A Prosperous Year.

Ontario Mutual Life Assurance Company.

TWENTY-FIFTH GATHERING.

Reports of a Most Satisfactory Character.

Encouraging Statement by President I. E. Bowman, M.P.—Features of the Report Commented On.

The 25th annual meeting of the Ontario Mutual Life Assurance Company was held in the town hall, Waterloo, on Thursday, May 23. The attendance was representative, and included a number of the policy-holders, in addition to the directors and principal agents of the company in the Dominion. The meeting was marked by such a degree of harmony and smoothness as spoke well for the manner in which its business is conducted. The reports were exceedingly satisfactory, and everything went to show that the prospects of this well known and well established company are in every way bright.

The chair was occupied by the president, I. E. Bowman, M.P., who was assisted by Mr. Wm. Hendry, the company's manager.

It was moved by Alfred Hoskin, Q.C., of Toronto, and seconded by Rev. Theo. Spetz, D.D., of Berlin, president of St. Jerome's College, "That W. H. Riddell, the secretary of the company, be the secretary of this meeting," which was carried. Mr. Bowman read the report of the directors, and the financial statement, which were as follows:

To the policy-holders of the Ontario Mutual Life Assurance Company:

Gentlemen,—Your directors desire to submit the following statements as their 25th annual report of the affairs of the company as at Dec. 31, 1894.

During the past year 2,012 new policies were issued for assurance, amounting to $2,945,250.

The manager also received 94 applications for $110,000 from persons whose physical condition, family history or occupation did not justify their acceptance, which were therefore declined.

The net premium income for 1894 is $527,131 18, and we received for interest on our investments the sum of $132,852 34, which makes our total income $659,989 52.

The total assets of the company as at the close of the year are $2,866,559 89, and the reserve required to be held under the regulations of the Dominion insurance department as security to our policy-holders is $2,566,560, leaving a surplus of assets over liabilities amounting to $277,647 74.

For some time your directors have had in view the propriety of changing the valuation of our policies from the Hm, 4 1-2 per cent table to the actuaries 4 per cent (this being the table on which our rates are based), and we have decided, owing to the reduction of the rate of interest on investments, to make the change this year. In order to accomplish this, the sum of $117,231 will have to be transferred from the surplus to the reserve, leaving a balance of $160,416 74 at the credit of our surplus account, which will enable us to continue our liberal distribution to policy-holders without any diminution.

The total number of policies in force at the close of the year is 14,147, covering assurance amounting to $18,767,698.

The amount paid for death claims which occurred during the year is $138,757 under 91 policies, and the matured endowments amount to $2,111 under 20 policies.

The executive committee has carefully examined the securities and cash held by the company, and found it correct as reported by your auditors.

The tendency of the money market has during the past year again been towards a lower rate of interest, both on mortgages and debentures, but we hope that as the general business of the country revives the demand for money will improve, so as to enable us to obtain a better rate of interest on our investments.

You will be called on to elect four directors in the place of B. M. Britton, Q.C., John Marshall, F. C. Bruce and J. Kerr Fisken, all of whom are eligible for re-election.

The detailed statements prepared and certified to by your auditors are herewith submitted for your consideration.

On behalf of the board.

I. E. BOWMAN, President.

Statement for year ending December 31, 1894:

INCOME.

From premiums	$527,131 18	
From interest	132,858 34	
		$ 659,989 52

DISBURSEMENTS.

For policy-holders' death claims	$ 136,540 67
For policy-holders' endowments	22,111 00
For policy-holders' cash surrender values	72,294 60
For policy-holders' cash-surplus	70,734 94
For all other expenditures	117,459 25
	$ 419,140 46
Excess of income over disbursements	$ 240,849 06

ASSETS.

