

PROCEEDINGS OF THE FOURTEENTH ANNUAL MEETING OF THE CONFEDERATION LIFE ASSOCIATION.

The Fourteenth Annual meeting of the Confederation Life Association was held at the General Office of the Company, Toronto Street, Toronto, on Tuesday, April 13, 1886.

A large number of policy holders and others interested in the Company's affairs were present.

On motion, the President of the Company, Sir W. P. Howland, was called to preside, and Mr. J. K. Macdonald, Managing Director, to act as Secretary.

The advertisement calling the meeting having been read, the minutes of last meeting were taken as read and confirmed.

The Secretary was then called on to read the Fourteenth Annual report, as follows:

THE DIRECTORS REPORT.

The uniform success of this Association has made it an agreeable task for the Directors to submit the Annual Report, and to meet the Policy holders and Shareholders from year to year. The experience of the past year, 1885, has only varied from that of previous years in so far as the results in some very essential points have been even more satisfactory.

Your Directors regret that the apparent determination to secure business at any cost, exhibited by many competing Companies, and which arose probably to a large extent, at least in the first instance, from an apparent determination on the part of foreign Companies to crush out native institutions, and from the introduction of plans which relieve the Companies working them from the responsibility of paying immediate profits, has led to a degree of extravagance in the securing of new business, which must have a serious effect upon the balance sheet of the Companies. Your Directors conceived that a due regard to the interests of existing Policy holders would not permit them to pay for business more than it was worth, and that a smaller new business, with a well cared for balance sheet, would be better for both existing and incoming Policy holders. The result has been a slightly decreased volume of new business, but, on the other hand, the large sum of \$108,757.68 as the surplus for the year, and with the ratio of expenses to income again reduced.

1,491 Applications for Assurances, amounting to \$2,497,012, were received and considered. Of these, 1,385, for \$2,289,012, were approved, and 7 lapsed Policies, for \$8,026, were revived, making the total approved 1,392, for \$2,297,038. 103 Applications for \$205,000 were declined, and 3 for \$3,000 stand deferred.

The year closed with 8,363 Policies, for \$13,009,716 of Assurance, on the books.

The Death Claims continued to bear testimony to the care exercised in the selection of the risks. There were 47 Deaths, calling for (including Declared and Interim Bonuses) the gross sum of \$87,525.33; under fifty-three Policies. \$5,000 having been re-insured made the net Death Losses \$82,525.33. It is worthy of mention that no less than \$20,977 was paid on Deaths due to accidental causes, and that Claims to the amount of \$24,157.40 were reported in or for the month of December, and though the proofs in a number of cases were only received at a considerably later date, all were placed and provided for in the year to which they belonged. No claim to our knowledge, arising in 1885, remains unpaid or unprovided for.

The Financial Statements which accompany and form part of this Report do not call for any remark. They exhibit the transactions of the Association in a thoroughly clear and simple manner.

The two Auditors have continued to give close attention to the monthly audit, and it must be a cause of entire satisfaction to all concerned in the Company's affairs that two capable gentlemen have been appointed with such remuneration as will admit of their giving sufficient time to the thorough and complete checking of the operations of the Association.

It will also be a source of sincere gratification that the Fourteenth Annual Report shows that the Association possesses a cash income from premiums of \$390,733.15, and a cash income from interest and rents of \$85,968.78, forming together \$466,701.93, while the cash assets have reached the large sum of \$1,676,334.68, and if the subscribed, but unpaid, capital be added, as some companies are now doing, the assets are \$2,596,344.68.

It will be no less gratifying to the Policy holders to observe the magnificent surplus of \$282,199.11 over all the liabilities, including current unpaid accounts; but if the subscribed, but unpaid, capital be included, and the liability to the Stockholders excluded, following the practice of other companies, as above, the surplus, as security to Policyholders, is \$1,282,199.11.

