

10  
REPORT AND PROCEEDINGS

OF THE

SECOND ANNUAL MEETING

OF THE

PROVINCIAL MUTUAL AND GENERAL

INSURANCE COMPANY.

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Incorporated by Act of Parliament.  
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OFFICE:

CHURCH STREET, TORONTO.

TORONTO:

PRINTED BY T. H. BENTLEY, REAR OF THE COURT HOUSE.

"CHRISTIAN GUARDIAN" STEAM POWER PRESS.

1851.

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**PROCEEDINGS**  
OF THE  
**SECOND GENERAL ANNUAL MEETING**  
OF THE  
**PROVINCIAL MUTUAL AND GENERAL INSURANCE COMPANY,**  
HELD PURSUANT TO THE ACT OF INCORPORATION.

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*Tuesday, August 5th, 1851.*

Pursuant to public notice duly given, and under authority of the By-laws of the Company, made in accordance with the Act of Incorporation, a General Meeting of the members of the Company was this day held.

The office of the Company being found inconveniently small for the numbers present, the meeting adjourned to the Court-room.

The President of the Company, Dr. Clark, having taken the chair, the proceedings of the former general annual meeting were read from the Minutes of the proceedings of the Company.

The President then submitted and read to the meeting the Annual Report of the President and Directors of the proceedings of the Company for the past year.

On which the following resolution was adopted :—

Moved by the Hon. J. Hillyard Cameron, M.P.P., seconded by John Cameron, Esq., Cashier Toronto Branch Commercial Bank—

That the Report of the President and Directors of the Company, now submitted and read, be adopted, and printed for circulation under the direction of the Board of Directors.

The Accounts of the Company, being a general statement of the affairs of the Company, in both branches, showing the amount held in real

estate, bonds and securities, as also the amounts of debt due to and from the Company, together with the Auditor's Report on the same, were submitted to the meeting; and the following resolution thereon was adopted:—

Moved by Mr. Duncan Macdonnell, seconded by Mr. Moffatt—

That the Auditor's Report, together with the Accounts now submitted, be printed in connection with the Report, and circulated in such manner as the Board of Directors may direct.

Several questions respecting the business and affairs of the Company having been put and satisfactorily answered, a general discussion took place, during which the utmost satisfaction was expressed at the proceeding of the Company, and the rapid progress it had made, and which discussion was brought to a close by the unanimous adoption of the following resolution:—

Moved by the Hon. J. H. Cameron, M.P.P., seconded by Lewis Moffatt, Esquire—

That the thanks of the members of this Company be given to the President and Directors of the Company, and more especially to Colonel O'Brien, the Secretary of the Company, for the exertions that he made in its formation, and his undeviating care and attention in the management of its affairs, to which their present prosperous position is, in the opinion of this meeting, in a great measure attributable.

The general business of the Company having been gone through, the President called the attention of the meeting to the election of Directors to complete the Board; on which the following resolution was adopted:—

Moved by Mr. Moffatt, seconded by Mr. J. H. Cameron—

That the ballot for the election of three Directors in the room of Messrs. Berezy, Atkinson, and Worts, be now proceeded with; that Messrs. Macdonnell and Miller be scrutineers, and that the ballot close at four o'clock.

At four o'clock, the ballot having been closed, the scrutineers examined the ballot boxes, and declared the following gentlemen duly elected, viz.:

**WILLIAM ATKINSON,  
JAMES G. WORTS,  
GEORGE CRAWFORD**

The meeting then closed.

**A. M. CLARK.**  
*President.*

# REPORT

OF THE

## PRESIDENT AND DIRECTORS

OF THE

### PROVINCIAL MUTUAL AND GENERAL INSURANCE COMPANY,

OF THE

Business and Proceedings of the Company, for the Year ending June 30th, 1851.

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The President and Directors of the Provincial Mutual and General Insurance Company, submit to the Members of the Company, pursuant to the Act of Incorporation, at its second Annual General Meeting, the following report of the business and proceedings of the Company for the past year :—

In the Mutual Branch, in which Policies were commenced issuing on the 13th August, 1849, the business of the Company has steadily and satisfactorily increased, as will be seen from the following statement :—

Number of Policies issued in the year 1290, covering property to the amount of £285,592. During the same period the Premium Note Fund has increased by £3444 3s. 5d., and the Cash Fund by £554 17s. 5d., making on the 30th June, 1851, deducting those cancelled or expired, the number of the total existing Policies 2498; covering property to amount of £595,078, yielding provision for payment of losses—a fund secured on Premium Notes amounting to £7530 7s. 5d., and a Cash Fund, after paying all losses, expenses, and claims against the Company to the same period, amounting to £1292 9s. 4d. The amount of losses reported and remaining for adjustment, being £7 10s. 0d., a general statement of which, with detailed accounts, are herewith submitted.