Municipal debentures	$ 643,795 11
Mortgages	1,474,275 19
Loans on policies	370,005 45
Liens on policies	49,864 67
Company's office and real estate	12,603 64
Ledger balances	77 87
Bank deposit receipts	65,000 00
Accrued interest, deferred premiums, etc	249,891 82
Cash on hand and in banks	1,046 14
	$2,866,559 89
Reserve Hm. 4 1-2 per cent and other liabilities	$2,588,912 15
Surplus	$ 277,647 74
Increase in surplus during 1894	$ 51,527 53
Increase in reserve during 1894	235,578 00
Increase in assurance during 1894	1,016,591 00
Total assurance in force	18,767,698 00

Mr. Bowman, in commenting on the report, explained some of its features. During the year there had been issued 2,012 new policies, making the new business for the year amount to a little less than three millions. This was not quite so much new buiness as there had been issued in 1893, but for this there were several reasons. There had been a considerable degree of financial depression; money had not been so plentiful. Some of the agents of the company had also been changed, and it took some time for the new men to get well under way.

However, the amount of new business was, he said, satisfactory. The success of a company did not consist so much in the volume of business done as in its careful selection, and in the returns to policy-holders.

The premium income for the year was $527,131 18 (practically for 11 months, agency collections for December, 1894, not being included), which, however, was considerably in excess of the previous year's revenue from this source.

The total assets amounted to a little less than $3,000,000, leaving a surplus of assets over liabilities of $277,647.

Mr. Bowman explained the clause in the report referring to the proposed change in the valuation of the policies from an Hm. (healthy male), four and one-half per cent table, to the actuaries' four per cent. At first sight this might seem to require a smaller reserve, but as a matter of fact it was just the reverse, requiring a larger one. The reason for this change was that the directors expected that in the near future the Government would insist on all companies holding a four per cent reserve. The directors had decided to anticipate the action of the Government and provide for a four per cent reserve at once. It was, he said, to the credit of the company, and an evidence of good, sound management, that they were able to make this change, transferring from the total surplus no less a sum than $117,231, in order to make good the higher reserve without lowering the liberal scale of distribution to policy-holders in reduction of their premiums, as heretofore.

The business of the company now amounted to nearly $19,000,000 of assurance in force, held chiefly by members in the healthy Province of Ontario. During the last three years they had been doing a small business in Quebec, and while it was a little more expensive to do business there, owing to the high taxes imposed on insurance companies, they had decided to continue business in that Province, as there were prospects of doing a good business there in the future. In conclusion, the president said the report, the adoption of which he had much pleasure in moving, was in all respects as satisfactory as any that had ever before been submitted to the policy-holders of the company.

Mr. Robert Melvin, second vice-president of the company, seconded the report. The report was, he said, on the whole, a very satisfactory one, or, to use a good old Scotch phrase, "It micht hae been waur," He instituted a number of comparisons with last year, which showed that it might have been a good deal "waur"; in fact, that it compared very favorably with its predecessors, notwithstanding the "hard times."

For 1893 the total assets were	$2,593,424
For 1894 the total assets were	2,866,559
Gain	$ 273,135
For 1893 the surplus was	$ 226,120
For 1894 the surplus was	277,647
Gain	$ 51,527
For 1893 receipts from premiums were	$ 513,681
For 1894 receipts from premiums were	527,131
Gain	$ 13,449
For 1893 the income from interest was	$ 113,690
For 1894 the income from interest was	132,858
Increase	$ 19,167
For 1893 the expense account was	$ 116,109
For 1894 the expense account was	115,597
Increase	$ 6,834
For 1893 the dividends paid to policy-holders were	$ 63,900
For 1894 the dividends paid to policy-holders were	70,734
Decrease	$ 512
For 1893 the amount of insurance was	$17,751,147
For 1894 the amount of insurance was	18,761,698
Increase	$ 1,016,591

In commenting on these figures, Mr. Melvin pointed out that they showed a very encouraging state of affairs. The ratio of increase in assets was equal to that of any other company doing business. The decrease in the running expenses was most satisfactory, especially when it was considered that there had been an increase in the insurance of over $1,000,000. As to the amount to be distributed to the policy-holders, Mr. Melvin explained that they would have been in a position to distribute even a larger amount, but he was of the opinion that in the past all companies had been giving too much. They had this year been enabled to add over $117,000 to the reserve, which was just as much profit as if they had given it to the policy-holders, and they had, notwithstanding this, increased the dividend by nearly $7,000.

