

AUDITOR'S REPORT.

MONTREAL, February 8, 1887.

Andrew Robertson Esq., President Royal Canadian Insurance Company, Montreal.

DEAR SIR,—I have examined your company's books and accounts for the year ended 31st December, 1886, and found them correct and completely vouched for.

The cash, investments, securities, and other assets owned by the company, as well as the liabilities, have also been proved by me to be correct, as stated on the final balance sheet.

Yours respectfully,

JOHN McDONALD, Auditor.

The PRESIDENT, in moving the adoption of the report, referred to the gratifying increases in the assets and surplus of the company during the last three years. The surplus, which was now \$95,656.26, amounted to nearly 25 per cent. of the paid up capital. He would be happy to answer any questions which might be put.

Mr. H. S. McDougall seconded the adoption of the report.

Messrs. H. S. Macdougall and W. Mackenzie having been appointed scrutineers the election of directors was proceeded with and resulted in the return of the old board as follows:—Messrs. Andrew Robertson, Hon. J. R. Thibaudeau, Duncan McIntyre, George W. Moss, Hugh Mackay, Jonathan Hodgson, Robert Archer, John Ostell and William Smith.

The meeting then adjourned,

At a subsequent meeting of the board of directors Mr. Andrew Robertson was re-elected president and Hon. J. R. Thibaudeau vice-president.

DOMINION SAFETY FUND LIFE ASSOCIATION.

The sixth annual meeting of this Company was held on the 3rd inst. There was a large attendance both of stockholders and policyholders, and much interest was manifested by all concerned.

At the close of the proceedings a hearty and unanimous vote of thanks was passed to the President and Directors for their judicious management during the past year, and for those features in their report which indicated increased security to the insured and vigorous prosecution of the business.

The following is the report of the financial position of the Association.

To the shareholders and members of the Dominion Safety Fund Life Association:

GENTLEMEN,

Your directors have much pleasure in presenting their sixth annual report. During the past year the progress of the Association has been marked and satisfactory. The high praise and commendation accorded to this Association, when as the pioneer and promoter it first presented the "Natural System of Life Insurance" to the general public, has been continued and even more firmly expressed since the merit of the system has become more generally known. The "Natural System of Life Insurance" inaugurated by the association aims at presenting to every class in the community the benefits of life insurance on a sound, equitable basis of lowest cost to the insured compatible with security. These advantages of the system are fully set forth in our publications intended for general distribution. Some of the leading features may be summarized as follows:

1. Absolute provision for the payment of death losses and for the expenses of doing the business.
2. The equity with which such provision is made: each person according to his age being required to pay in advance the cost of carrying the risk of loss on his life.
3. No member is required to contribute anything to reduce this cost to any other.
4. No risk is carried upon any life on which the premium has not been paid in advance. No risk is carried longer than the term paid for.
5. No company requires a more rigid examination and scrutiny into the character of every risk.

With regard to the absolute provision for the payment of death losses, the first axiom or principle of the "Natural System of Life Insurance" is "the cost of insurance must be paid by the insured." The basis of estimating this cost is determined in the first instance by the recorded experience of the past as given in authoritative actuarial tables, to be corrected and adjusted as our own experience may require, and this premium is always payable in advance. Coupled with the principles of pure life insurance, in the "Natural System," a fund is created by separate payments of the insured, termed the "Safety Fund," for the double purpose of individual forfeit in the event of breach of contract, and for returning tontine profits in reduction of natural cost of insurance to those who continue after a period of five years enrolment.

Your directors have pleasure in announcing the first distribution of the accumulated and accumulating interest from that portion of the "Safety Fund" belonging to the class of 1881, to the members of that class, beginning with the present year; to be applied in reduction of the premiums payable during the next five years. This dividend is now equal to a reduction of about 12 per cent. on the cost of insurance called for, and thus annually reduces the price of insurance to that extent below cost!

At the end of five years an adjustment will be made for subsequent distribution.

Your directors have resolved to increase the paid up capital stock of the Association to \$30,000, and have made the requisite call therefor, to be paid on or before 10th March next.

The function of the entire capital stock is to serve as a guarantee on the part of the shareholders to the insured for the faithful discharge of the trusts and duties accepted by your directors. Since the organization of the Association to 31st December last, the total amount paid in death claims has been \$73,000. No claim has been disputed nor compromised, and none remains outstanding. The amount paid in death claims during the past year is \$19,000. The amount held for Safety Fund is \$28,667.65, beyond which the surplus above all liabilities is \$14,937.85.

The new business during the past year has been 40 p. c. greater than that of 1885, resulting from a more widely extended knowledge of the "Natural System," and practical experience of its working.

In conclusion, your directors point with satisfaction to the record that the expenditure of this company has always been kept within its income. The old fashioned virtues of prudence and economy, too apt to be slighted in this reckless age, are still as ever the only true producers and guardians of solid prosperity. A corporation seeking to secure the confidence of the public in monetary matters should do so in like manner as an individual among his fellow men, by becoming noted for the characteristics of prudence, economy and fidelity. No alluring vision of profit to himself should be able to tempt such a one into speculating with that which does not belong to him, nor into extravagance which he has not the means to meet.

The statements of accounts and financial position of the Association at the close of 1886, with the auditor's report thereon, are herewith presented.

Respectfully submitted on behalf of the board of directors.

J. DEWOLFE SPURR, President.

A SUMMARY of the accounts with the auditor's report is as follows:

Assets.	
Loans secured by bond and mortgage on real estate first lien	\$6,800 00
Value of stocks, bonds and debentures owned by the company	51,776 75
Loans secured by bonds or other collaterals	1,123 60
Agents' ledger balances	371 56
Accrued interest	544 66
Office furniture	400 00
Cash in hands Rec. Gen.	\$50,000 00
" at head office	190 71
" in bank	13,298 62
	<hr/> 63,480 34
Total assets	\$124,505 80
Liabilities.	
For Safety Fund	\$28,667 95
Due on account of loan from Bank	45,000 00
	<hr/> \$71,667 95
Total liabilities	\$71,667 95
Total Surplus	\$52,837 85
Capital stock and guarantee fund paid up	\$37,900 00

St. JOHN, N.B., 7th January, 1887.

GENTLEMEN,—We have examined the books and accounts of the Dominion Safety Fund Life Association to 31st Dec., 1886, and beg to report that they are a correct exhibit of the position of the Association.

The expenditure is vouched for, the funded securities have been carefully examined and are as stated, the accounts are accurately set out, and the difference between receipts and expenditure is represented by a balance in the Maritime Bank to the credit of the Association of \$13,298.62, and cash on hand \$190.71.

Every facility for inspection and scrutiny was afforded us by the secretary.

We are your obedient servants,

JOHN H. McROBBIE, } Auditors.
ARCH. McLEAN,
R. WHITESIDE,

The directors for the ensuing year, are the same as for the previous year.

JAMES DEWOLFE SPURR,
President.

CHARLES CAMPBELL,
Secretary.

FOSTER MCFARLANE, M.D.,
Medical Superintendent.

J. HERBERT WRIGHT,
Superintendent of Agencies.