

The financial standing of the company is in no way affected thereby, the surplus being simply reduced while the reserve is increased.

The usual dividends of 4 per cent. each half year have been paid.

The losses paid during the past year amount to nearly \$10,000 00, thus making the total claims paid to date over \$40,000 00, the number of claims comprised therein being more than 1,000. There are no claims outstanding.

The bonus to insurers referred to in last annual report has been applied again this year, in the several cases entitled to it, and the amount of insurance given free by virtue of that system exceeds \$370,000 00.

The system will apply again this year to those who will have completed 5 years insurance without claiming upon the company.

A special general meeting of the stockholders was held on the 25th October 1880, at which the directors were empowered to increase the subscribed capital to \$500,000, and to extend the business of the company to other countries did they deem it expedient or desirable in the interests of the company.

The directors retiring this year are Messrs. E. Mackay, J. Rankin and W. Moore.

The thanks of the directors are due, and are hereby tendered, to the various local directors and agents for their valuable co-operation during the past year.

Statements of receipts and expenditures are submitted for the scrutiny of the shareholders present, and will be open for inspection of any shareholder who may desire to see them at the head office.

JOHN RANKIN, Vice-President. EDWARD RAWLINGS, Manager.

Montreal, 11th February, 1881.

The report was adopted unanimously, and the retiring directors re-elected.

After the usual vote of thanks the meeting adjourned.

CANADA GUARANTEE COMPANY.

The eighth annual meeting of this Company was held at the Company's office, in Montreal, at one o'clock on Thursday, the 10th, the Vice President, Mr. Rankin, in the chair. A fair attendance of shareholders was present, and the following report submitted:—

REPORT.

The directors have pleasure in submitting to the shareholders the following statement of the operations of the Company for the year 1880, and its position at the close of the eighth year of its existence.

NEW BUSINESS OF THE YEAR.

2,268 proposals were received for... \$2,568,650 00
183 of which were declined, and
not proceeded with..... 359,150 00

2085 Bonds issued, covering..... \$2,209,500 00

New annual premium thereon. \$ 20,803 00

TOTAL BUSINESS IN FORCE.

4462 Bonds in force \$5,285,673 00

Total annual premiums

thereon..... \$51,081 53

Int. on investments.... 5,267 71

Total annual revenue.. --- 56,349 24

The financial position shows the following result:

The balance of receipt and expenditure account is \$193,090 12

Deduct provisions for

claims outstanding

full amount \$6,500 00

Deduct dividend to 31st

December payable

January 15th, 1881. 3,316 45

Deduct sundries 2,593 05

12,409 50

Surplus as regards policy holders

over and above capital at call.. 180,680 62

Paid-up capital..... 147,040 00

To credit of reserve fund..... 33,640 62

Against which must be temporarily held the provision for premiums in hand "unearned" as required by Government, being 50 per cent. of the premiums on all policies in force..... 25,540 77

Net surplus to shareholders over and above capital and all liabilities and after payment of 8 per cent. dividend for one year.... 8,099 85

Full and detailed accounts are on the table, and will be open at all times for the inspection of either shareholders or patrons of the Company.

The net surplus is less than last year, owing to the capitalization of \$25,000 of the amount brought forward at 31st December, 1879, and to the considerably increased amount of reserve now required by government to be held as premiums in hand unearned.

The following explains this:

Surplus brought from last year..... \$31,006 77

Capitalized, October, 1880..... 25,000 00

Balance \$6 006 77

This balance has now been increased to \$8,099.85, after making the much larger provisions required for the reserves, and the payment of two half-yearly dividends of 4 per cent.

Thus it will be seen that although the surplus is reduced, the reserves and resources have been greatly strengthened.

The proposed re-adjustment and extension of capital, referred to in the last annual report, has been effected; an Act of Parliament authorizing the same was obtained, and the terms of the Act having been complied with, the subscribed capital of the company is now \$500,000, in ten thousand shares of \$50 each, single liability, with \$147,040 paid up, against \$208,000 subscribed, double liability, and \$51,800 paid up last year.

