President—Between the last statement and this meeting.

Mr. Barrett—There was then a mortgage given for the purpose of enabling the Company to make a deposit with the Government?

President—Yes, to assist them to do so.

Mr. Barrett—Did the assets show it?

The President replied that they did. The balance in favor of the Company was $40,000; but $61,000 of losses had occurred since last year, which swallowed up all the balance and something more.

Mr. Barrett—It was very strange to declare a dividend when there was nothing to declare it on.

President—If you cannot see how it is, I cannot explain it to you.

Mr. Kay—Another grave complaint against this Provincial Insurance Company, is the unnecessary litigation which it indulges in, and I am not at all surprised at it. I know something of some of the cases which occurred. I see law expenses amount to $4,088.83. Now, I think the shareholders are entitled to know something about these suits. Four thousand dollars is a very large amount to pay for law costs, and I think if I remember rightly, it was only about $2,000 last year.

President—It was less than half what it is this year.

Mr. Kay—I think much less would have settled all these claims.

The President said in many cases it was absolutely impossible to settle those claims without bringing them into a court of justice. He did not think a single case had been litigated, except when there were fair grounds for it. Many of the items which appeared in the statement were incurred in the United States many years ago, and were paid up last year. And some were for cases which the Halifax agency advised them to resist. The directors had endeavored, as far as in their power lay, to settle every case which should be settled. It was very well to take the whole costs in a bulk, but he challenged Mr. Kay to mention instances.

Hon. Malcolm Cameron said there was more than $1,500 for Mr. Duggan. He would like to have some explanation of this.

Mr. Kay said it was well known that no jury would give a verdict in favour of an insurance company, unless they could not help it. The Directors must have known this, and that it was useless to contest a claim and bring it before a jury.

President—If the shareholders will tell the Directors that they do not wish to have claims contested in court, they would certainly not bring them before a jury.

Mr. Kay—Is not your knowledge and experience the same as mine?

The President said there was not a doubt of it, but that was not the way to look at it. There was a case in Owen Sound recently in which they were told by the Judge that they were entitled to the thanks of the community for bringing it into court. After all, the jury returned a verdict against the company. Now, there was a case in which the judge was favorable to the company, and yet they lost it. Rather than bring it before another jury they settled it. The same thing had occurred over and over again, but they would not pay a claim which showed the grossest fraud. If they were told by the shareholders that in every desperate case they must settle it, they would do so; but otherwise, they would decide such matters according to circumstances. The Directors could say for him that he was as anxious to prevent litigation as anybody.

Mr. Campbell—The responsibility rests with the Board not with the Solicitor.

President—You must remember those sums have not all gone into the hands of our solicitors. A great deal has been paid in costs for the other side.

Mr. John Duggan—I have received nothing for this year yet; anything in the account is not for work done this year. There are a number of old suits and costs of which may run on for years and then the accounts be sent in and settled altogether.

Mr. Kay—That is exactly the way our money is eaten up. Here is the item of salaries which amounts to $10,581. I should like to get a detailed statement of that, Mr. President.

President—I daresay the managers can furnish you that.

Mr. Kay explained that his anxiety to understand matters thoroughly was that he lived at the extreme end of the Province, and a good business might be done there provided the Company were in good odor; but it was not.

Mr. Crocker—It has not been in good odor for the last ten years. (Laughter.)

After some further discussion on the subject of salaries,

Mr. Duggan referred to the charge made by Mr. Kay of favoritism, and said there never was an instance since he was solicitor for the company—some twenty years—in which a person offered a note that it was not taken, even after a writ was served; it was always taken.

The President said additional time had always been given to stockholders to pay up. There had not been a single prosecution; in fact, he did not think there were two shareholders sued since the commencement of the company.

Mr. Moffatt—There must be a mistake somewhere, Mr. Kay.

Mr. Kay—Well, perhaps so; but I don't think it.

President—I really do not think the statement can be true. There is no reason why Mr. Archibald should be refused where others are accepted. We have not showed any favoritism. We got into a good deal of difficulty with some parties, because we would not treat them differently from others.

A CALL.

