

# SIXTH ANNUAL REPORT OF THE DIRECTORS OF THE

# Canada National Fire Insurance Company

## HEAD OFFICE :: WINNIPEG, MAN.

### TO THE SHAREHOLDERS:

It is with pleasure that your Directors beg to present for your consideration their sixth annual report, as well as the statement of assets and liabilities and revenue account for the year ended December 31st, 1916, as certified by the Company's auditors.

At the beginning of the year it was not anticipated that the Company would make any large gains over the previous year; in fact, it was thought that, owing to the continuance of the war and the general depression in business and financial matters, the Company would do very well indeed if it could even hold its own, without making the usual annual progress.

However, your Directors have every reason to believe that the results for the year, as indicated by the financial statement, will meet with the approval of and be appreciated by the shareholders.

Considering the decrease in the volume of general business and the inactivity in building operations throughout the country in 1916, the gross amount of insurance, \$21,892,153, written by the Company during the year was most encouraging. The premiums thereon amounted to \$268,736.82. These amounts are slightly less than those of the previous year; but they are, nevertheless, considered satisfactory.

Re-insurance premiums in 1916 were \$93,600.28. The gross amount of insurance in force at December 31st, 1916, was \$31,304,548, and the premiums on the same were \$445,925.72. Re-insurance in force at the close of the year was \$8,606,337, the premiums amounting to \$112,355.12. Therefore, the net amount of insurance in force at December 31st, 1916, was \$22,698,211.00, and the premiums thereon were \$333,570.60.

Taking the year as a whole, and covering the entire Dominion, our fire companies experienced a greater loss ratio than usual. This, it may be said, is the usual experience with fire companies in times of depression and disturbed business conditions. This Company's loss ratio for the year was 67.18 per cent., an increase of 19.59 per cent. over that of 1915.

With respect to the Company's investments, it will be observed that they are comprised largely of mortgages on real estate, the amount at December 31st being \$1,444,364.17. It is gratifying to be able to report that while it was necessary to foreclose on certain properties during the year, which was common to all companies last year, the payment of interest and principal on our mortgage loans was very satisfactory. Your Directors do not anticipate any losses on the properties taken over during the year. It will be noted that the quarter interest held by this Company in the head office premises has been fully paid up. The stocks and debentures held and owned by the Company yield a satisfactory rate of interest.

Substantial cash reserves were maintained, as has been the usual policy of the Company.

The reserve for unearned premiums amounted to \$138,267.22, being slightly less than at the end of the previous year and was due to the

decrease in the volume of business written in 1916. Re-insurance premiums held as reserve on deposit stood at practically the same amount as in 1915.

Profits from mortgages, stocks and other sources amounted to \$144,183.06, or about \$10,000.00 increase for the year. Net premiums, after deducting cancellations, rebates and re-insurance, amounted to \$175,136.54, showing a small decrease from 1915 figures.

A matter of importance, and one deserving of special mention, is the reduction of about \$19,000.00 in the aggregate expenses for the year, the expense ratio having reached the low figure of 32.80 per cent. The net losses for the year were \$117,571.07, or an increase of about \$24,000.00. Considering the experience of other fire companies last year, this is anything but an unfavorable showing.

Dividends on capital stock for the year amounted to \$99,235.90, being computed at the usual rate of 6 per cent. per annum.

It is interesting to note that the aggregate annual dividends of the Company exceed by a large margin those of any other Canadian fire insurance company.

The paid-up capital at December 31st, 1916, was \$1,708,160.72, an increase of \$150,332.64. Surplus to policyholders was \$1,976,156.08, the largest of all our Canadian fire companies. From the standpoint of the insurer, this is an exceedingly important feature, and places the Company in the front rank of fire insurance companies generally.

The usual precaution in the selection of risks has been exercised, and the satisfactory record to date speaks well for the underwriting department of the Company.

While it is early in the year to predict results for the current year, returns thus far have been quite satisfactory. It is not expected there will be large increases in business in 1917 or, in fact, until the war is over and we again experience more prosperous times and a return of building activity and general expansion.

Your Directors wish to thank all the shareholders who have contributed to the success of the Company, as in a fire insurance company it is possible for the shareholders to be of material assistance to their Company by turning their own business to the Company, as well as influencing other insurance to the Company.

It is with a feeling of appreciation that the Directors refer to the efficient services of the officers and staff, as well as the many agents of the Company.

February 21st, 1917.

J. H. G. RUSSELL, President.

The election of Directors for the current year resulted as follows: J. H. G. Russell, W. T. Alexander, D. E. Sprague, J. G. Hargrave, F. H. Alexander, Dr. A. D. Carscallen, E. L. Taylor, S. D. Lazier, R. G. Affleck, Hon. A. C. Rutherford, Edmonton, Alta.; F. N. Drake, Regina, Sask.; Thos. S. McPherson, Victoria, B. C.; Andrew Gray, Victoria, B. C.

## FINANCIAL STATEMENT, 31st DECEMBER, 1916

### ASSETS

First mortgage loans on real estate and accrued interest	\$1,444,364.17
Stocks and debentures (at cost) and accrued interest	433,412.52
Real Estate—	
Head office property	\$163,526.80
Other than head office property	58,574.46
	222,101.26
Office furniture and fixtures, maps and plans, less depreciation	20,113.85
Accounts receivable	12,868.63
Agents' balances	31,100.27
Cash in banks and on hand	126,113.97
	\$2,290,074.67

### LIABILITIES

Government reserve for unearned premiums	\$ 138,267.22
Losses unpaid (in course of adjustment)	13,300.00
Accounts payable	3,235.26
Re-insurance premiums (held as reserve on deposit)	59,880.21
Dividend for year ended 31st December, 1916	99,235.90
Capital stock subscribed	\$2,050,400.00
Paid up	\$1,708,160.72
Net surplus	267,995.36
Surplus to policy holders	1,976,156.08
	\$2,290,074.67

### REVENUE

Balance brought forward from 1915	405,780.00
Profits from mortgages, stocks and other sources	144,183.06
Fire insurance premiums for 1916	\$268,736.82
Less re-insurance thereon	93,600.28
	175,136.54
	\$ 725,099.60

### EXPENDITURE

General expenses, salaries, commissions, etc.:	
Loan and investment department	\$ 44,584.40
Fire Department	55,135.58
	\$ 99,719.98
Losses and loss adjustment expenses	\$193,926.36
Less re-insurance recoveries	76,355.29
	117,571.07
Bad debts written off	75.20
Depreciation written off furniture and maps	2,234.87
Dividend for year ended 31st December, 1916	99,235.90
Reserve for unearned premiums	\$138,267.22
Net surplus	267,995.36
Balance	406,262.58
	\$ 725,099.60

### AUDITORS' REPORT

We beg to report that we have audited the books and accounts of The Canada National Fire Insurance Company for the year ending 30th December, 1916, and have found them properly stated and sufficiently vouched, and we have also verified the mortgages and other securities. In our opinion, the above balance-sheet presents a correct view of the state of the Company's affairs as at 30th December, 1916, according to the best of our information and the explanations given us, and as shown by the books of the Company.

Winnipeg, 16th February, 1917.  
Vancouver Agency: Ground Floor Office, Rogers Building.  
A. W. WOODARD, Agent.

(Signed) D. A. PENDER, COOPER, SLASOR & CO., C. A.