

bers have expressed unqualified satisfaction at the surplus distributed early in the year, and the mortality experience continues to be unexpectedly low. The Directors, therefore, confidently submit that, in the present condition of the Company, there is every reason for satisfaction and unbounded confidence among all its friends.

These very favorable results have, however, been attained in the face of great difficulties and causes for discouragement. The long-continued financial depression has prevented the completion of many risks, and curtailed the amount of not a few. It has, also, been the cause of a good number of lapses and surrendered Policies. It is earnestly hoped that the expected improvement in general business may not be much longer delayed. At this point, we wish to strongly impress upon all our members and others, the great need and advantage of Life Insurance in times such as we are passing through. If at all possible, those who are insured should keep up their Policies, and persons not insured should at once join a good Company. While so much other property is being lost, diminished in amount and of uncertain value, there can be no doubt as to the real benefits of Life Insurance. In a sound Company, it certainly offers to every head of a family the very best provision for those depending upon him.

During the past year, the minds of some, even in this country, have been disturbed by the failure of a few American Companies. The trouble has not extended to Canada, and it should always be borne in mind that it has arisen through fault—not in the principles of the system, but in the management of the particular Offices. Every possible safeguard is now thrown around our Canadian Companies, and recent experience teaches that they are undoubtedly the best for Canadian insurers. Every one will admit it is natural and right for us to build up our own institutions.

Special attention has been bestowed on the extension of our Agencies. A Branch, with a local Board, was organized at Halifax, having control of the Maritime Provinces. Throughout New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland, we now have active representation, and other distant points are under consideration. Necessarily, a considerable expenditure had to be incurred. In most Companies, this would have been distributed over a series of years; but we have written off the whole to the year's expenses, which are thereby rendered somewhat more than usual. Large results are looked for, and doubtless will follow from this enlargement of the field in which the Company is now operating.

Before entering upon the details of the year, it should be mentioned that the books were closed a fortnight earlier than usual, which very materially affected the aggregate results, and, if possible, in future the attempt will be made to close yet earlier.

In the Life Department there were submitted for consideration of the Board during the year, 1003 applications for \$1,413,342 03, yielding an annual revenue of \$41,829 25, and Policies issued for \$1,264,342 03. Some were withdrawn or not completed, but the greater part of the remainder were declined as not eligible for insurance. The progressive character of the business is well shown by comparison with former years:

| No of Proposals. | | |
|--------------------------------|------|------------|
| New business submitted in 1874 | 583 | \$ 421,342 |
| " " " 1875 | 449 | 680,710 |
| " " " 1876 | 691 | 1,154,998 |
| " " " 1877 | 1003 | 1,413,342 |

The greatest improvement is, it will be noticed, in the number of applications—the gain over last year being forty-five per cent, while the gain in amount is only twenty-two per cent. Had money been easier so as to have secured the same average per Policy as that of the previous year, the Assurances of last year would have been about \$1,676,013. The real work done has, therefore, to be estimated in this case by the number of applications, and not by the aggregate assurances, for the lack in amount is attributable to hard times and over competition.

The Accident Branch has steadily improved. We insured in new Policies and renewals \$1,974,700, yielding an annual premium income of \$9,507 07. The Commercial Travellers' Association of Canada has contributed a fair proportion of this amount, and we are glad to be able to report that by dealing in a prompt and honorable manner with the Association we have secured a continuance of their patronage. After deducting all claims and expenses against this Branch, there remains a handsome balance at its credit.

The question of expected tabular mortality has received careful attention, and your Directors are happy to report that our experience in actual death claims continues to be unusually favorable. By strict investigation into the number of lives exposed and the amount at risk during the year, our death claims by tabular expectation should have been \$27,774 42; whereas the actual claims for the year as per mortality register, were only \$12,560, showing a gain to the Company of \$15,214 42. Too much importance cannot be attached to a judicious selection of lives.

