

shareholders will be invited to consider how and when its provisions shall be carried into effect.

The Premium Income shows an increase of \$8,730.36 over 1896. All of which in respectfully submitted.

LARRATT W. SMITH, *President*.

BALANCE SHEET—DECEMBER 31, 1897.

Liabilities.

2,035 shares subscribed each \$50.....	\$101,750 00	
Called, 30 per cent. thereon.....	30,525 00	
Payments made in excess of calls.....	2,600 00	
		\$ 32,525 00
Reserve fund.....	11,000 00	
Balance Revenue Account.....	599 84	
		11,599 84
Accounts Payable.....		108 23

Assets.

INVESTED FUNDS.

Bonds — City of St. John, N.B.....	\$ 5,000 00	\$ 5,112 50
Bonds — Province of New Brunswick..	7,500 00	7,880 25
Bonds — Town of Woodstock, Ont. ...	5,000 00	5,075 00
Bonds—City of Brantford, Ont.....	5,000 00	5,100 00
Par value of bonds held.....	\$ 22,500 00	
Cost price of bonds.....		\$23,167 75

UNINVESTED FUNDS.

Deposit in Merchants Bank of Canada..	\$ 3,725 71	
Deposit in Central Canada L. & S. Co.	5,232 33	
Cash in office.....	478 50	
Unl. Receivable.....	596 58	\$10,033 58
Interest accrued.....		\$ 116 06
Charter and recent amendment.....	\$ 1,996 32	
Less 20% charged to Revenue, 1897 a/c..	399 26	
		1,597 06
Accounts Receivable.....	31 25	
Agents Balances.....	6,831 77	
		6,923 02
Unpaid Calls upon Capital Stock.....		2,395 00

REVENUE ACCOUNT, DECEMBER 31, 1897.

Balance brought forward from 1896.....	\$ 603 67	
Premiums received.....	\$ 31,942 26	
Less Rebates, etc.....	501 70	
		31,440 56
Interest actually received.....	1,084 71	
Interest accrued.....	116 66	1,201 37
Expenditures thereon:		\$33,245 60
Claims paid.....	\$ 14,585 57	
Less Re-insurance collected.....	2,670 09	
	\$11,915 48	
Legal Expenses.....	339 44	
Elevator Inspections.....	77 50	
Paid for Re-insurance.....	4,438 70	
		\$ 16,771 12
Directors' fees, etc.....		451 00
Agents' Commissions, Travelling Salaries, Rent, Printing, Stationery, etc...		12,150 88
Charter, Organization, Legal Charges..	\$1,996 32	
Less 20 per cent. carried forward.....	1,597 06	
Charge upon 1897 account 20 per cent..	399 26	
Provincial and Municipal Licenses.....	696 51	
		1,095 77
Balance.....		2,776 83
		\$33,245 60
Balance brought down.....	\$ 2,776 83	
Transferred to Reserve Fund.....	2,176 99	
Unappropriated Balance.....		\$ 599 84

Audited and found correct, CLARKSON & CROSS, *Auditors*.

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

Gentlemen:—In moving for the adoption of the Report, a few remarks from me, by way of explanation, will not be out of place. This Company has now been in operation a little more than two years, having issued its first policy in October, 1895. We have paid during that period 514 claims, the percentage of loss to premiums being the low figure of 28.93.

This is much below the general average, and the result bears evidence of very conservative underwriting. At the same time the Company has been called upon to meet unusual losses upon several occasions. In January, 1897, four of our policy holders were injured, one fatally, in the disastrous railway accident, which occurred near Dorchester, N. B. These gentlemen resided in different parts of the

country, and it was a singular coincidence their being upon that particular train, and that all should have been hurt. Two other serious accidents occurred under exceptional circumstances in Nova Scotia and Quebec. The claims were all promptly paid, and the Company's record in that respect stands deservedly high.

The reserve fund of \$11,000, at present possessed by the Company, slightly exceeds 36 per cent. of the paid-up capital and 43 ½ per cent. of the gross premiums on policies in force at the end of 1897. The stringent requirements of the Government to build up a strong reserve operate in the long run to the Company's advantage, as in competition, confidence on the part of the ensuring public is an important factor. It is satisfactory to note a substantial increase has been made to that fund.

