

Second Annual Report

OF THE
MANUFACTURERS' LIFE INSURANCE COMPANY.

The second annual meeting of the above named company took place at the Board of Trade Council Rooms, Toronto, on Tuesday, the 15th January, 1889, the President, Sir John A. Macdonald, being in the chair.

A large and influential gathering of the policy holders and stock holders and agents were present, in as much as the double rooms of the council chamber were not sufficient to comfortably contain them.

The following report was presented to the meeting:—

In presenting the report, we think it desirable that we should offer some remarks having special reference to the figures contained therein.

It will be seen that there appears in our report a slight impairment of capital, which might be viewed with concern by some who are unacquainted with the relation which, in a case such as ours, the capital bears to the general reserves.

In a Life Insurance Company, capital is, as it were, the anchor by which the company is held in place during the earlier years, when unusual expenditure is necessary in order that afterwards the reserves may be increased through the agency of the premium income secured while the lives insured are fresh from the hands of the medical examiners, and before adverse selection, caused by the withdrawal of good lives begins to tell on our mortality.

The executive officers of this company have realized that the policy of getting a large amount of paying business on the books was of vital importance, and that it was worth an effort, and liberal expenditure of means to accomplish this object.

(Prof. Cherriman, M.A., F.I.A., F.R.S.C., late superintendent of insurance, stated in one of the insurance reports, that percentage of expenses to income was not a proper gauge of the economy of management of a company, and should not be quoted as such.)

The result has been that at no time in the history of Life Insurance in this country have such results been attained as we were able to exhibit here to-day.

The Company has received during the year applications for insurance amounting to \$6,000,000.00. There were 2,772 for \$4,801,000 accepted and policies issued. Others amounting to \$545,800 upon 287 lives have been declined, not coming up to the standard required by the Company, and applications for \$653,200 were approved or incomplete, or otherwise deferred at the date of the report.

We have no now our books at the end of sixteen months' actual work, a larger premium income, representing a larger amount of business than some of the most successful companies have been able to secure after many years of arduous labor, as will be seen from the Government Blue Book.

We are aware that we might have pursued a different course, spent less money and found ourselves at this time with a business of a couple of millions with a correspondingly small in-

come. But, as we have said before, the Executive have not felt this course to be the wisest, and time will demonstrate the wisdom of their decision.

If gentlemen present will take the trouble to look carefully into the question, they will see that it is only during the earlier years of a Company's history that much profit can be expected in the way of earning from mortality.

The business being all newly selected, we have not experienced anything like the mortality provided for, thus enabling the Company to legitimately spend more of its premium income in securing new business than would be wise in later years, when adverse selection had lowered the standard of the lives exposed.

We may here state that a large proportion of our business is on such plans that the premiums show a larger percentage to the amount insured than is usual; at the same time the reserves absorb a very large portion of the premiums.

This will naturally strengthen our position in the future, and enable us at a very early date, not only to make good the impairment, but also lay a substantial rest in addition to the statutory reserve.

We wish to make another remark at this point, and that is, that our expenses are not as large in proportion as in some companies doing a much smaller business; but being larger in the aggregate, it appears to our disadvantage in the matter of impairment.

We cannot too strongly impress upon all present the value of having a large premium income; without it there is no earning power; with it, the success of any company is assured.

A company may, by the strictest economy, succeed in keeping its expense account exceedingly low, but if it is done at the expense of its vitality, the procedure is unwise and dangerous. On the other hand, a large expenditure is not only excusable, but commendable, if its equivalent can be shown in premiums on the Company's books.

Although it is an unusual course for new companies to pursue, we decided to submit our policies for valuation to the Insurance Department at Ottawa, and the report is before you to-day in the Company's General Report.

The Company has grown rapidly in public estimation, as is attested by the continuous volume of business received from all quarters of the Dominion, and this fact, taken in conjunction with the labor bestowed by the Directorate in conducting the Company's affairs, has been a powerful incentive to the office staff and the agents, to use every possible efforts to widen the area of the Company's usefulness on the field, so that during the year just past obstacles that seemed almost insurmountable have been overcome and results accomplished which are usually only reached by years of steady application.

The growth of the company has been rapid, and the volume of business proportionately large, necessitating in the opinion of the executive the appointment of a secretary-treasurer, and for this responsible position, Mr. J. M. Kerr has been elected.

Mr. Kerr has ably filled a similar position for many years, and brings with him a large experience. Those interested in the company are to be congratulated on this appointment.

This report would be incomplete did we not tender our thanks to the managers, inspectors, and agents of the company everywhere, for their extraordinary efforts on behalf of the company, and also to the office staff, for whom no hours seemed too long; no work too heavy. All have borne their fair share in bringing about this most satisfactory state of things.

All the directors retire but are eligible for re-election.

GEO. GOODERHAM, }
WM. BELL, } Vice-Presidents.

JOHN A. MACDONALD, President,
J. B. CARLILE, Managing Director.

The following is a statement of the financial position of the Company:

Total cash income for the year...	\$125,577 03
Disbursements	97,883 67
Leaving to add to the investment of the year	27,714 41
Total assets	223,771 27
Liabilities to policy holders as per Government certificate	110,478 30
Surplus on policy holders' account..	113,292 97
To which add uncalled capital stock	493,680 00
Total surplus stock on policy holders' own account.....	606,992 97
Which is equal to \$5.40 of assets for each \$1 of liability to policy holders.	

J. M. KERR, Sec.-Treas.

The Rt. Hon. Sir John A. Macdonald spoke as follows:

It becomes my pleasant duty, and I think it is a pleasing one, to move the adoption of the report which you have just heard read.

Geo. Gooderham, Esq., seconded the adoption which was unanimously adopted.

"The Manufacturers' Life."

The second Annual Report of the Manufacturers' Life Insurance Company, which reached us rather late for insertion in our last issue, will be found in another part of these columns, so that by the delay it gets the extra circulation of this our annual special number.

We recommend the report for the reading of life policy holders in all companies, as it is a record of a work accomplished in the short space of one year and four months, such as finds no parallel in the insurance annals of Canada, so far as energy and successful effort are concerned.

The company issued during the past year policies to the extent of over \$4,800,000, and an income from premiums of over \$180,000, was collected, while the life losses aggregated only \$14,000.

The Manitoba-agency, under the management of Mr. Scott, of this city, has held up its side of the work in good shape. During the year the life policy applications aggregated over \$700,000, and over \$500,000 were issued, which does not include accident policies.

This company has now passed through all the struggle and expense attendant upon the launching of such an institution on such a scale of magnitude, and with a thoroughly trustworthy and able directorate and an efficient staff of managers and agents, the company is now doubtless entering upon a career of prosperity and usefulness, such as seldom falls to the lot of such companies until they have been established for many years.