

any time and at any place where large values are concentrated. It is, I may say, the recognition of the vital importance of this principle—and the conduct of the business upon these lines—that enables the British, American and Canadian companies, operating throughout this Continent, to offer property holders a guarantee of indemnity from loss by such disasters; and I will say further that it is the absence of facility for the application of this essential principle of insurance, namely, a wide distribution of risks of moderate amount, that must be fatal to any scheme for municipalities assuming the fire risks upon the property of their citizens, as it has been suggested they should do by some ardent social reformers, who appear to lose sight of the fact that investors will look for larger returns in the way of interest on municipal bonds, if they are called upon to assume greater risks than are undertaken by the shareholders of an insurance company. In making this reference, I wish it to be understood that I speak as one more largely interested in the debentures of the city of Toronto and the general credit of the city than in the stocks of our fire insurance companies.

Although the fire business has always been our chief source of income, we have, as you are aware, almost since the organization of the Company, been engaged to a limited extent in marine underwriting. In this branch our operations during recent years have been chiefly confined to the inland lakes and rivers. From this source we have, on the whole, over a series of years, derived a moderate margin of profit, but from various causes the record of the lakes for the past season has been one of continual disaster to shipping, the casualty having been, as far as can be judged from published records, more than double those of any preceding year in the amount of property lost. As a consequence we have to report a very considerable loss on the business of the year in this branch, the losses and expenses having exceeded the premiums by upwards of \$100,000. I have little doubt that as a result of the generally unprofitable nature of last season's business an improvement in rates, which is recognized on all hands as necessary, will be brought about before the opening of navigation. Failing this, there would appear to be no course open to us but to discontinue this branch of our business altogether.

I may briefly summarize the past year's experience of the Company by saying, that the profits on our fire business were practically absorbed by the losses of our marine branch, and that our interest earnings were sufficient to pay (after providing for the amount written off for depreciation in securities) about 7 per cent. upon our capital stock, the additional 3 per cent. required to make up the usual dividend being taken from the reserve fund accumulated from the surplus of previous years. On account of the larger volume of business on our books we have increased the amount estimated as necessary to run off unexpired policies to \$794,460. The actual liability under this reserve is, of course, dependent upon the number and amount of the policies which may become claims before the expiry of the term for which the premiums have been paid. Similar estimates in previous years, however, have proved to be more than ample, and our reserve for this purpose, I may say, is considerably larger for our volume of business than that set aside to provide for unexpired risks in the statements of any of the British companies which have come under my notice.

At the last annual meeting we reported that the Company had reinsured all the risks in Canada of the United Fire Insurance Company of Manchester, England, which company ceased operations in this country on the 15th of January, 1895. The liability under this contract is nearly run off, leaving a profit to the Company, in addition to some new connections which promise to be of permanent advantage.

It would, of course, be premature at this date to attempt to form an estimate of the probable outcome of the present year, but it is, nevertheless, gratifying to be able to say that our experience thus far in 1896—both as to volume of business and moderate loss ratio—has been very satisfactory, and taking into account the evidence which the report now before us presents of the ability of the Company to meet out of the year's premium receipts such exceptional calls upon it as the losses of the past year, I think we may say, without laying ourselves open to the charge of optimism, that the prospects of the present year—in fact, of the future of the Company—are very encouraging.

In conclusion, I wish to bear testimony to the ability and zeal which the officers and agents of the Company have shown in furthering its interests during the past year.

The Vice-President, Mr. J. J. Kenny, seconded the adoption of the report, which was carried unanimously.

The election of Directors for the ensuing year was then proceeded with, and resulted in the unanimous re-election of the old board, viz.: Messrs. George A. Cox, Hon. S. C. Wood, Robert Beaty, G. R. R. Cookburn, M.P., George McMurich, H. N. Baird, W. R. Brock, J. K. Osborne and J. J. Kenny.

At a meeting of the Board of Directors held subsequently, Mr. George A. Cox was elected President and Mr. J. J. Kenny, Vice-President, for the ensuing year.

WELLINGTON MUTUAL FIRE INSURANCE COMPANY.

The 56th annual meeting of the Wellington Mutual Fire Insurance Company was held in the Company's office, Guelph, on the 12th February, 1896. Jas. Goldie, Esq., president, occupied the chair, and called upon the secretary to read the following report:

DIRECTORS' REPORT.

Your Directors beg to lay before you the 56th Annual Report of the affairs of the Company for the year ending the 31st December, 1895.

The number of policies issued during the year was 2,375, and the number in force on the 31st December, 1895, were 5,347, insuring \$5,053,275.02, being an increase of 442 policies and \$369,649.39 of insured property over 1894.

The losses for the year, which far exceed the average, were 118, amounting to \$57,784.44, which have all, at this date of meeting, been satisfactorily settled. Attached hereto is the secretary's detailed statements of the year's business, which we trust will meet with your approval. Taking into consideration the excessive losses the Company has sustained during the past year, in which all insurance companies have suffered more or less, your Directors feel gratified that they are able to lay such a satisfactory statement before the members. The auditors' report with the statement of the business will now be submitted, which we hope will receive your careful consideration.

The retiring directors are Messrs. Jas. Goldie, J. I. Hobson and J. R. Wissler, who are eligible for re-election.

All of which is respectfully submitted.

JAS. GOLDIE, *President.*

GUELPH, 12th February, 1896.

FINANCIAL STATEMENT FOR YEAR ENDING 31ST DEC., 1895.

RECEIPTS.

To balance from 1894.....	\$	5,653 07
" Premiums on note system.....	\$31,660 49	
" Premiums on cash system.....	25,162 55	
" Agents' balances of 1894.....	976 74	
" Bills receivable of 1894.....	177 64	
" Bills payable.....	14,000 00	
" Extra premiums and fees.....	154 57	
" Interest and Rent.....	769 16	
" Re-insurance losses.....	1,163 38	
		74,064 53
		<u>879,717 60</u>

DISBURSEMENTS.

By paid losses of 1894.....	\$	315 00
" Losses of 1895.....	52, 08 48	
" Re-insurance.....	1,605 66	
" Rebates and abatements.....	2,617 27	
" Goad's plans and revision slips.....	292 05	57,038 46
" Commission and bonus to agents....	9,565 62	
" Law expenses.....	588 47	
" Fuel and light.....	15 59	
" Investigation of claims.....	284 71	
" Interest.....	474 95	
" Statutory assessment.....	123 52	
" Travelling and inspectors' expenses.	497 77	
" Rent and taxes.....	322 75	
" Salaries, directors' and auditors' fees.	5,695 82	
" Printing, stationery and advertising.	551 50	
" Postage, telegrams, etc.....	888 15	
		\$ 19,008 83
		76,047 29
Balance.....		<u>3,670 31</u>
		<u>\$79,717 60</u>

ASSETS.

Guelph & Ontario Investment & Savings Society debentures.....	\$14,000 00
Current account Bank of Commerce....	2,393 51
Cash on hand at Head Office.....	1,276 80
Agents' balances.....	1,018 60
Installments to collect.....	1,078 95
Bills receivable.....	208 83
Office furniture.....	534 09
Goad's plans.....	1,193 66
Vault, fittings, etc.....	200 00
Amount due for re-insurance.....	750 00
	\$ 22,654 44
Premium notes less payments thereon ..	113,474 96
Total assets.....	<u>\$136,129 40</u>