



## FIRST ANNUAL REPORT.

The first annual meeting of the shareholders and participating policyholders of the Sovereign Life Assurance Company of Canada was held in the company's offices in the city of Toronto on Tuesday, February 16th, 1904, at 11 o'clock a.m.

The president, Mr. A. H. Hoover, took the chair, and Mr. John T. Hornibrook was appointed secretary of the meeting. Messrs. Thos. Allan and Geo. Edwards, F.C.A., were appointed scrutineers. After reading the notice convening the meeting, the secretary read the annual report and accompanying financial statement, as follows:

### REPORT.

Your directors have pleasure in presenting their first annual report of the business of the company for the last ten months of the year 1903. The company received its license January 29, 1903, and commenced the business of assurance on March following.

Three hundred and thirty-one applications, amounting to \$884,958 of new assurances, were received by the company. Of this number 307 applications for \$808,708 were accepted, while 24 applications for \$76,250 were declined because they were not up to the company's rigid standard of selection.

The total amount of policies in force at the close of December 31, 1903, was \$745,000, and the premium income upon the policies issued, paid for, or in process of collection, amounted to \$39,478.21. The average amount of assurance under these policies is \$2,614 upon each life, and the average premium per \$1,000 of assurance is \$53, a greater average premium per \$1,000 than has been received by any other Canadian company, indicating the high class of business which we are writing, our premiums on all classes of assurance being practically the standard rates of other life assurance companies.

The Government standard for life assurance reserves on new business is based upon the Hm. Table of Mortality of the Institute of Actuaries of Great Britain, with interest at the rate of 3½ per cent. per annum. Your directors have adopted as the standard of reserve the Om. Table of the Institute of Actuaries of Great Britain, with 3 per cent. as the rate of interest in computing the reserves to be maintained in respect of profit policies, and 3½ per cent. interest for non-profit policies. The reserves under this latter standard will, therefore, considerably exceed the reserves required by the Government standard, and exceed the standard of reserve adopted by other Canadian companies. In selecting the higher standard of reserve your directors were influenced by two considerations. The first is, to provide the maximum of security to the policyholders of the company; and the second, to provide for the future profits which will be distributed among our policyholders and shareholders. The main source of profits of a life assurance company is derived from the excess of interest earned by the company on its investments over and

above the rate of interest allowed for in computing its reserves, and the savings in mortality within the tabulated expectations.

Your directors have invested the company's capital and income exclusively in first-class municipal debentures. Such debentures afford absolute security for a long period of years at a rate of interest considerably in excess of the rate allowed for in the calculations of the company.

No death losses have occurred among the policyholders of the company during the year.

The balance of the call upon the subscribed capital, amounting to \$23,828.54, is in process of collection, and, therefore, not included in the assets of the company in the balance sheet appended.

Throughout the year a continuous audit of the income and expenditure of the company has been made by the auditors, and their certificate is attached to this report.

ADDISON H. HOOVER,

President and Managing Director.

Toronto, February 15, 1904.

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

In moving the adoption of the annual report, I take the opportunity of congratulating the shareholders and policyholders upon the success which the company has attained at the close of its initial year.

Within a period of practically ten months we have three-quarters of a million of the choicest business ever secured by any life assurance company in the Dominion of Canada. The average policy issued amounts to \$2,600, and demonstrates the confidence of the public in the respective plans of assurance inaugurated by the Sovereign Life. The premium income amounts to the substantial sum of \$39,478.21, and the high average premium rate is proof in itself of the financial and business standing of our policyholders. It also represents a careful selection of influential business and professional men throughout the Dominion, whose affiliation with the Sovereign Life Assurance Company will prove a tower of strength in the years to come. There never was a better list of policyholders in any company.

The representative character of those associated with the company as policyholders is equally true of the shareholders of the company. The capital stock of the company is held by men who are prominent in business and professional life.

Equally with other Canadian institutions, we expect large future results from the general prosperous conditions and rapidly increasing population of the Dominion, and have already placed the company in a position to take advantage of the remarkable growth of the Canadian North-West. Agencies have been established in Ontario, New Brunswick,