Your Directors have decided to further popularize the policies of this Association by changing the quinquennial period from the arbitrarily fixed year to that of the quinquennial year of the policy itself. This change will make the quinquennial advantages apply to each policy at regular intervals of five years, without waiting for any particular year, and thus do greater justice to policies passing out of existence in the interim.

It affords your Directors great pleasure to bear testimony to the continued faithfulness of the office staff, as well as of the present staff of general and local agents.

J. K. MACDONALD,
Managing Director.

W. P. HOWLAND,
President.

J. K. Macdonald, Esq., Confederation Life Association, Toronto.

DEAR SIR,—The following is the result of the valuation of the Policies of your Company as at 31st December, 1885. The Institute of Actuaries, H. M. Table of Mortality, with 4½ per cent. interest, was employed in the valuation of the Policies and Bonus additions; in computing the values of Annuities, the Government Annuity Tables, with 4½ per cent. interest, were used.

NO.	AMOUNT.	VALUE.
Policies.....8,436.....	\$12,971,084 00.....	\$1,256,053 59
Bonuses.....508.....	38,631 00.....	17,752 76
Total.....	\$13,009,715 00.....	\$1,273,806 35
Less re-insured.....	138,403 50.....	16 66 32
Eight Annuities.....	\$12,871,311 50.....	\$1,268,499 75
		11,357 41
	\$12,871,311 50.....	\$1,268,499 75

Yours truly, W. FITZGERALD,
Supt. of Insurance.

The President, in moving the adoption of the report, said:

GENTLEMEN,—We have again the pleasant duty of placing before you the usual statement of the business of the Company, and it is one which we feel confident will be satisfactory to our policy holders, and which will further add to the confidence and good feeling which the public have hitherto evinced in the Company.

Soon after the last general meeting our General Manager submitted for the consideration of the Board the question of what our policy should be in the conduct of our business. He informed us that other companies were taking measures by which the cost of obtaining business was unduly enhanced, and he considered that unwise. He desired the opinion of the Board. The Directors first asked for the benefit of his own views. They were expressed in short terms. He said he believed the true policy for this Company was to keep its Balance Sheet right, and avoid unnecessary, unwise, or extravagant expenditure for the sake merely of increasing new business. These views the Board fully concurred in. The policy of other companies was not only to increase the cost of business beyond what was prudent and wise, but they were doing this in the face of a state of things which made it more undesirable than it would be otherwise. We had had a general reduction in the rate of interest; consequently, less return would be received from funds coming into the hands of the Company, and we feel that we ought to be more cautious as to the basis upon which our business was done than it had been necessary to be heretofore. Now, notwithstanding our adoption of the policy suggested, and no doubt it has tended to some extent to limit the amount of new business the Company has obtained during the year, yet we have not been standing still but advancing, as you will see by the statement.

The President then referred to the increase in the various items, and went on to say: Then our assets, gentlemen, at the end of 1884 stood at \$1,475,944.03, and at the end of 1885 at \$1,676,334.68, an increase of \$200,390.65.

It will be observed that the item of real estate shows an increase of \$31,256.59, which arises chiefly from the taking over of a vacant lot on Princess Street, Winnipeg, and the erection thereon of two substantial warehouses. Before going on to build these warehouses, the Board made careful inquiry as to the probability of our being able to let them to suitable tenants, and the result has fully justified the anticipation, as they are under lease to two first-class wholesale firms at a rental which, after the payment of fire insurance and taxes, will yield within a fraction of eight per cent., not only on the cost of the building, but on the full charges at which the lot was taken over. [Applause.] We considered it better to take this course than to have the land lying unproductive.

Ever since the Company was organized the views of the General Manager and of the Board have been that our first duty was to pursue such a course as would ensure the stability of the Company and the security of policy holders, and that purpose has been steadily kept in view and acted upon, and I think the statement which we have been able to lay before you will prove it has been successful. If any special information is desired, I or the General Manager will be most happy to furnish it. I beg, therefore, to close by moving, seconded by my friend, the Hon. Wm. McMaster, "That the Report of the Directors, the Financial Statements, and the Reports of the Auditors, Actuary and the Trustees of the Savings Bank policies be received and adopted."