Two dividends, at the usual rate of four per cent. each half year, have been declared and paid—these have been more than provided for by the interest on investments and claims recovered, so that the premium reserved has not been in any way appropriated for that purpose.

The amount of business cancelled during the year is somewhat larger than in former years; it is, however, in a great measure owing to the withdrawal of the company from risks which have deteriorated in the estimation of the Directors, and not such as should continue to have their endorsement, and in some degree it is composed of risks which being sought by competing companies, at what the Directors considered inadequate rates, it was deemed more prudent to forego than retain under the circumstances. The new business, however, has much more than replaced the amount thus cancelled, and is an indication of the confidence with which those requiring security from employees regard this company—the nature of its "security" being not merely a question of monetary responsibility only, but of endorsement of the Employee's reliability and therein most important protection to the employer.

The losses paid during the year amount to \$40,927.17, and include nearly the whole of those outstanding, and estimated in last year's report at \$25 000. In many cases these outstanding claims have been, as was expected, settled at much less than the amounts originally demanded, but in a manner which, while satisfactory to the claimants, fully bore out the cor-

rectness of the Directors' impressions concerning them, as well as exemplifying the equity of the Board in their treatment of such cases. The total amount of claims paid to date is \$133,306.73.

There are but two other outstanding claims remaining, amounting to \$6,500; as these involve important principles, and will form a valuable precedent, they have been submitted to the courts, by mutual consent. A decision is expected in March.

During the past year a system of cutting rates has been inaugurated, by competing companies. As however, the policy of the directors of this company has from the first, been to reduce the rates to the lowest point that experience and equity permitted, they are convinced that those who continue to give them their confidence, will have no cause to regret having done so. The bonus system has this year effected reduction in rates of from 15 to 45 per cent., according to length of time on the books, and will be further continued in the ensuing year.

The policy of the Directors of this company has from the first been to reduce the rates to the lowest point that experience and equity permitted, and they are convinced that those who continue to give them their confidence will have ultimately no cause to regret having done so.

This company bases its claim to the preference of employers; be they governments or corporations, as much on the ground of the protective advantages which its complete system affords, as on its strong financial position and resources, and it relies greatly upon the record of its usefulness in the first respect, to gain and retain the confidence of those requiring a security for their employees which shall convey not only a financial responsibility, but a guarantee of their trustworthiness.

It may be mentioned that in the past eight years, this company has rejected or withdrawn its endorsement from over 1,200 applicants for, or occupants of positions of trust; and there is but little doubt that had it not been for the company's systematic organization many of these might have obtained access to, or remained on its books and caused heavy losses to their employers, probably for amounts far exceeding any bond which might have been given.

That the company has accomplished a most valuable end for the public, is apparent in the fact that defalcations by persons in positions of trust have very materially decreased since its establishment, and the directors feel assured that such is the completeness of the company's present organization and the extent of its experience, that it is in an unequalled position to serve the best interests of employees and employers in all respects. The company has no other business to divert its attention or its funds, and its efforts are solely in the interest of its clients, these being identical with those of its shareholders.

There have been two special meetings during the past year, the first to authorize the increasing of the capital to \$1,000,000 and to empower the directors should they see fit, to extend the operations of the company. The second was for the purpose of empowering the directors to apply to Parliament for an amendment of the Act authorizing the change of the name of the company to one more in accordance with the proposed extension of its operations, and to further increase the capital to an amount not exceeding \$5,000,000, no further increase beyond the present amount of \$1,000,000 to be made without the special consent of the shareholders; both these propositions were approved.

The extension of operations referred to is the proposed opening of a branch or branches in the United States, and the Directors are happy to say that very satisfactory progress has been made in enlisting the adherence of a number of