Mr. Melvin then read a statement of the cash surplus paid to policy-holders in reduction of their premiums during the last ten years, which showed that in this respect there had been a steady improvement. The figures were as follows:

In 1885	$25,465
In 1886	34,009
In 1887	34,849
In 1888	37,511
In 1889	42,361
In 1890	48,719
In 1891	56,469
In 1892	65,001
In 1893	63,900
In 1894	70,734

As to the quality of the securities of the company, he said that the directors had gone over them carefully, and had found them to be of the very best possible kind. They were not speculative in any sense of the word. The company could have, perhaps, secured a higher rate of interest had they taken less reliable securities, but they had steadily adhered to the policy of taking only mortgage securities, municipal debentures, and loans to policy-holders.

In comparing the profits of the Ontario Life with other companies, Mr. Melvin asked his hearers to remember that many of these companies did a large "tontine" business, in which the profits were held until the end of the period. These profits were put in the reports as surplus, though they were really liabilities. There was no way of distinguishing these profits, the Government made no distinction, and so it was not possible to arrive at a correct estimate of the real surplus of such companies. He pointed out that both in England and the United States the mutual companies were the strongest and largest. He said that there was no occasion for stock in an insurance company. That mutual companies were stable, the history of the Ontario proved. The amount of stock in a proprietary company was a mere hazard. Take, for example, the Canada Life, with the paid-up capital of $125,000. What strength did this give, with the company's insurance in force of $66,807,397? It was the same with other so-called proprietary companies in Canada and in the United States. He also instanced the Equitable of New York, whose paid-up capital is only $100,000, and assurance in force $913,556,733.

"There is no more need for stock in an insurance company than for three wheels in a cart," said Mr. Melvin, in conclusion, and, amid hearty applause, the report carried unanimously.

Mr. B. M. Britton, Q.C., of Kingston, in supporting the motion, after referring to the successful career of the company, said that he regarded the rather slim attendance of policy-holders as a good sign, as it showed that they were satisfied with the management of the board. Had there been dissatisfaction with the manner in which the company was being managed there would have been a large attendance; the policy-holders would have thronged the hall to insist on the dismissal of the board. To show the magnitude of the operations of the company, he pointed out that it gathered in during the year from all sources an average of $1,800 a day in cash, and that each day it paid out $632 to its living members for endowments, surplus, etc., and $400 in death claims. He urged the continuance of the present policy of the company, the avoidance of anything like speculative insurance, and of all attempts to secure too great apparent prosperity. He believed that "in medias res" was best, that we should stick to the middle course, and aim at steady growth rather than at ephemeral dashes that characterized different companies. On the other side of the line they said "boom and bust." This company did not want to boom, and they did not want to bust. (Laughter and applause.)

People are sometimes anxious for more liberal policies. The policies of the Ontario were now nearly as liberal as the first policy ever issued. That policy was an absolutely unconditional one. It was a case of payment of premium and death on the one side and payment of policy on the other. At the same time it would be unwise to shut our eyes to the possibility of fraud in connection with life insurance. There was the recent Hendershott trial at St. Thomas and other cases, which he mentioned, on this side and on the other side of the line. It was the duty of insurance companies to the public and to themselves to do all in their power to prevent the possibility of such frauds being perpetrated. He also strongly opposed child-insurance, unless it could be very strictly regulated, as throwing too strong a temptation in the way of poor parents to commit crimes.

It was then moved by Mr. Sipprell, local manager for the Maritime Provinces, "that this meeting has great pleasure in tendering a hearty vote of thanks to the president, vice-presidents and directors for the care they have shown in promoting and safeguarding the company's interests during the past year."

