ELEVENTH ANNUAL REPORT

OF THE

CONFEDERATION LIFE ASSOCIATION

—— :o:——

The Directors have much pleasure in again meeting the policy-holders and shareholders at the annual meeting, and in being able to submit to them the following statements of the business of the Association, which attest in the strongest possible manner to the progress and stability attained.

During the year 1,618 new applications, for a total assurance of $2 713,887, have been considered. Of these 1,504, for $2,497,387, were approved, and 114, for $216,000, were declined or withdrawn, not being considered desirable risks. Including 9 revived policies, 1,513 new policies for $2,510,287 were issued, and the year closed with 6,357 policies, assuring $9,900,246.19, in force.

The *financial statements*, duly certified by the auditors, drawn up in the complete and simple form adopted by the association, leave nothing to be explained. They afford a positive exhibit of the business and position of the Company, and show the large increase that has been made in both the premium and interest income, and also a handsome increase in the cash assets, notwithstanding the large sum paid out in cash profits to the policy-holders, and the repayment of the special loan outstanding at the close of 1881.

The care exercised in the selection of risks continues to be exemplified in the favourable death-rate experienced. There were 34 deaths, by which 36 policies became claims, *involving, with $826 of reversionary additions, the sum of* $51,656 18.

The usual investigation of the securities by a committee of the board has been made, and the report of that committee, and the report of the actuary, will be found following the financial statements

The results of the *Quinquennial* allotment of profits have given unbounded satisfaction to our policy-holders; and probably it is not a matter calling for surprise that these handsome and unsurpassed results should have led to an attack upon this Association, conspicuous for its cowardliness and untruthfulness, by envious managers whose companies could not equal these results, or which operated under a system that deprives their policy-holders of the beneficial help afforded by the payment of cash profits.

The Directors tried to bring the responsibility home to those persons who were thought to have been the instigators by an action for libel; but failing in being able to secure that direct evidence necessary, the suit was withdrawn. In view of that fact the directors thought it would be satisfactory to the policy-holders and shareholders to have, in addition to those made by our own actuary, such valuations of the Association's liabilities as would show the severe way in which the liabilities have heretofore been ascertained and provided for. It was therefore decided to have the policy and annuity obligations valued by Professor Cherriman, superintendent of insurance for the Dominion, on the basis of the Government standard, and by Mr. Sheppard Homans, the well-known actuary *of New York, on the basis of the standard for that* State. The valuations by these gentlemen are appended The higher reserve called for by the valuation made by our own actuary over that by Professor Cherriman, both being on the same mortality table and using the same rate of interest, is accounted for by the fact that in our practice it has been deemed wise to add a percentage to the net reserve in the case of paid-up and limited payment policies to provide for the future cost of taking care of such business and for any contingency in the future, a course, we believe, peculiar to this Association. The much greater difference when compared with the valuation made by Mr. Homans is to be accounted for by the in*creased severity of the* H. M. Institute of Actuaries table of Great Britain, as compared with the American experience table of mortality, the same rate of interest ($4\frac{1}{2}$ per cent.) being used by each.

The following tabulated exhibit of the three valuations will be interesting as well as instructive :—

	Valuation by Mr. Homans.	Valuation by Prof. Cherriman.	Valuation by the Company's own actuary.
Total liability...	$713,8[illegible]6 00	$741,416 76	$753,580 96
Less for amount reinsured.....	13,593 79	14,119 00	14,[illegible]50 44
Net liability....	$700,252 21	$727,297 76	$7[illegible]9,230 52

The adoption of the valuation made by the insurance department, which the *Directors would be fully justified* in assuming, would yield a surplus over all liabilities of $75,053 07, while the adoption of the valuation of Mr. Homans, which is the basis called for by the State of New York, would yield a surplus of no less a sum than $102,633.83.

The expense entailed by these extra valuations will doubtless be considered to have been well incurred, as they furnish the most convincing proof of the entire absence of foundation for those statements which the calumniators of the Association have made and circulated.

The fact that the new business for the year has reached the sum of two and one-half millions, and that the year closed with so near an approach to ten millions of insurance in force, will be gratifying to all interested in the company, while that fact also suggest a reasons why less popular companies should endeavour to weaken the popularity *of this Association* by attacks through the medium of an irresponsible foreign newspaper, the responsibility of whose misrepresentations, however, they are careful to avoid.

