

necessarily to raise the rate of premium, as it has been to provide that no risk of unusual danger should be kept on the books that would not yield to the shareholders some moderate probability of reasonable profit.

That both these designs have been successful, admits of conclusive proof.

With regard to the first it may safely be affirmed that the popularity of the company throughout the world remains undiminished, and has not been in the slightest degree undermined by impolitic harshness in carrying out the indispensable requirements which have been adverted to. So much has this been the case, that the risks which have been withdrawn by insurers, in consequence of the needful correction of the rates, have (so far as the exigencies of the long-continued commercial pressure and the large reduction in the value of produce permitted, which have told upon all insurance business alike) been more than compensated by the influx of fresh insurance. The Royal has never had a larger body of constituents than now.

The ratio of increase of premium during the last two years, notwithstanding the conservative policy adopted, and the diminished price of commodities, shows unmistakably that the favor of the public has grown with the growth of the Company, and has not suffered even a temporary diminution from any cause whatever.

No happier announcement can be made to the shareholders than that which is contained in the following statement—that, notwithstanding the considerable augmentation of the annual premiums collected, the entire amount of the Company's risk is very considerably less than what it has been. The total amount assured will, in all probability, improve with the improvement of commerce, whilst its effect will be still further to increase the revenue of the Company.

The beneficial effects of the new investigations made into the business, item by item, can be shown by the tabulated results which have been systematically carried on so far as has been practicable.

The difficulties in the way of making this record entirely complete are of course insurmountable; yet, like the plan originated by this Company of tracing declined lives, it may with all its unavoidable imperfections, become of great use in the conduct of the business. The value of any instance traced of a loss avoided by cautionary measures, is not in itself diminished in the slightest degree by the fact that there must necessarily be always many other like cases which escape observation altogether.

The shareholders will be gratified to learn that the amounts of loss by fire distinctly traced have been escaped by risks declined by this office since the last year's meeting, reach the large sum of £72,811. This, be it remembered, is in addition to an amount of £40,000 announced at that time to have been saved in like manner. This large amount may, however, be considered exceptional in some respects, as it is not probable that the most diligent scrutiny will suffice at all times to discover more than a moderate percentage of the amount of declined risks ultimately resulting in fire.

The following is the report from the different branches of losses which have occurred from 1st August, 1867, to 30th July, 1868, on risks declined by the Company:—

| | |
|-------------------------------|---------|
| In the Agency Department..... | £53,901 |
| “ Home “ | 960 |
| “ Foreign “ | 13,760 |
| “ Guarantee “ | 4,250 |
| | £72,811 |

LIFE BRANCH.

The measures announced at the last meeting of the Shareholders detailing the regulations with respect to the projected increase in the proportion to profits to be given to participating Assurers, have already had a considerable effect on the Life Branch of the Company's business.

The fact that new participating assurances will now receive three-fourths of the Profits, instead of two-thirds, as heretofore, cannot fail to induce a large influx of fresh business from this time forward.

Notwithstanding that the commercial depression referred to has considerably interfered with Life Assurance as well as Fire Insurance throughout Great Britain and its dependencies, of which this Company has shared in the effects, the progress of this department has independently of this temporary obstruction, been highly satisfactory.

The average annual amount of New Sums Assured during the three expired years of the present quinquennial period (1865, '66 and '67), is £801,000. The annual average amount of new business for last quinquennial period (1859 '64), during which the Life business had made a most remarkable spring in advance, was yet only about £688,000, whilst, in the preceding like period (1854, '59) it was only £331,000.

The Lives declined during the same three years (1855, '57), number 1163, the aggregate sum proposed for Assurance thereon being £638,484, a sufficient proof of care in selection.

The mortality for the last year has been moderate.

The increase of the Life and Annuity Funds in the year 1867, after paying every claim and every expense, reaches the sum of £128,583 5s. 10d. The total amount of these Funds, it will now be seen, exceeds *One Million Sterling*.

In 1864, after appropriating the portion of profits of the preceding five years to the shareholders, the funds stood at.....£621,434 15 4

In 1865, the amount invested for the year, after paying all claims and expenses, was.....103,146 7 4

In 1866, do. do.124,165 7 5

In 1867, do. do.128,583 5 10

Whilst an estimate of the first six months of 1868 shows a credit balance of about.....54,000 0 0

Total sums now invested on the Life account.....£1,031,329 15 11

The annual increase, therefore, of the Life and Annuity Funds since the last Actuarial Report in 1864 is £118,631 14s 6d, a most satisfactory augmentation, so far, of the Actuary's estimate of £100,000 annually for the ten years immediately following that year.

