

Balance from last statement.....	583,546 73
	\$583,546 73
RE-INSURANCE LIABILITY.	
Balance at credit of surplus fund.	517,497 21
Reserve to re-insure outstanding risks	376,681 46

Net surplus over all liabilities... \$ 140,815 75
 To the governor and directors of the British America Assurance Company, Toronto :

GENTLEMEN,—We, the undersigned, having examined the securities and vouchers, and audited the books of the British America Assurance Company, Toronto, certify that we have found them correct, and that at the annexed balance sheet is a statement of the company's affairs to 31st December, 1887.

R. R. CATHRON, } Auditors.
 HENRY M. PELLATT, }

In presenting the report, Governor Morison said :—

It is not a pleasant duty for a president of a company to present the annual statement showing a loss on the business for the year, and the only consolation to be had under the circumstances is that we are in good company, for you will notice by the statements already published a great many of the ablest and best managed companies in the United States are in the same position, and I have no doubt the depressed state of business, and the extreme dryness of the season, had something to do with such a result. But the companies have the remedy in their own hands, and that is to charge a higher rate and begin first with those places where they have suffered the most.

You will also see that the Ocean business has been unprofitable, and considering the limited amount of business which was done from the few Canadian ports and taking into consideration the bad practices which prevail in the mode of payment, having to take notes one year after date for insuring wooden hulls we believed we had either to extend our business largely in other countries or give it up, and I think you will endorse our action and say we adopted the wisest course, for we don't give a button for a large business with all its cares and trouble unless it is on a solid foundation.

At the end of each year our investments are all revised and the market price arrived at, and you will observe that they have been depreciated to the extent of \$15,829.59, and some of you gentlemen may think that we ought to have valued the company's building and increased the amount on the same basis, which would be a very reasonable argument, for it cost \$112,790.09 ten years ago, and was reduced about six years to \$90,000.00 and has remained at that figure ever since. But your directors thought differently, and their reason for doing so was great difference of opinion existing upon the value of real estate, and it is not an easy task to arrive at the actual cash value of such a large building, and he believed the shareholders did not care what value was charged in our statement, for they were as competent to form their own opinion of its value as we had done. Now, gentlemen, I have nothing more to add. Your business is now being done direct from your own office, with special agents paid by salary to watch your interests all over the United States and Canada, and although the year has given a greater loss ratio than formerly, still with a steady and consistent policy we must achieve success. I now beg to move the adoption of the report.

It was moved by the governor, seconded by J. Y. Reid, that the report now read be adopted and printed for distribution among the shareholders.—Carried.

Moved by Thomas Long, seconded by J. M. Whiton, that the thanks of the shareholders are due and are hereby tendered to the governor, deputy-governor and directors of this company for their attention to the interests of the company during the past year. Carried.

Moved by Dr. Robertson, seconded by John Stewart, that Messrs. W. J. Macdonell and Henry Pellatt be appointed scrutineers for taking the ballot for directors to serve during the ensuing year, and that the poll be closed as soon as five minutes shall have elapsed without a vote being taken. Carried.

The following is the scrutineers' report :
 We, the undersigned scrutineers, appointed at the annual meeting of the British America Assurance Company, on the 15th day of

February, 1888, declare the following gentlemen unanimously elected directors: Messrs. John Morison, John Leys, Hon. Wm. Cayley, J. Y. Reid, A. Myers, G. M. Kinghorn, Geo. H. Smith, Thos. Long and Dr. H. Robertson.
 W. J. MACDONELL, } Scrutineers.
 HENRY PELLATT, }

The meeting then adjourned.

At a meeting of the board, Mr. John Morison was re-elected governor, and Mr. John Leys re-elected deputy-governor.

THE LONDON MUTUAL.

The annual meeting of the London Mutual Fire Insurance Company was held on the 1st February, instant, the president, Mr. James Grant in the chair. Present—Messrs. J. B. Lane, Dorchester; James Black, Springfield; John Grigg, Mount Brydges; L. E. Shipley, Greystead; J. Shoebottom, Lucknow; J. Armstrong, M. P., Wilton Grove; Angus Campbell, Appin; Wm. Stanley, Lucan; T. C. Hewitt, city; D. S. Butterfield, Norwich; J. A. Leitch, Brantford; T. S. Robson, Ilderton; John Burnett, Ronson; D. Black, city; J. H. Marshall, M. P., J. Geary, Martin Ferguson, and J. F. Campbell, London township; — Roach, St. Thomas; J. Armstrong, Union; A. J. B. Macdonald, city; Isaac Ferguson, C okstown.

Mr. D. C. Macdonald read the annual report as follows :—

REPORT.

The twenty-eighth annual report of the directors of your company is hereby submitted :—

POLICIES—In the year 1887 the number of policies issued were 14,453, of these 6,404 have been on the cash system, and 8,049 on the premium note system, insuring property to the amount of \$16,466,635, an increase of 592 policies and of \$801,351 in the total sum at risk; an evidence of continued confidence the insuring public repose in your company; a confidence that has exhibited itself every year since the establishment of the company, for in every report your directors have been able to show each year an improvement in the volume of business over the preceding one, so that congratulations under this head might well be stereotyped.