The further fact, that at the end of the first year after the Quinquennial Allotment our policy-holders have a security, over all liabilities to them, including unpaid profits to the close of 1881, even on the basis of our own valuation, of $14 ,898 87, thoroughly establishes the pre-eminence of the security afforded by this Association.

It is a pleasing duty to testify to the continued faithfulness and efficiency of the officers, agency, and medical staff.

W. P. HOWLAND,
President

J. K. MACDONALD,
Managing Director.

CASH ACCOUNT—1882.

Dr.

1881.		
Dec. 31.	To cash on hand and in banks....	$ 36,179 60
1882.	REVENUE ITEMS.	
Dec 31.	" Premiums......................	282,408 44
	" paid in advance.......	334 12
	" Interest......................	57,299 73
	" Profit on sale of real estate.....	161 80
	" Profit on matured debentures.....	177 48
	" Refund of Quebec Government stamps..............	14 50
	" Rent..........................	1,199 34
	" Consideration for temporary reductions................	40,215 03
	REPAYMENT OF INVESTMENTS, ETC.	
	To cash, deposit to meet maturing debentures	91 25
	" Loans on Policies..............	2,672 87
	" " mortgage............	107 947 82
	" " stock..............	150 00
	" Debentures matured..........	6,959 52
	" Sale of real estate..............	1,551 00
	" From sundry sources..........	1.935 52
	" Capital stock..................	30,000 00
		$569,298 02

Cr.

1882			
Dec. 31	By expenses for year............		$ 66,856 31
	" Re-insurance..................		5,227 93
	" Surrendered policies		3,698 50
	" Death claims..................		44,278 18
	" Matured endowments, including bonuses, etc..............		14,848 63
	" Profits to policy-holders........		102,552 42
	" " stockholders.........		30,000 0[illegible]
	" Dividends to stockholders, including special bonus		8,572 13
	" Annuities....................		1,39[illegible],30
	" " in reduction of premiums..........................		7,[illegible]02 31
	" Commission on loans..........		394 35
	" Interest on overdrafts, etc......		4,626 17
	" Loss on sale of property under mortgage....................		168 73
	" Agents' balance written off.....		35 56
	" Rent..........................		2,060 30
	" Taxes........................		654 99
	INVESTMENTS.		
	Mortgages.........	$193,014 73	
	Real estate........	17,902 27	
	Loans on Policies..	7,163 63	
	Furniture.........	23 81	
			218,104 44
	By special loan repaid..........		50,000 00
	Disbursements for mortgagors....		457 74
	Sundry advances. etc...........		1,314,18
	Cash on hand, $7.09; in banks, $7,045,76....................		7,052 85
			$ 569,298 02

BALANCE SHEET.

Assets.

December 31, 1882.

Debenture (Market value, $103,679.65) (par).	$ 97,803 00
Mortgages..................................	716,242 75
Real estate................................	20,741 70
Loans on stock.............................	350 00
Government 5 per cent. stock.............	4,200 00
Loans on Company's policies	19,735 75
Special loan................................	400 00
Sundry accounts...........................	1,384 21
Furniture—$1,472 40, less 10 per cent. written off for year....................	1,3[illegible]5 20
Disbursements repayable by mortgagors....	854 52
Cash on hand	7 09
Cash in banks.............................	7,045 76
Premiums in course of collection (reserve thereon included in liabilities), of this the sum of $26,403.90 is covered by short date notes..................................	50,227 83
Quarterly and half-yearly premiums *on existing* policies due, subsequent to Dec. 31, 1881 (reserve thereon included in liabilities.................................)	16,141 12
Interest due, $10,867.33 ; accrued, $19,612 53.	30,479 86
	$966,938 79

Liabilities

Dec. 31, 1882.

