

holders, and it therefore gives your directors great pleasure to be able to lay before you a statement so eminently satisfactory in all particulars.

It might reasonably have been anticipated that the disturbance incident to the amalgamation of two vigorously growing concerns would have resulted for the first year at least in a considerable loss of business, but it is pleasing to learn that the opposite is the case. On the other hand, since the actual consolidation in June last, the company has made rapid strides in every department.

The applications for new assurances were 3,835 for \$5,663,378, being \$531,009 in excess of the business of the combined companies for 1900. Of this amount \$606,117 was declined as not being up to the required standard. Applications for \$33,860 were incomplete at the end of the year, and 3,395 policies were issued for \$5,023,401. The total assurances now in force aggregate \$27,139,424, of which \$8,045,449 is in the Temperance section, \$16,640,020 in the General, and \$2,553,955 in the Foreign.

The net premium and interest income for the year was \$1,064,821.98, being an increase of \$103,595.67 over that of both companies for 1900. The payments to policy-holders, including death claims, were \$236,073.74, and working expenses and taxes amounted to \$262,932.08, excluding the sum of \$9,230.98, which was expense out of the ordinary connected with amalgamation. Had the rate of expenses to premium income continued the same as in 1900 the ordinary working expenses would have been \$283,170.94, so that the saving for the six months since amalgamation has amounted to \$20,238.86, or at the rate of over \$40,000 per year, a result which fulfils our estimate and fully justifies the action taken by the boards of the amalgamating companies.

The excess of income over expenditure is \$572,014.67, a very substantial amount to add in one year to the reserves and surplus for policy-holders.

The claims actually falling in during the year were \$196,356.10, of which \$43,656.10 was in the Temperance section, \$139,520 in the General, and \$13,180 in the Foreign.

The assets show an increase of \$568,119.03, having almost reached the \$4,000,000 mark.

The reserves for policy-holders on the Government standard amount to \$3,210,701, and the surplus on policy-holders' account to \$502,321.50.

The date fixed by legislation for the companies to comply with the more conservative 4 per cent. basis of valuation is January 1st, 1910. This company could comply with this standard to-day and still have a considerable surplus over all liabilities and capital stock.

Altogether with rapidly increasing assets and surplus, a thriving new business, and decreasing expense ratio, the position is a very satisfactory one. Your directors have good reasons to congratulate you on such results and to record their appreciation of the arduous labors of the officers, office staff and field force and the success which has attended their efforts during a year when so much extra work and strain devolved upon them. Now that the agencies and head office affairs of the two companies have been fully consolidated and the whole attention of the management can be given to the ordinary requirements of the business, we may reasonably look forward to even greater achievements in the near future.

The auditors' report will be found appended to the accompanying financial statement and balance sheet.

G. W. ROSS,  
President.

J. F. JUNKIN,  
Managing Director.

## FINANCIAL ABSTRACT OF THE MANUFACTURERS LIFE INSURANCE COMPANY.

For the Year Ending December 31st, 1901.

### ASSETS.

Government, municipal and other bonds, stocks and debentures .....	\$2,106,819 85
Mortgages on real estate .....	1,077,395 05
Loans on policies .....	254,005 08
Real estate .....	56,859 24
Deferred premiums, premiums in transit, and interest due and accrued .....	246,789 95
Other assets (including cash in banks) .....	30,608 08
	<u>\$3,772,477 25</u>

### LIABILITIES

Reserve for policies and annuities .....	\$3,210,701 00
Authorized dividends to policy-holders and death claims awaiting proofs, etc .....	49,067 00
All other liabilities except capital stock .....	10,387 75
Surplus on policy-holders' account .....	502,321 50
	<u>\$3,772,477 25</u>

### INCOME.

Cash received for premiums .....	\$ 923,102 56
Cash received for interest, rents and from other sources .....	181,719 42
	<u>\$1,104,821 98</u>

### EXPENDITURES.

To policy-holders for death claims .....	\$169,622 49
To policy-holders for matured endowments, investment policies and annuities .....	33,607 64
To policy-holders for profits and surrender value .....	32,843 61
Total payments to policy-holders .....	236,073 74
Payments for all other accounts .....	296,733 57
Excess of income over expenditure .....	572,014 67
	<u>\$1,104,821 98</u>

### Note:

For security of policy-holders the company holds:

(a) Surplus as above .....	\$ 502,321 50
(b) Reserve as above .....	3,210,701 00
(c) Uncalled capital stock .....	1,200,000

Total security to policy-holders .....

The Hon. G. W. Ross, president of the company, in moving the adoption of the report, said:

I am very glad indeed to meet the other shareholders of the Manufacturers Life Insurance Company in my capacity as president, and to express to you my gratification at the report which has just been presented to us.

The first feature which comes to our notice, and one which gives me personally much pleasure, is the fact that after careful consideration the directors have decided to adopt the single name of the Manufacturers Life Insurance Company, instead of the dual name—the Manufacturers' and Temperance and General Life Assurance Company—a name altogether too cumbersome for business purposes. The change of course naturally caused some confusion at first among policy-holders, but I am glad to say that all seem to concur in the wisdom of the change when the circumstances are made plain to them. Indeed, the fact that the new company has made so many new friends, with such excellent results as the financial statement shows, proves that the amalgamation and the subsequent changes have been wisely brought about.

It will be noticed that the amount of insurance applied for during 1901 was an increase over the combined amount applied for in the two companies last year by over one-half million dollars, and that all the other items show a similar advance. A feature even more gratifying, and arising directly from the amalgamation, is the reduction of management expenses of the new company. A reduction of over \$20,000 in six months is in itself nearly equal to the dividends paid last year, and is the more remarkable result when we consider that this happened in the first year of the company, when all the expenses of the amalgamation had to be reckoned with.

All the facts indeed brought out by the statement go to prove the wisdom displayed by both companies in amalgamating. A comparison of the statement, with the combined figures of the two companies for 1900, is most gratifying in every particular. The premium income shows an advance of over \$82,000. The assets, which have reached the magnificent sum of \$3,772,477.25, show an increase of over a half-million dollars. The security to policy-holders, amounting to almost \$5,000,000, also shows an increase of about a half-million. The figures place the success of the amalgamation and the power and strength of the new company beyond a question.

The following statement shows the magnificent increase in 1901 over 1900:

Item.	1900.	1901.	Increase in 1901. over 1900.	Inc. per ct.
Amount of insurance issued .....	\$4,171,663 00	\$5,023,401 00	\$851,738 00	20
Assets .....	3,204,358 22	3,772,477 25	568,119 03	17.7
Net surplus .....	144,734 05	202,321 50	57,587 45	39.8
Security to policy-holders .....	4,007,713 33	4,913,022 50	905,309 17	22.5

There is yet another feature to which I would wish to draw your attention. I refer to the high standard which is being kept up by the medical examiners in all their examinations, as exemplified by the fact that over 600 applications have been refused during the year. The future success of the company depends to a great extent upon this high standard being maintained.

As I have stated before, this is a most satisfactory report, and the company can enter upon the ensuing year with a great deal of confidence. The position, both financially, and as far as all employees are concerned, is most promising. I know that there is but one feeling held by all those connected with the company, and that is to serve it to the best of their ability; and I firmly believe next year will even surpass the year we have just completed.

Lieut.-Col. H. M. Pellatt, first vice-president, in seconding the adoption of the report, referred to the splendid investments the company had made, and the excellent securities they hold—investments and securities which, in his opinion, could not be surpassed.

The officers of the company were all re-elected, and Messrs. H. P. Barnhill, of St. John, N.B., and Wm. Mackenzie, of Toronto, were added to the board of directors.