The amount of available unassessed premium notes have been added to during the year, \$18,855.97, and the annexed capital account shows the amount of available assets as \$389,547.57, which, after providing a re-insurance fund, according to the Government standard, leaves a net surplus of \$97,268.22 over all liabilities. The average amount of each policy is now \$1,038.33, an evidence of the improved value and class of property covered by insurance. The above is the pleasant part of the picture; we have now to come to the

LOSSES—The amount paid for losses during the year has been \$102,639.35, of this the sum of \$92,760.74 were for losses that happened during the year, and \$9,878.61 for claims of the preceding year that had not been adjusted at the end of 1886. This greatly exceeds the average, and is the heaviest loss year that we have ever experienced. The cause of this fire waste is easily explained. The extreme and unprecedented drought of the last half of the year affords a direct solution. Everything became dried up, leaving buildings, fences, woods and crops inviting prey for the havoc of the fire fiend, and our experience was only the experience of all insurance offices; and if the saying that "misery loves company" has any force, we should be more than satisfied, as the yearly statements of other companies will, no doubt, disclose. Heavy as the losses were the wonder is that they were not greater, but luckily the running fires were not extensive. This is to be accounted for to a great extent from the fact that the country has been cleared up, so that the "fuel" for the flames was wanting. (Although the losses have been thus heavy, it is satisfactory to be able to assign the reason. Where the fire occurs from "unknown" and "mysterious" causes, the calculations of the underwriter are merely guess work.) The report of the inspector and the loss sheet annexed hereto show in detail the origin of each fire as nearly as could be ascertained.

FINANCIAL STATEMENT.—A full statement of the financial standing of the company is appended hereto. Notwithstanding the excessive losses a fair statement is shown, and although

the expenditures for the year have exceeded the cash receipts, your directors have been able to carry on the business of the company without increasing the amount of the assessment on the premiums, and we have been able to increase our deposit with the government by the sum of \$7,000 for the further security of the members.

OFFICE ACCOMMODATION.—Agreeably with your instructions at the last annual meeting, your board secured an eligible lot on Richmond street for the purpose of erecting an office suitable for the business of the company, but as the lease of our present premises has nearly two years to run, and we cannot effect a disposal of the same, your board have not deemed it expedient to build until the lease is disposed of by the effluxion of time or otherwise.

RATES OF PREMIUM.—The rates of premium have not been changed, and your directors are in hope that no necessity for a change will arise, but the general use of steam threshers has created a new hazard, and one that has occasioned not a few losses—the result too often is carelessness on the part of those handling the machines. This has been felt so much by some companies that an extra premium is now charged on outbuildings where steam threshers are used. If care is taken and the conditions of our permit are followed, the danger from fire arising from the use of these engines is considerably averted, so it behoves our members to see that the conditions are strictly adhered to, as they must bear in mind that they are responsible for the observance of the same.

MUNICIPAL ASSESSMENT.—The appeal made by us against the decision of his Honor, the junior judge of the county, in the matter of the assessment made on your company, has been decided against us by the court of appeal, not on its merits but simply on the ground that no appeal in assessments can be made from the decision of the county judge—a position that places us in an anomalous position; his Honor the senior judge holding in our favor, and the junior judge to the contrary. As these gentlemen take the cases in appeal every alternate year, the effect is that one time will go scot free, at another are mulcted. This is a state of affairs that never was contemplated by the assessment act. Legislation is therefore demanded, and the Mutual Underwriters' Association will endeavor to procure some relief at the present meeting of the Legislature.

AGENTS.—Our thanks are again due to our staff of agents for their valuable services during the year. In conclusion your board have every confidence in the continued advancement and prosperity of the company. You have a strong, well-established institution, not an edifice in the vagaries of the mind, but a sound, solid structure, and by prudent, economical management, as in the past, your directors look hopefully to the future. Three directors now retire by rotation. They are James Grant, John Hodgson, and James Armstrong, of Yarmouth, who are all eligible for re-election.

Signed, JAMES GRANT, President.
 D. C. MACDONALD, Secretary.

INSPECTOR'S REPORT.

To the president, directors, and members of the London Mutual Fire Insurance Company :—

GENTLEMEN.—Your inspector begs to report that during the past year there have been inspected and reported on 341 claims against the company, amounting in the aggregate to \$115,828, seven of the above claims amounting to \$1,131, have, for what the board deemed good cause, been rejected, leaving \$114,697 for adjustment, which, owing to over charges, has been reduced by the sum of \$10,000, leaving as adjusted claims for the year ending on the 31st December, 1887, \$104,692, which sum has been paid.

Below will be found what has been the cause of the several losses as nearly as can be ascertained :—

26 losses by defective chimneys and fire places, including fire boards....	\$ 8,386
32 losses by stoves, stove pipes and drums	9,660
42 losses by sparks and burning embers falling to roofs from chimneys and stove-pipes	9,696
62 losses from unknown causes.....	29,046
37 " " by incendiary.....	13,622
35 " " buildings being burned or damaged by lightning.....	9,805