

the Mutual Branch of the Company, previously brought into operation and firmly established all over the country, proved a valuable introduction to the Proprietary or Stock Branch. Confidence was placed in its management, and a large amount of business, under any other circumstances almost impossible to be obtained, immediately flowed in. The Company started in fair competition, on the same terms and at the same rates as those obtained by the oldest established and most respectable Institutions : and in the race we have obtained unprecedented success. The consequence was, a large accumulation of "Cash Fund," in addition to and exclusive of the "Paid-up Capital" at the disposal of the Directors. In the disposal of this Fund, the objects which the Board of Directors had in view, were to relieve, as far as could fairly be done, the heavy liability of those shareholders to whose energy and enterprise the first formation of the Company was owing, while at the same time, due regard should be had to the security of the various parties to whom it had come under the obligation of Assurance.

The Board therefore decided that a certain portion of the accumulated Cash Fund, sufficient in amount to form a second instalment of five per cent. on the stock subscribed, should be appropriated as a Bonus to the then Shareholders, giving them at the same time the option of taking the bonus in the shape of an additional number of shares. By this measure the original shareholders were relieved of responsibility to the amount taken as a second instalment out of that Fund which properly stood between them and a further call on their Stock, should unforeseen circumstances and extraordinary losses require it ; and to which fund, in so far as it was realized on expired policies, and lapse of time on existing ones, no new subscriber could have any fair claim. The funds also, so appropriated, became more stringently secured to the Company, as well as to the Assured generally, inasmuch as when once made part of the Capital Stock, it became, under the Act of Incorporation, liable for the payment of losses alone, and was placed beyond the power of the Directors to dispose of in any way or shape as Dividend or Bonus *out of the Company*. Such however, was the confidence felt in the Stock of the Company as a means of Investment, that 50 out of the 118 original subscribers preferred increasing the number of their shares, to taking it as a second instalment, while of the others, many at the same time largely increased their