

Report, 1889.

Citizens Insurance Company of Canada.

Report of Directors presented to the Shareholders at their Special General Meeting, 29th March, 1890.

The Directors beg to submit their report of the operations of the Company for the year ending 31st December, 1889, together with the Report of the Auditors, Messrs. Philip S. Ross and William Hodgson.

The full figures of the Income and Expenditure Accounts of the various Branches, as well as the full Statements of Assets and Liabilities, will be found appended hereto. The balance at the credit of Profit and Loss Account for the year amounts to \$40,502.77, the Fire Branch having contributed largely to this favorable result. The Directors have been careful to include in the present Accounts a full estimate for all outstanding losses; the inadequate provision made for this item in past Accounts has entailed upon the current year's operations losses to the amount of \$6,609.57, all of which represented claims which occurred in previous years, and should have been charged in the last account. In ascertaining, therefore, the actual result of the business of 1889, this sum should be added to the amount at the credit of Profit and Loss Account of the year.

The handsome Surplus of the year has, however, been more than offset by the amounts written off the Assets of the Company for depreciation in Securities, bad and doubtful debts, and other items, which, in the judgment of the Directors, could not be regarded as legitimate and realizable Assets. The items so written off amount to \$45,221.63, all of which were included as available Assets in the last Annual Account, and the effect of this necessary elimination and reduction has been to reduce the available Assets of the Company from \$596,269.57 (in 1888) to \$573,637.54 in 1889; and while the Directors regret the necessity, in the face of a good year's business, of meeting the Shareholders with decreased Assets, they believe you will readily appreciate the reasons which have contributed to this reduction, and will be fully satisfied with the knowledge that the Securities detailed on the other side are correct, and that they are actually realizable for the value applied to each item.

In the preparation of the statement of Liabilities, the Directors have this year introduced for the first time the principle of applying the full Re-Insurance Reserve defined by the Dominion Government. The effect of this modification has been largely to increase the amount of the Company's liability under this particular item, and correspondingly to reduce the amount of the surplus of Assets over Liabilities. But the Directors believe the course now adopted to be the only safe and prudent one, and have no doubt it will receive your thorough approval.

The Funds now available for the protection of the Company's Policy-holders, are as follows, viz :—

Re-Insurance and Reserve Fund.....	\$ 459,139.76
Surplus of Assets over all Liabilities.....	37,134.20
Unpaid Capital.....	765,478.46
Total available Funds.....	\$1,261,752.42

The Directors have devoted much attention during the past year to the re-arrangement of the mode of conducting the Company's business, with particular reference to the establishment and management of Agencies, supervision of Disbursements, the scrutiny of Risks and Losses, due accounting by Agents and Employees and the Collection of Overdrafts and Balances. And although much yet remains to be done, they believe their efforts have not been unsuccessful, and will receive your approval. The former General Manager resigned in December last, and, after careful enquiry, the Directors have appointed Mr. E. P. Heaton General Manager of the Company, and they have every reason to believe that he will prove an efficient and zealous officer.

Your Directors do not deem it advisable, in the interest of the Company, to declare any Dividend for the current year.

The Directors retiring are, Messrs. Andrew Allan, Chas. D. Proctor and Arthur Prevost, all of whom are eligible for re-election.

J. J. C. ABBOTT, President.