DIRECTORS.

The following Directors now retire, and are eligible for re-election:—

Thomas D. Anderson, Esq., Ralph Brocklebank, Esq., Michael Bousfield, Esq., Thomas Dever, Esq., David Malcolmson, Esq., William J. Marrow, Esq., Francis Maxwell, Esq., M. Hyslop Maxwell, Esq.

DIVIDEND AND BONUS.

The Directors propose to the proprietors that a dividend be declared of 3s per share, and a bonus of 4s per share, together 7s per share free of income tax.

The statements contained in this report are so satisfactory that the Directors feel they need not add a single argument further to commend them to the attention of the shareholders.

CHARLES TURNER,

Chairman.

August 6, 1868.

The Chairman, after the reading of the Report made some explanatory remarks. He said that they then met under more favorable circumstances than at any time within the past three years. The accounts for 1867 gave a fairly remunerative but not an excessive profit, which in view of the adverse circumstances under which they had laboured for the past three years, would be considered a very satisfactory state of affairs. After some further remarks of a general character,

he alluded to the statement for the past year, which he regarded as a most interesting one. The profit and loss account stood thus:—There is to the credit of the British and Foreign account £43,286, and American £13,087. Now the dividend and bonus which is the same that we have been in the habit of paying will amount to £34,481; and if we deduct that from the gross amount, we have a balance of £21,892 which will stand to the credit of profit and loss, after we have paid out of the profits of 1867 a dividend and bonus of 7s. per share. (Cheers.) Now, gentlemen, our American securities are on the whole in a pretty fair state, but we thought that, as this was a prosperous year, we should write of £4,000 as against the American securities, which would leave the credit of profit and loss £17,892 for the year 1867. But the reserve fund is increased by interest credited £5,261. Therefore, in the total result, after paying our dividend and bonus, the Royal Insurance Company will be £23,153 better off at the end of 1867 than it was at the end of the year 1866. (Applause.) Well, gentlemen, on the whole we think that it is not an unsatisfactory state of affairs. With the profit and loss account as I have stated, and with the reserve fund now standing at £122,174 that will make £140,066 as the amount of profit and loss and reserve fund, after making every deduction at the end of the year 1867. This is not an unsatisfactory result, but at the same time I don't wish to conceal from you at all that those reserves should be more—considerably more than they are at present. (Hear, hear.) But still they are now mounting up; we have improved our condition by £23,000 since the commencement of the year, besides paying the dividend. As respects the Life business, the result is, I think, perhaps more than ordinarily encouraging. The course which you have pursued on the advice of our excellent actuary to give the old and new assurers three-fourths instead of two-thirds of our profits, has been attended with very favourable results. (Cheers.) We anticipated an increase of the business, and the report will show that the anticipations of our excellent manager and actuary, though they were thought rather sanguine at the time, have been more than fulfilled. Three years ago the actuary expressed his opinion that our life funds would be increased in the ratio of £100,000 a year for the next ten years. We have now had three years of that period, and the average increase in our life funds has been £118,316, exceeding the estimate of our actuary by the amount of £18,000 per annum. During the past year the increase has been £128,000, while during the present year, as far as it has gone, as you will see by the report for the first six months of 1868, the report shows a credit balance of £54,000. (Cheers.) That, I think, gentlemen, is a very satisfactory state of affairs, and I don't think that anything I could say would increase your information on the subject. The Chairman concluded by moving the adoption and printing of the report and statement of accounts.

Mr. John Torr (director), seconded the motion. He thought they might attribute the success of the Company to the steady, unwavering conservative policy they had adopted, and the unanimity among the managers and agents of the Company, which ever existed, tended strongly to the same result.

The resolution, declaring a dividend and bonus as mentioned in the report, was then adopted.

The retiring directors were re-elected as follows:—Thomas D. Anderson, Esq., Ralph Brocklebank, Esq., Michael Bousfield, Esq., Thomas Dever, Esq., David Malcolmson, Esq., William J. Marrow, Esq., Francis Maxwell, Esq., M. Hyslop Maxwell, Esq.

The retiring auditors, Joseph Younghusband, Esq., and Christopher Atkinson, Esq., were re-elected, and their yearly remuneration increased to £100 a year each.

Mr. Younghusband, in returning thanks, said that they (the auditors) had examined every document, every account, and every voucher—the