The Directors have for some time had under consideration the advisability of obtaining the power to effect contracts of insurance to include certain kinds of sickness not ending in death, and procured from Parliament, at its last session, an act for that purpose. A resolution enabling the Directors to deal with the matter will be laid before you. I avail myself of the opportunity of acknowledging the obligations we are under to our Vice-President and Managing Director and Secretary for the great care they have exercised in the selection of risks, preferring, as they have done, to do a safe business rather than an extensive and reckless one, certain in the long run to end in disaster.

With these remarks, I beg to move, seconded by the Vice-President: That the Second Annual Report, now submitted, be adopted; and that the same, together with the financial statements read therewith, be printed, and a copy thereof forwarded to each of the shareholders.

The Vice-President, Mr. A. L. Eastmure, in seconding the motion for the adoption of the Report, said:

That, although the President had dealt very fully with the subject, still it was only possible for the shareholders to meet once a year, and a little additional information in regard to the Company's business and prospects might be of interest.

During the year 2,424 policies had been issued, and the increase of \$8,730.36 in the premium income over that of 1896 represented an increase of \$1,765,100 in the amount of insurance written. The sum expended for re-insurances appeared rather large, but this was due to the observance of their rule restricting all lines to conservative limits. It reduced the receipts to some extent, but also lessened the risk.

The year just closed had been characterized by keen competition, much of it unsound and unlikely to endure. The rates particularly for liability coverings, had fallen below the point at which a profit could be expected. The Company had declined probably half as much business as it had accepted, due to that fact. The necessity for a change had become apparent, and the adoption of equitable ratings for risks of that class might, he trusted, be looked for in the near future.

The surplus on the year's working slightly exceeded 10 % on the paid-up capital, and nearly equalled 12 % on the net premium income.

While the Company had paid 360 claims during the year, the three casualties mentioned by the President represented nearly one-half the total outlay for losses. The accidents in question were exceptional, but it was a part of our business to provide for such. We could afford to do it, and it was a satisfaction to know that the beneficiaries were justly entitled to, and derived material benefit from the compensation they received.

He strongly endorsed the President's remarks on the importance of building up a strong reserve, as a first consideration, and regarded it as a matter for congratulation that the fund was steadily growing.

While caution had been observed, the Report showed substantial gains in the volume of business, as well as in reserve.

The Company was well equipped for active work in every part of the Dominion. Its plans, already popular, would be made still further attractive, and he trusted the operations of 1898 would show continued growth and be in every way successful.

The Report was unanimously adopted.

On the motion authorizing the Directors to take the necessary steps forthwith to comply with the amendment to the Company's act of incorporation, the following shareholders addressed the meeting: Mr. R. E. Gibson (President Conger Coal Co.), Dr. Wm. Oldright, Mr. J. Herbert Mason (President Canada Permanent Loan & Savings Co.) and Mr. John Firstbrook (Messrs. Firstbrook Bros.). The resolution carried unanimously. It was moved by Mr. F. Fleming, seconded by Mr. S. G. Wood, and carried: That the thanks of the shareholders are justly due to the Company's General and District agents in the several provinces for the zeal and efficiency displayed by them in their several departments during the past year. On motion, Messrs. Clarkson and Cross were reappointed auditors for the ensuing year. Mr. A. W. Thomas and Mr. E. T. Lightbourn, having been appointed scrutineers, reported the following gentlemen re-elected as directors: Larratt W. Smith, A. L. Eastmure, W. H. Pearson, J. Herbert Mason, R. Shaw Wood (London), Lieut.-Col. R. E. C. Jarvis, J. N. Shenstone, Edward L. Bond (Montreal), and J. H. Brock (Winnipeg). After the usual votes of thanks to the President, Vice-President, Directors, Secretary and officials in the office, the meeting adjourned.

At a meeting of the Directors, held immediately after the close of the annual meeting, Dr. Larratt W. Smith was re-elected President and Mr. A. L. Eastmure, Vice-President of the Company. Executive Committee—Messrs. Larratt W. Smith, A. L. Eastmure and W. H. Pearson.