In this connection, it may be well to remark that recent medical research into modern Life Assurance statistics reveals some very important facts, which Examiners and Boards of Directors would do well to heed. Liability to death by consumption was thought to culminate about the age of thirty-five years, and the attainment of forty or forty-five years is still deemed by many medical men and others, of sufficient significance to all but exempt an applicant from prejudice from that source. That position is now conclusively disproved. Relatively to the number exposed to risk, deaths by consumption are as numerous at high as at low ages. The sanitary condition of the country is also of vital importance to Life Insurance. Bad ventilation and insufficient drainage lead to so many cases of diphtheria and typhoid fever, especially the latter, that very many otherwise preventable premature claims have to be paid. Another crying evil against which the voice of Life Insurance should be raised is intemperance. The mortality experience of all Companies alike shows conclusively that very many of the early deaths have been accelerated, if not actually produced by alcohol. Agents and Examiners ought to be ever

on their guard to suspect the possible existence in applicants for Assurance, not only of hereditary diseases, but of personal habits of intemperance, either past or present, and to faithfully report the same to Head Office. The Insurance Contract should be viewed by all interested therein as a bond of honor and good faith, equally binding on both contracting parties. The Directors of this Company continue to exercise the utmost vigilance over the admission of applicants. Those whose prospects of longevity have become impaired are scrupulously avoided. This is the only answer that can be given to the numerous complaints of agents about risks being declined.

The distribution of profits last year was an important event in the history of the Company. The results of the quinquennial investigation and division of surplus were very gratifying to the Directors, as proving the exceptionally sound condition of the Company. Many of the assured have expressed their entire satisfaction with the award made to their Policies. The following are cited in illustration:—

| No. | Life Policy. | Sum Assured. | Bonus Additions. |
|-----|--------------|--------------|------------------|
| 48. | " | \$10,000 | \$610 |
| 84. | " | 10,000 | 588 |
| | | 10,000 | 581 |

After setting aside the full Rest ascertained by applying the severe test of the Government Standard of Reserves at 4½ per cent.—the full amount of paid-up capital—and providing for all unpaid claims, there remained the very handsome surplus of \$55,229 51. Certainly an ample testimony to the sound and economical management of the Directors, and as amply sustaining the claims of the Company to take first rank among successful Companies.

The conservative policy of the Directors was very conspicuous in the manner in which the Surplus was disposed of. Instead of following in the lead of some prominent Companies and writing away the whole of the \$55,229 51, we divided only \$37,576. Nearly \$10,000 of the Net Surplus was reserved, to act, if needed, as a guarantee fund against any possible depreciation in the value of securities invested in, or excess in the death rate. If not so required, it will apply towards increasing the profit rate of surviving insureds in the first quinquennium. Besides, the entire Bonus which accrued to the Shareholders, although largely made up from the Non-Participating business, was not paid away as Dividend but applied towards increasing the paid-up Capital, which now stands at \$62,500 00. These precautionary measures of the Directors it is firmly believed will commend the approval of all concerned, while commending the Company to the public as thoroughly reliable and safe. The chief object of the Executive has been and ever will continue to be, to make the name of the SUN MUTUAL a synonym for security and honorable dealing.

The investments, as a special and very important department, have been placed under the immediate supervision of a Committee of Directors, whose members have had long and intimate personal experience in such matters. During the year they invested in first mortgages on real estate, \$47,826 65, and in other first class securities, \$7,762 50, thus making for the year a solid addition to the Company's assets of \$55,589 15.

The whole position of the Company was so thoroughly scrutinized last year by the most eminent authority, and seeing that the division of surplus will not be made for several years, we did not deem it necessary to incur the expense and trouble of a valuation this year.

This epitome of the transactions for the past year it is believed will be interesting to the friends of the Company. It only remains to add that in addition to the close supervision of the Managing Director, we have the testimony of Mr. P. S. Ross, the Auditor, that the management and general routine of the office are in a state of the highest efficiency.

The Directors who by rotation retire from the Board are Henry Mulnolland, A. F. Gault and James Hutton, Esqs. The two latter are eligible for re-election, but for Mr. Mulnolland we regret to say a new Director will have to be elected, he having become disqualified by disposing of his Stock.