Assurance Fund including bonus additions....................	$743,957 39	
Annuity funds...............	9,623 57	
	753,580 96	
Less for policies re-assured......	14,350 44	
		$739,230 52
For temporary reductions..................		33,793 94
Lapsed policies, value on surrender.........		1,782 57
		$774,806 99
Loss by death, not due (since paid excepting $760.50 waiting completion)............		14,138 50
Premiums paid in advance................		334 12
Profits to policy-holders..................		21,496 30
All other accounts, including medical fees, directors' fees, &c....................		6,063 49
Sinking fund, to meet maturing debentures..		384 64
Surrendered policy waiting majority of beneficiary		179 01
Paid up capital stock......................		80,000 00
Held to cover cost of collecting premiums outstanding and deferred on Dec. 31, 1882.		6,636 87
Surplus..................................		62,898 87
		$966,938 79

J. K. MACDONALD,
Managing Director.

We certify that we have audited the books of the association for the year ending 31st December 1882, and have examined the securities and vouchers, which we find correct and properly set forth in the above statements.

JOHN LANGTON,
JOHN M. MARTIN, } Auditors.

Toronto, April 23, 1882.

The scrutineers reported the following duly elected directors for the ensuing year:—Hon. Sir W.P. Howland, Hon. Wm. McMaster. Wm. Elliot, Esq , Hon. Chief Justice Macdonald, Hon. Isaac Burpee, M.P., W.H. Beatty, Esq., Edward Hooper, Esq , J. Herbert Mason, Esq., James Young, Esq., M P.P , F. A. Ball, Esq., M. P. Ryan, Esq., S. Nordheimer, Esq., W. H. Gibbs, Esq., A. McLean Howard, Esq., J D Edgar, Esq , and J. K. Macdonald, Esq.

At a subsequent meeting of the Board Sir W. P. Howland was re-elected President, and the Hon. Wm. McMaster and Wm. Elliot were re-elected Vice-Presidents.

TRADE OF THE DOMINION.

The value of goods entered for consumption in the Dominion in the six months ending December 31st, 1882, was $64,763,486, upon which a duty of $1[illegible],248,231 was collected. Exclusive of British Columbia and the North-West Territories there was entered for consumption, of dutiable goods $46,197,904, of free goods $15,978,401, and of coin and bullion $197,49[illegible]. The chief items of import were as follows :—

Iron and steel........................	$7,003,312
Cotton manufactures..................	4,235,715
Coal and Coke.......................	3,267,715
Grain	623,193
Flour and meal......................	886,199
Fancy goods.........................	1,041,187
Leather and manufactures...........	1,058,835
Provisions...........................	1,2[illegible]9,197
Silk...................................	1,474,074
Sugar above No. 14..................	78,241
Sugar equal to No. 9 and not above No. 14...........................	1,282,974
Sugar below No 9....................	1,222,000
Woollen manufactures...............	5,434,301
Wood and manufactures.............	1,320,174
Tea from the United States..........	348,358

The value of exports from the Dominion in the six months ending December 31st, 1882, was :—

	Produce of Canada.	Not Produce of Canada.
Product of mine.............	$ 1,858,234	$ 88,616
Product of fisheries..........	5,962,066	23,918
Produce of forest............	18,3[illegible]2,466	856,709
Animals and products........	13,684,626	691,672
Agricultural.................	11,893,214	6,161,974
Manufactures	1,861,452	372,672
Miscellaneous...............	281,961	71,260
Total................	$53,863,989	$8,266,821

The exports of coin and bullion reached $105,100, making a grand total of exports of $6[illegible],235,910.

ANOTHER NEW MOTOR.—*Coal*, one of the leading journals of practical science in England, makes known a discovery that, if as represented, will work as great a revolution in employment of power as Keely's motor would, were it to do all he promises. The journal in question says: "A new motor has been discovered which, it is claimed, will supersede steam. The material from which the energy is generated is bi-sulphide of carbon, which is utilized as a motor agent in the form of vapor, and the advantage claimed for it over steam is that, while water expands in the ratio of one cubic inch to 1,700, bi-sulphide of carbon has an expansion property of one to 8,000. When the vapor is generated it passes into the steam chest of the engine and *moves the piston-rods. A pipe attached to the* engine conveys the exhaust vapor directly through a condenser back to the tank in its original liquified form to be generated. The system of generation and condensation is similar to the heat action, and, with machinery properly constructed, it is claimed that a single supply of bi-sulphide of carbon can be used with re-enforcements for an indefinite period. The cost of fuel is trifling, it being claimed that from the peculiar properties of the bi-sulphide an ordinary house fire can develop a power sufficient to run an ocean steamer. Water boils at 212°, and it takes 320° of heat to make steam available, while the new agent takes the form of vapor at 180°."