
	" returned premiums on cancelled policy	17 78
	" half-yearly annuity paid	300 00
		<u>\$194,105 32</u>

INVESTMENTS.

1877.		
Dec. 31.	By debentures (cost)...	\$ 8,514 20
	" mortgages	75,146 00
	" loans on stock	1,500 00
	" loans on eight policies	872 19
	" bills receivable	294 89
	" sundry advances	752 48
	" furniture	50 50
		<u>87,130 21</u>
	" cash in banks	12,331 74
	" cash on hand	80 94
		<u>\$194,105 32</u>

BALANCE SHEET.

Liabilities.

Dec. 31, 1877.	
To Assurance Fund, on the Hm. Institute of Actuaries' Mortality and 4½ per cent. (including bonus additions)	\$258,526 07
Less, for reserve on policies re-insured	7,924 08
	<u>\$250,601 99</u>
To reserve on lapsed policies, liable for surrender or restoration	2,026 23
To Annuity Funds	4,917 00
To losses by death, accrued, but not due (since paid)	4,032 00
To all other accounts, including premiums paid in advance	3,804 45
	<u>\$265,381 67</u>
Total liabilities to policy-holders	
To amount of paid-up stock, being 10 per cent. on subscribed capital of \$500,000	50,000 00
To amount held to cover the cost of collecting the premiums outstanding and deferred on Dec. 31st, 1877	3,210 30
To half year's dividend on stock, payable 1st Jan. 1878	2,000 00
To surplus	49,278 97
	<u>\$369,870 94</u>

Assets.

Dec. 31st, 1877.	
By debentures (market value, \$109,879 50) (cost)	\$106,683 20
By mortgages	199,348 32
By loans on stock	5,250 00
By Government 5 per cent. stock (par \$3,500) (cost)	5,497 50
By loans on policies	906 39
By sundry accounts	940 34
By bills receivable	294 89
By furniture	1,051 34
By death claim, re-assured (not yet due)	610 00
By cash on hand	80 94
By cash in banks	12,331 74
By premiums in course of collection (reserve thereon included in liabilities)	20,726 05
By quarterly and half-yearly premium on existing policies due subsequent to December 31, 1877 (reserve thereon included in liabilities)	11,376 92
By interest due	507 00
By interest accrued	6,266 31
	<u>\$369,870 94</u>

J. K. MACDONALD,
Managing Director.

We have examined the books of account, securities, and vouchers representing the cash account and investment account, also the securities represented in the balance sheets of assets, and hereby certify to the correctness of the same; and find the books, securities, and vouchers in a most satisfactory and clear condition.

ALFRED J. MASON, }
JOHN N. LAKE, } Auditors.

Toronto, April 3rd, 1878.

Toronto, March 18, 1878.

To the Board of Directors of the Confederation Life Association:

We, the Special Committee of your board, charged with the examination of the securities representing the investments of the Association on the 31st, December, 1877, beg to report:

That we have examined each mortgage, debenture, certificate, and Government stock, each loan on the security of stock as collateral, and find the same correct, and kept safely and orderly.

The loans on mortgage amount to	\$199,348 32
Debentures (face, \$112,032 00) (cost)	106,683 20
Government stock (face, \$3,500 00) (cost)	3,497 50
Loans on stock collaterals	5,250 00
	<u>\$314,779 02</u>

And that these, in our opinion, are good and safe loans.

WM. ELLIOT, }
E. HOOPER, } Committee.
W. H. BEATTY, }

Toronto, April 4, 1878.

I hereby certify that having computed the value of the risks of the Confederation Life Association, as stated below, upon the basis of the Institute of Actuaries Life Tables, and interest at the rate of four and one half per cent. per annum, taking account of the net premiums

only, I find the liability thereunder as follows—
as at date of 31st Dec., 1877:

	Present Value or Reserve.
Number of Policies valued, 3,361, insuring an amount of \$4,888,755 81	\$258,526 07
Of these 29, for an amount of \$100,422, were re-insured	7,924 08

Leaving a net liability of	\$250,601 99
To this must be added unclaimed surrender values to an amount of	2,026 23
And the present value of two annuities	4,917 00

Making the total net liability

CHARLES CARMAEL,
Actuary.

The Trustees beg to report—

That they hold Government stock and deposit to the amount of four thousand one hundred dollars, covering a total liability, under 114 policies, of \$3,640.37.

W. P. HOWLAND, }
WM. MCMASTER, } Trustees.
J. K. MACDONALD, }

The report and statements which I have now read and placed in your hands are so full, and the statements of the affairs of the Company are so simple and clear, that it will be unnecessary for me to detain you with any lengthened remarks of my own. In carrying on the work of the Company during the past year we have had to contend with a state of commercial depression which all admit to have been unparalleled in this country. We have also had to contend, not only with active competition, but in some cases with hostile attacks upon the system and management of the Company.

Our able and indefatigable manager has proved himself capable of contending with these difficulties, and of proving to the satisfaction of the public that the system adopted by this Company is such as entitles it to receive their confidence and support.

Our operations for the past year, both as regards the amount of the former business that has been carried on and the amount of new business which has been obtained, under the circumstances, I think are highly satisfactory to all concerned, and the plan that the Board has for supervising in carrying on these operations has fully realized all the expectations which they had formed of it. It is of the utmost importance in the arrangements of a company of this kind that a careful scrutiny shall be had of the applications that are made for insurance, and I think we have a committee that acts in this matter who are possessed of special qualifications for their duty, and the result to the Company so far is one that proves the good judgment and care that they have exercised in doing their part of the business. And the Committee that has charge of the agencies of the Company, have, I think, shown equally good judgment in the performance of their duty. Our investments are each year becoming a more important branch of the Company's business. This is entrusted to the Finance Committee, of which I am Chairman, and to which I give especial attention; and I may say that, so far, not a shilling of the money belonging to the Company has been lost, and I do not think any loss whatever can occur upon the large amount which the company has now invested. I hope that we shall have the pleasure of hearing an expression of opinion from some of our policy-holders and agents, so many of whom I am happy to see present. If any further information is required I shall be happy to furnish it. I beg to move the adoption of the report.

W. S. Lee, Esq., said he thought that so much information and so full a report need not call for any further remarks. He thought the report a most excellent one, and one that they