Mr. Sipprell, in supporting his motion, said that down by the sea, whence he came, there was among the policy-holders loyalty to and confidence in the management of the company, to which he himself paid a high tribute. The company had many advantages over its competitors. It was not by accident that the rate of interest obtained by the Ontario Life over a five-year period was larger than that of any other leading company in Canada. It had been almost 6 per cent. To be exact, it was 5.94 per cent, and the highest obtained by any other company was 5.87 per cent. The earnings from interest during the past five years exceeded the death claims by nearly $40,000, which was very gratifying indeed.

He instituted some instructive comparisons between the business of the Ontario and some of its leading competitors, extending over a period of five years from 1890 to 1894, inclusive, as follows:

Company.	Bus. in Force.	Profits paid policy-holders	Increase in Surplus.	Total Profits for 5 Years.
Ontario	$18,767,698	$305,403	$138,465	$443,868
Sun	31,528,570	224,861	169,198	394,059
Confedern'	25,455,343	355,117	2,777	357,894
N. Americ'n	14,466,685	35,401	211,067	246,468
Manufac'rs	9,555,300	198	53,212	53,410
Tem & Gen	5,877,959	(none)	38,346	38,346

The business in force of two of the above companies largely exceeds that of the Ontario, but the amount of profits earned by them is considerably less than the amount earned by it. In other important respects he showed that the Ontario would be found to compare favorably with other companies. The high character and integrity of the management, the sound financial standing of the company, as well as the principle of mutuality as between the individual policy-holder and the membership as a whole, should nerve his fellow-workers in the field with redoubled efforts to extend the benefits of life insurance in their respective agencies.

He was sure he voiced the feelings of every agent when he stated they had received the greatest possible benefit from the two days' conference with the management, under the able presidency of the company's superintendent, Mr. Hodgins, and on behalf of the agency staff he desired to thank the manager and officers for the uniform kindness and courtesy shown to them on that occasion.

Mr. Thos. Dixon, county crown attorney, Walkerton, in seconding this resolution, congratulated the agents of the company on the quality of the risks taekn. The true way to arrive at the position of a company was to consider the relation between the amount of death claims and the amount of insurance carried, and in this light the affairs of the Ontario were exceedingly satisfactory.

On motion of Mr. J. L. Wideman, Messrs. George Wegenast and John Killer were appointed scrutineers for the election of four directors in place of those retiring. The balloting which followed resulted in the unanimous reelecion of B. M. Britton, Q.C., Kingston; Francis C. Bruce, Hamilton; John Marshall, London, and J. Kerr Fisken, Toronto.

On motion of Mr. B. M. Britton, Messrs. Henry F. J. Jackson, of Brockville, and J. M. Scully, of Waterloo, were reappointed auditors of the company for the current year.

Mr. E. P. Clement, barrister, Berlin, moved "that the hearty thanks of the directors and of the policy-holders present at this meeting are hereby tendered to the manager, secretary, officers and agents of this company for the faithful and efficient services they have rendered the company, in their respective capacities, during the past year." He paid an eloquent tribute to the ability and attractive business courtesy of the manager, secretary and other members of the head office staff, and spoke in the highest terms of the energy, honesty and straightforwardness of the company's agents, on whose labors in the field so much of the success and future prosperity of the Ontario depended. Mr. Robt. Baird, P. M., Kincardine, also made a few very laudatory remarks in support of the motion, which was carried amid rounds of applause.

Mr. Wm. Hendry, the manager of the company, replied to the last resolution, thanking the meeting on behalf of those referred to in it, and explaining some details in reference to the necessity for and purpose of reserves in life assurance. The directors met subsequently and re-elected Mr. I. E. Bowman, M.P., president; Mr. C. M. Taylor, first vice-president, and Mr. Robert Melvin, second vice-president of the company for the ensuing year.