Hon. Wm. McMaster, Vice-President, did not think he need say anything in support of the motion: after the reading of the Report comment was unnecessary. He desired, however, to bear testimony to the zeal and energy which had characterized the management of the Company from its inception, and especially during the year now last closed, to which was attributable the very favourable position of their affairs. The position of the Company, as regards stability, was second to none in Canada, and he congratulated the shareholders upon its present position and future prospects. [Cheers.] He had great pleasure in seconding the resolution.

Mr. J. K. Macdonald, the Managing Director, said: Mr. President and Gentlemen,—I have a remark to make in connection with the Report, and perhaps I had better state now what I have to say while the motion for its adoption is before you.

First, then, as to the outstanding premiums. These may, at first sight, seem to aggregate a large sum. I may say, in explanation, that a large proportion of that sum is in the shape of short date notes, which have been taken to accommodate policy holders, some of whom were not prepared to pay their premiums, which fell due about or at the close of 1885. These premiums are, of course, backed by the surrender value of the policy, and are at the same time bringing in a fair rate of interest (for the notes bear interest), and are a perfectly good security. We adopt this course in many cases, as our policy holders find their difficulty is only of a temporary nature, and prefer to give a note rather than borrow permanently upon the policy.

Then, as to "interest," another item which aggregates a considerable sum in the report. This is made up of "interest accrued" and "interest due." I may say that it has been the practice of our Finance Committee, when requested, and where the security upon which the loan was made admits of its being done, to allow the interest to stand over until such time of the year as it might be most conveniently paid by the borrower.

The item, therefore, is made up of interest allowed to stand over, and also interest which happens to accrue due, either at the close of the year or not very long before that date, and in that way it happens to aggregate a considerable sum. However, by a mere trick of bookkeeping the item could be so changed that it would appear in a very different shape. I have been told it is the custom of many companies to deal with such items as paid, putting the amount through the books as cash received, and charging it on the other side to the mortgage account. It would also be quite possible to change the character of this item by accepting from borrowers notes, and passing them through cash into the bills receivable account, and in that way hide the nature of the transaction. We might also treat as not due, interest which has been allowed to stand over, but it has been the practice of this Company to deal with matters just as they actually are. We therefore count this interest as overdue, and accordingly it stands as such.

The report was then adopted amid applause.

On motion of Mr. C. E. Hooper, seconded by the Rev. W. Frizzell, a vote of thanks was passed to the General and Local Directors, Mr. W. S. Lee acknowledging the resolution.

Mr. Wm. Elliot then moved, seconded by Mr. E. Hooper, a resolution conveying the thanks of the meeting to the Medical Examiners, Solicitors, Office staff, and to the General and Local Agents of the Association. Mr. H. J. Johnson, Provincial Manager for Quebec, and Mr. W. A. Lamb, replying on behalf of the general, and Mr. S. Cornell, of Thedford, on behalf of the local, agents.

On motion of Mr. W. H. Gibbs, seconded by Mr. W. H. Beatty, a vote of thanks was passed to the Auditors, Messrs. John Langton and John M. Martin, who were re-appointed. Mr. Beatty, in seconding the resolution, said that he desired to add a few words to the remarks made by the Vice-President, in seconding the adoption of the report. The Hon. Mr. McMaster had said that the report was a good report for the shareholders. Now he (Mr. Beatty) was not a stockholder or a shareholder in the Association—simply a policy holder, and as such he desired to say that he considered the report was an extremely good report for the policy holders also. [Hear, hear.]

On motion, Messrs. C. E. Hooper and Wm. Macdonald were appointed scrutineers of the ballot, which resulted in the re-election of the retiring Board. The meeting then dissolved.

The new Board met for organization immediately after the close of the Annual Meeting. The Hon. Sir W. P. Howland was re-elected President, and the Hon. Wm. McMaster and Wm. Elliot, Esq., Vice-Presidents, for the current year.

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