In its Proprietary Branch, the Company has been eminently successful, as stated in the report made by the Board of Directors last year to the members of the Company, at their first Annual Meeting. The Fire Department of this Branch had been then but just commenced, the number of Policies issued on the 30th June, 1850, being only 13, and the amount of Stock subscribed, being £22,240. Since then the number of Policies issued, during the year ending 30th June, 1851, was, in the Fire Department 752, covering property to the amount of £273,628, and in the Marine Department 178 Policies, covering property to the amount of £105,199 5s. 7d. The number of existing Policies and Liabilities (deducting Policies cancelled or expired) being at the close of the year as follows:—

Fire Department Policies 690, Marine 67, covering property insured against fire to amount of £241,551 15s. 0d., and against Marine losses to amount of £41,905 16s. 6d. During the same period the amount of Stock subscribed has been increased to the sum of £55,960 0s. 0d., on which there is paid up £3,864 0s. 0d., part of which sum was appropriated as a Bonus out of the Cash Fund in the month of April last £1,484, and in addition to which the business of the Company has further yielded, after paying all losses, expenses, and adjusted claims, a Cash Fund of £3,202 14s. 2d. The amount of losses reported and remaining for adjustment being £1080 16s. 11d., and Marine £64.

A general statement, with detailed accounts of the above is also submitted.

In the Mutual Branch, the Board of Directors in their report to the Company at the last Annual Meeting, when calling attention to the very low rate of cash payment charged on Policies issued to Mutual Members, pointed out to them, that should the cash payment then required prove insufficient, an increase in the payments could at any time be made, so as to increase the Cash Fund to an amount sufficient to prevent the necessity of an assessment on the notes, and still afford to the Company a rate of Insurance far lower than can be obtained by any other means. What was then considered as not unlikely, has to some extent taken place. The Directors carefully watching not only the state of the funds of their



own Company, but also the proceedings of others, observed that all the Mutual Companies carrying on business on the same general plan as the Mutual Branch of this one, were either driven to make an assessment on their Premium Notes, or had their Cash Fund so much reduced in proportion to the number of years their Policies had to cover, that there remained no longer a doubt of their being speedily compelled to resort to that measure. The Directors also, although they still had at their command a Cash Fund sufficient to guard against any immediate danger, and although a strict adherence to the rules first laid down had saved that Branch of the Company from many losses to which others were subject, felt that a prudent care for the interest of the Mutual Members required a larger Cash Fund than could be accumulated from the small rate of payment then required. They therefore on the 4th Dec. last, raised the cash payment in the Mutual Branch, to sums equal to 30, 35, 40, 45, and 50 per cent of the Premium Notes for one, two, three, four and five years respectively; and in March following excluded taverns from it. Lately again, further consideration of the perishable nature of the buildings, with few exceptions, insured in the Mutual Branch, together with the changes constantly taking place among them, requiring a more frequent inspection than could be obtained under Policies of five years duration, induced the Board to limit the period of Insurance to three instead of five years.

Requiring the cash payments to be as follows, viz. :

On Insurance for one year, a sum equal to	40	per cent of the Premium Notes
“ two	45	“ “ “
“ three	50	“ “ “

And which are now the payments required.

However, some few looking only to the present moment, and careless of the future, or rather throwing all responsibility as to future payment of losses on others, may grumble at any increase of the first cash payment, yet the Directors are confident that the course they have pursued in this matter will meet with the approbation of the members generally.

Particularly when it is remembered, that by the Act of Incorporation, the profits of each branch are secured to its own members; and that it is not in the power of a Board of Directors to apply them otherwise, either to their own benefit or that of another Branch;

and should the Cash Fund increase under the system now adopted, to a larger extent than the wants of the Department require, the benefit of renewing their Policies at a cheaper rate may be confidently reckoned upon. That these rates of payments in the Mutual Branch are cheaper than can be obtained elsewhere is shown by the following statement :—

Lowest rate of Insurance obtainable in any Joint Stock Company, taking business generally,—say on an ordinary isolated frame dwelling house and contents, for one year, 15s. per cent. On frame barn, stable, &c., and contents, 20s.; averaging, say 17s. 6d. This, which is perhaps lower than most Companies assure at, would be for one year on £500, £4 7s. 6d.; and for three years would amount to £13 2s. 6d.; while in the Mutual Branch of this Company, the payments on the above described property, for £500, would be for one year, including Policy and Survey, £2 7s. 6d.; two years, £2 12s. 6d.; three years, £2 17s. 6d. Experience has shown that lower rates than these are certainly dangerous.

In the Fire and Marine Departments of the Proprietary Branch, notwithstanding the keenness of competition, those rates have been maintained which experience has shewn to be necessary to enable the Assurers to meet their engagements,—and in these departments the Company has been as successful as the most sanguine could have expected,—so much so, indeed, as to enable the Board of Directors in April last, to give a Bonus of five per cent. on the capital then subscribed. But as it is unusual for any Company to afford so large a profit on its business at so early a stage of its existence, it may be as well to explain here, not only how it has arisen, but also the object of the Directors in taking the step they did.