Mr. Kay referred to the call on the shareholders for ten per cent. which he said simply confirmed the report that they were not able to meet their dues. He did not remember how long ago it was that an instalment of ten per cent. was called in, and the shareholders were then assured that not a single call would ever be necessary again under ordinary circumstances. Whether any extraordinary circumstances had occurred this last year or not had not been shown, and yet they had been shown a loss of $50,000.

The President—I think that is a very extraordinary circumstance.

Mr. Kay—Not at all, that is not so extraordinary. I would ten times sooner pay up my share of the liabilities and have the company wiped out of existence. If it cannot be better managed it should not exist.

The President said the Directors believed it had been very well managed and he was one of those who thought that instead of people losing confidence in them, it would give them a better appearance by making a call. If the company were to be wound up to-morrow they would be obliged to make a call of much more than 10 per cent. The question was, whether it was expedient to make a call now and continue the company or make it all at once and wind up. It seemed to him that nothing could be more satisfactory to the public than that when a call had been made by the company to put it on a good footing. They had had heavy losses, and certainly if the shareholders wished the company wound up, they would have a heavy call made on them. If they wished to have it carried on at all, they must be prepared for a call which he thought was quite proper. The Company was in a better condition than the British America and other companies, which were considered prosperous. The paid up capital of the Provincial was now much greater than any other.

Mr. Kay—It is nevertheless true that the British America and the Western are giving satisfaction to all, while we get nothing but obloquy and abuse. How comes it to pass. Every year the assets are decreasing, and five or ten years hence I believe we will be as bad as we are now.

The President said they might be improving, and pointed out the length of time the British American had work up again to their present position after their heavy losses. These accidents will occur. If they had only these losses paid up, he believed there would be no more of these difficulties.

Mr. Patterson thought the capital was too small. If these gentlemen's views were carried out, to wind up the concern, a call would have to be made, and more capital would have to be secured if they wished to carry it on.

Mr. Kay believed if they had paid up their ten per cent. ten years ago and wound up the concern, they would have been better off to-day.

The President said if they had wound up ten years ago they would have had a much heavier call.

They had at that time a debt of $230,000 hanging over them, and the first thing he had to do when he was appointed Director was to raise a large amount to enable the Company to carry on business. Since the first of January, 1860, they had paid up $180,000.

Hon. Malcolm Cameron said he came to the meeting as savage as anybody, and he was no better yet. (Laughter). He had with him some two thousand shares as proxies who felt exactly as Mr. Kay did, and unfortunately that was the general feeling outside. He was quite sure there was nothing intentionally done wrong. There had been an unfortunate succession of circumstances which had all the time disappointed the shareholders, because they expected from year to year that they had got around the corner. Last year the statement was very favorable, but he thought that Scott affair was bad management. Assuredly the Directors should have known before they bought it what its state was. If the rates were too low, they should not have touched it. The rates were too low, and that was one of their greatest losses. As regards their law matters, he had been told by one of our Chief Justices that the company was getting a bad name for litigation. It was a proverb throughout the Province. It was quite natural that stockholders should look to other companies to see whether they got along without as much litigation as their own. He believed it would be better to compromise matters than go to law. He believed it would be better to have fewer lawyers on the Board. (Laughter). He would not object to one; but four or five on the board were too many, and they did not bring that kind of influence that was wanted. Commercial men had more influence, and their voice went a greater way in the country. It was the business of the directors to be loyal, not to themselves, but to their constituents. If they became unpopular through some means or other, there was something wrong; he believed the law affairs were not properly managed, and if he remained on the Board he would see that there was not so much law in the future. He expected to hear some explanation from Mr. Duggan, and he was sorry to see that that gentleman had avoided it. He referred to some cases in which nearly as much had been spent in litigation as the sum involved amounted to. He spoke of the call, and said the shareholders were in a position in which they could hardly help themselves. They stood there as persons who had presented certain facts respecting their business to the public, and involved themselves in a great responsibility. No one could stand in a more painful position than he did. He had taken a great deal of stock, and this call of ten per cent. would compel him to pay over $4,000. Since there was a large amount of business which he was happy to learn was increasing, he believed they should put themselves in a right position. Mr. Patterson had observed that they must get more capital paid up. Well, that was just the thing. It was better to pay up and have the means of doing this large business. There was already a very good start. To get the