M. H. GAULT, Managing Director. THOMAS WORKMAN, President.

STATEMENT OF RECEIPTS & DISBURSEMENTS For the Year ending 31st December, 1877.

| RECEIPTS. | |
|--|--------------|
| To Cash as per Abstract of 1875 | \$28,283 27 |
| " Life Premiums—Cash | \$83,563 38 |
| " Do. in course of collect'n. | \$11,662 79 |
| " Do. Deferred, but necessary to complete fiscal year | 14,652 19 |
| | \$27,314 08 |
| Deduct to per cent for collection. | 2,731 49 |
| | 24,583 49 |
| " Accident Premiums—Cash | \$8,109 91 |
| " Do. in course of collect'n. | \$1,447 16 |
| Deduct to per cent for collection. | 144 71 |
| | 1,302 45 |
| " Interest—Cash | \$16,801 10 |
| Overdue and Accrued | 4,238 60 |
| | 21,039 70 |
| " Profit realized on sale of Stocks | 1,990 00 |
| " Received on Account of Debentures, Sinking Fund and Interest thereon | 422 61 |
| " Amount of Surplus applied on Capital | \$12,500 00 |
| | \$174,299 81 |
| DISBURSEMENTS. | |
| By Re insurance Premiums | \$321 20 |
| " Interest paid on Sinking Fund, &c. | 46 00 |
| " Surplus applied to Paid-up Capital | 12,500 00 |
| " Premiums refunded and written off | \$1,426 05 |
| " Surrender Values paid to Policy holders | 2,760 84 |
| " Claims paid to do. | 13,800 57 |
| " Profits paid to do. | 4,602 75 |
| " Accident Indemnity Claims do. | 1,998 86 |
| | 24,583 08 |
| " Dividend for year due 1st January 1877 | 4,000 00 |
| " Do. for half year, due 1st July, 1877 | 2,500 00 |
| " Office Furniture | 138 94 |

| | |
|--|-----------|
| " Medical Fees | 3,511 30 |
| " Commissions, Salaries, Travelling Expenses, &c., to Agents | 18,916 65 |
| " Establishing Agencies throughout the Maritime Provinces and Quebec | 8,886 83 |
| " Taxes, Bill Stamps, Law Expenses, &c. | 1,385 83 |
| " Directors' Fees, Office Salaries, Rent, Fuel, Gas, &c. | 12,178 81 |
| " Advertising, Printing, Stationery, &c. | 5,054 49 |

Total Disbursements.....\$75,750 84

| ASSETS. | |
|---|------------------------|
| Cash | \$7,545 63 |
| Debentures (\$56,000) | Ledger value 50,577 82 |
| Loans on Real Estate | 111,218 75 |
| Bank Stocks | 57,319 69 |
| Montreal Loan and Mortgage Stock | 34,300 00 |
| Loans on Policies—secured by deposit of Policies | 1,227 07 |
| Office Furniture | 708 80 |
| Bills Receivable | 8,363 26 |
| Items in Suspense | 1,984 64 |
| Premiums outstanding 31st December and then in course of collection | \$12,662 79 |
| Premiums necessary to complete Policy year | 16,099 35 |

| | |
|-----------------------------------|--------------|
| Deduct to per cent for collection | \$28,762 14 |
| | 9,876 21 |
| Interest accrued and overdue | 83,885 93 |
| | 4,238 60 |
| | \$302,499 64 |

To the Board of Directors of the SUN MUTUAL LIFE INSURANCE COMPANY:

GENTLEMEN,—I have to advise you of the completion of the yearly audit of the Books of your Company, having carefully compared the vouchers, postings and additions, and verified the entries in the Cash Book, Bank Book and General and Agency Ledgers.

The Statements of Income and Expenditure, and also the Assets, have been examined and found to be correct.

I have much pleasure in again saying that the Company's system of Book-keeping is good, and carried out in a careful and correct manner. I am, Gentlemen, yours respectfully,
PHILIP S. ROSS, Auditor.

