

he year, after deducting reassurances. It will be necessary to exercise great care in keeping expenses down in the future or the prospects of the Association will be impaired. We cannot help noticing the prominence in the expenses of the item of salaries; it appears extravagantly large, but may be susceptible of some explanation. There is one more feature with which it is necessary to find fault. Of the total premiums, \$37,424, as much as \$10,215 remains in the hands of agents, or about 26 per cent. This item amongst American companies doing business in Canada ranges from 2 to 13 per cent; and the field occupied by some of the American offices embraces a very wide area. We presume, the above per centage of the Confederation would not be nearly so large but for the supposed necessity of taking the notes of the assured by agents for the premium as a temporary substitute for cash in order to procure the risk. This practice ought not to be encouraged for various reasons. It gives an apparent volume of business, but is apt to result in swelling the number of "lapsed and cancelled" policies. We trust these hints will be accepted with the spirit in which they are offered. The plans of the Association are excellent; among the directors are some of our best known and highly respected citizens: we are confident that whatever care and watchfulness may be necessary to assure the complete success of the undertaking will be cheerfully bestowed.

#### CANADA GUARANTEE COMPANY.

By an Order in Council the Dominion Government have authorized the acceptance from public officers of the bonds of the Canada Guarantee Company, in lieu of private sureties. In taking that step the Cabinet have followed the practice a good while ago adopted by the British Government. Since the bonds of Guarantee Companies have been so received in England, the old method of inducing friends to undertake the responsibility has fallen in a great measure into disuse, and a source of embarrassment, in very many instances, has been thus removed. There are but few who would not rather pay a moderate annual premium, such as is charged by the Canada Guarantee Company, than remain under obligations to friends. While on the one hand the action of the government will prove a convenience to those entering the public service, or already engaged in it, on the other it serves as a *quasi* endorsement of the Company so dealt with, and will therefore tend to build up and strengthen confidence in a Canadian undertaking which has promised well from the start. We congratulate the manage-

ment on their now assured success. The business experience and financial ability of the President, Sir A. T. Galt, and the practical knowledge of Guarantee insurance possessed by Mr. Rawlings, the Manager, render these gentlemen well fitted for the task of establishing and working satisfactorily an undertaking such as the one they have taken in hand.

**INEXTRICABLE.**—A curious commentary on the working of life insurance in Great Britain is the report of the 'proceedings before an official arbitrator now attempting to unravel the affairs of the late European Assurance Society. Such a muddle! Such an inextricably involved problem; such a tangled, snarled, knotted, interwoven skein was perhaps never unwound before. The whole assets, liabilities, and what not, of forty—yes, forty—insurance companies thrown into one caldron and stirred up and intermingled until all trace of identity is lost! This is the riddle that the arbitrator has to solve, and solve in such a way as to extract justice for each individual of the hundreds of interested parties. The Act constituting the office of arbitrator sets out the matters referred to him in this way:—

"(a.) The relative rights, liabilities, and interests of the several absorbed and scheduled companies on the one hand, and of their respective creditors, debtors, shareholders, and contributories on the other hand. (b.) The relative rights, liabilities, and interests of the several absorbed and scheduled companies as between each other. (c.) The claims of the several absorbed and scheduled companies, or their respective creditors, shareholders, and contributories, against any person, and of any person against those several companies in respect of any payment made, or of anything done or omitted by or on behalf of any of those companies, or by any person in relation to the affairs of any of those companies. (d.) All matters in question as between all parties in all liquidations of any of the several absorbed and scheduled companies, and in all suits, actions and proceedings, relating to the affairs of those several companies, and every such liquidation, suit, action, and proceedings. (e.) Any claims and matters in question between any present or former shareholder of any of the several absorbed and scheduled companies, and any trustees, directors, or officers of such companies respectively, in respect of any alleged fraud, misfeasance, and non-feasance, misappropriation, or otherwise. (f.) Generally the winding up and final settlement of the affairs of the several absorbed and scheduled companies."

It gives one the headache to read it. Who would be an arbitrator?

—A system of Government life insurance and annuities is being tried in New Zealand. It was commenced in 1870 and last year the premium income was \$75,000 besides an amount paid on account of annuities, &c.; 1,322 insurances were granted for the sum of \$2,250,000. This is a pretty large business having regard to the population of the colony.

## Meetings.

### CONFEDERATION LIFE ASSOCIATION OF CANADA.

#### ANNUAL MEETING.

The first annual meeting of the Confederation Life Association was held in the Company's head offices, Masonic Hall, Toronto, on Wednesday December 11th, 1872. The following gentlemen were present:—Lieut Governor Howland; Hon. W. McMaster, Senator; B. Homer Dixon, K. N. L.; James Young, Esq., M. P.; Galt; W. Elliot, Esq.; R. Wilkes, Esq., M. P.; B. Morton, Esq.; W. T. Mason, Esq.; E. Hooper, Esq.; W. H. Gibbs, M. P., Oshawa; J. K. Macdonald, Esq.; Hon. D. McDonald; Prof. Cherriman; W. S. Lee; Prof. Young; W. H. Beatty, Esq.; Z. B. Lewis, Clifton; J. H. Mason, Esq.; Dr. Russell; J. D. Henderson, Esq., Inspector, and others.

In the absence of the President, Sir Francis Hincks, it was moved by the Hon. Wm. McMaster, that His Excellency Lieut. Governor Howland take the chair.

W. McCabe, Esq., the General Manager, was requested to act as Secretary, who read the following Report:—

The Directors of the Confederation Life Association submit the accompanying statement of receipts and expenditures, and balance-sheets to October 31st, 1872.

The Association commenced business on Nov. 1st, 1871, and have during the past year issued 1,206 policies of assurance, of which 1098 were in force at date, the remainder having lapsed or been cancelled. These 1,098 policies assure the gross sum of \$1,689,290 and secure an annual income from premiums of \$49,630.68. The care which has been exercised in the admission of only healthy lives is evidenced by the facts that no less than 117 applications for assurance were declined, and that out of the whole number accepted, no death from natural causes is known to have occurred.

The reserve requiring to be held in hand to meet the liability under these policies has been calculated by the Actuary on the individual lives on the basis of the tables used by the Association at 4½ per cent interest, valuing only the *net* premiums receivable, and thus retaining all the loading of future premiums to meet expenses and provide the margin for safety or profits.

In the organization of a new Company, certain preliminary expenses are necessarily incurred, the whole of which it would not be just to charge to the current expenses of the first year. The Directors are of opinion that the case will be fairly met by distributing these expenses, amounting to \$3,871.63, over 5 years; and have therefore written off the sum of \$774.31, being one-fifth of this amount, as chargeable this year. The expenses proper to the year are all charged.

By the annexed balance-sheet it will be seen that the result of the operations of the Association during the year is to leave a surplus of \$4,237.99, which is available for dividend and reserve. The Directors have decided on retaining the whole of this balance in reserve, feeling satisfied that the temporary deprivation of a dividend, whether to shareholders or mutual policy-holders, will be amply compensated in the future.

The Association has established itself in the sister Provinces of Quebec, New Brunswick, Nova Scotia, and British Columbia, with every prospect of success. In particular from Nova Scotia the returns have been of the most gratifying character, the business done having amounted to the assurance of a gross sum of \$358,000, being about one-fifth of the whole