Montreal, 27th March, 1878.

The PRESIDENT, Mr. Thos. Workman, M.P., in moving the adoption of the Report, referred to the favorable results of the past year. They proved the company to be under good management. Much attention is given by the Directors to the selection of the lives. None but healthy, temperate men are insured. Great care also is used in making the investments. The closest attention is given to this branch by a Committee of the Directors. He thought a Home Company, like the SUN MUTUAL, the best for our people to insure in. Insurers might depend upon every safeguard being provided by the Directors, who are all anxious for the advancement of the true interests of the Company.

The motion for the adoption of the Report was unanimously carried.

Referring to a vote of thanks to the Board of Directors, Mr. M. H. GAULT, Managing Director, returned his thanks for the kind consideration of the Shareholders. It had always been his wish and effort to make this a good Home Company. He was glad to say it is in a very sound position, and has every prospect of doing well in the future. The results of last year, he believed, would be very gratifying—like to the Shareholders and the Policy-holders. The large new business, light death claims, and the substantial addition of \$55,000 00 to the investments, were the best evidences of prudent management and progress. The people now understand more fully the benefits of Life Insurance. He would say there has never been more urgent need of it than at present. It certainly is the best property a man can secure to his family. Present members should, by all means, continue their Policies. Others should become insured as early as possible. Everything possible would be done for our members, and he thought no Company could present a better prospect for advantage to insurers. He believed that all connected with the Company would do their utmost to promote its welfare. The business would continue to be managed with energy, prudence and economy.

The SECRETARY, Mr. MACAULAY, in returning thanks in reply to a complimentary resolution to himself and brother officers, said that, in the early years of every new enterprise, there unavoidably attaches a degree of uncertainty as to its future career. The same uncertainty attaches to Life Companies. The deeply interesting question comes up in the history of each one: Has it attained that point where its friends can claim that it is no longer a venture, but has become an established institution? He instanced the case of a Joint Stock and Banking house showing, at the end of five and a-half years, results equal to the "Sons" exhibit of last year, and asked if it would be thought a success? What Bank had done as well in the same time? The Company's stock is not to be bought for love or money. The mortality experienced was shown to be less than one-quarter that of many other Companies, and the expenditure amazingly low, in view of the progressive character of the business and the energy shown in extending the field of the Company's operations. The Agency staff is now extensive and efficient. A deservedly high compliment was paid to the Inspector, Mr. DelesDemiers, for his valuable services in organizing Agencies, as well as in swelling the volume of new business. He predicted a bright future for the Company.

The amount of new Life business obtained already for 1878 is \$278,705, as against \$123,293 for the same period in last year. Mr. DelesDemiers, in returning thanks for the high compliment paid him, expressed the firm conviction that large results may be expected from the Province, Mr. Fraser, the Manager at Halifax, being a very popular man, and one well calculated to extend the Company's interests there. He spoke very hopefully of the prospects of the Company for the current and future years.

MR. GILROY alluded briefly to the prospects of the Company in the country. The business is well established there, as well as under able management at the Head Office. Greater headway is being made than at any previous time. In all sections, there is abundance of good business to be done. There is a general and growing feeling that our Canadian Life Companies are the ones to insure in. With the growth of the country and the extension of information as to Life Insurance, there must always be a large and increasing field for operations. With these advantages in its favor, the Company certainly has first class prospects. In the future, it no doubt will be one of the largest and best institutions in Canada.

MR. FRED. WHEELER, one of the General Agents, referred to the work in the City of Montreal. He had been away in England for some time, but had become connected with the company again and was now prepared to serve it with his best ability. United, constant work was wanted from all in its service, and then the interests of the Company would be sure to prosper. He was determined that good progress should be made in Montreal.

Messrs. James Hutton, A. F. Gault and John McLennan were elected Directors.

After a vote of thanks to the Chairman, the meeting was brought to a close.

At a subsequent meeting of the Directors, Thos. Workman, Esq., M.P., was re-elected President, and T. James Claxton, Esq., Vice-President.