This Company, it will be remembered, came into operation at a time when, from the great number of foreign companies transacting business in the Province, it was obvious that additional Provincial means of Insurance were required to a very large extent. At a time also, when, from the heavy losses by fire both here and elsewhere, people's attention was generally drawn to the necessity of Insurance against that destructive element; and when also, from the great improvement in the monetary affairs of the country, the means were generally easily obtained. Under these circumstances,

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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

subscriptions by taking new stock. Others also, as they became acquainted with the working of the Company, became shareholders—in consequence of which the Capital Stock subscribed, which on the 1st April, was only £29,630, amounted by the end of June to £55,960, and before the end of July to £62,460.

The President and Directors beg here further to remark, that the amount which is shewn on the Books of the Company as capital invested, *is the actual cash amount paid for the Investment*, and not the nominal value of the debentures or other security purchased. So favourably have their purchases for investment been made, that a large profit would now be realized to the Company by their sale, should such a measure be required.

In carrying out the extensive sphere of operations contemplated at the first formation of the Company, the Board of Directors have been enabled to establish Agencies at Quebec and at St. John, New Brunswick, under the most favourable circumstances. The former having commenced with the opening of the navigation this Spring, has met with complete success, particularly in the Marine Department, and the Company may be considered now as securely established at Quebec. In the latter place, St. John, New Brunswick, the Agency has been established under the superintendence of a Local Board composed of gentlemen whose standing, character, and influence are sufficient guarantee that not only will the interests of the Company be carefully watched over, but also its business be as widely spread as circumstances will allow, through other parts of that Province.

The establishment of this agency is however too recent to allow of any detail of its operations being now given. In a similar manner, the President and Directors hope that, before long, a business beneficial to the Company may be obtained, at not only Halifax and such ports and places of Nova Scotia, but also those ports and places of Newfoundland, connected with the Quebec trade; and at which places, in connexion with that trade, it will be necessary for the Company to have responsible Agents established.

With reference to the Marine Department, the Directors beg further to observe, that the Inland Insurance business appeared to them to have been hitherto conducted in a most unsatisfactory

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manner. There has not only been no attempt at classification—no means by which the superior vessel was distinguished from the inferior one—but there was an almost entire absence of reliable information respecting the individual character of vessels, by means of which a proper system of classification could be obtained. The want of this information necessarily gave the Marine business much of the character of a gambling transaction; and by depriving the underwriters of all discriminating power, compelled a higher rate of premium on the better description of vessels than would be required under a sound system of classification.

The Directors also believed that such a classification would tend, more materially than any other measure which could be adopted, to raise the character of our Provincial Mercantile Marine. After a mature consideration, therefore, of the whole subject, the Directors decided on instituting a thorough inspection of all vessels employed in our Inland Navigation, and forming thereon a system of classification for the purpose of Insurance, similar to that adopted at Lloyd's. Such inspection to include, not only those vessels trading at and above Montreal, but the Quebec trade also. This duty they intrusted to a most competent gentleman, Captain John Weatherley, and the Directors have every reason to believe that it has been carefully and satisfactorily performed.

Before, however, undertaking this work, necessarily an expensive one, and of great general importance, application was made to the three Provincial Insurance Companies, transacting Marine business on these waters, for their co-operation, but without success. Still the advantages to be derived from the measure were so great, and the necessity of it for the transaction of a sound business so obvious, that the Directors did not hesitate to proceed in it alone. All the credit therefore of this most useful and really popular measure is due to this Company, while, by its adoption, a wholesale business has been secured to the Company at its first starting, which, under any other circumstances, it would probably have taken years to obtain. To no class of the community will the benefit be derived from the information thus obtained by this Company be so great—not even to the Company itself—as to our merchants. To them it is even more important than to the ship-owners. It

will therefore form a part of the general system of the Colonial Marine Insurance of this Company, and as such, is contained in the instructions already forwarded to the Local Board at St. John, New Brunswick.

In accordance with the views respecting Life Insurance, expressed by the Directors in their Report of last year, no attempt was made to bring that Department into operation until sufficient data could be obtained respecting human life in these Provinces, to enable the Board "to offer to the public a means of insurance certain of commanding a successful termination." This has now been done, and tables are prepared and ready for printing, calculated on the duration of life here. The result of the calculations made for this Company prove the wisdom of this proceeding. For it has proved, what any person acquainted with the subject would have supposed, that the *British tables* are not to be depended upon for this side of the Atlantic. Life in the British Provinces not being so good as in the British Isles—and it will probably prove much worse still in the States of America—with Companies whose chief business was in Europe; the difference between the duration of life there and here, is not such, perhaps, as materially to effect their interests. But the case is widely different with those whose chief business is among our own population. And with these latter Companies, should they base their operations on the Carlisle, Northampton, or other British tables alone, ruin sooner or later must overtake them. For these reasons, *very cheap rates of Insurance* in the Provincial Mutual and General Insurance Company need not be expected: *sound ones* may. At the same time, in their endeavours to procure tables for Life Insurance, which will stand the test of time, the Directors have been careful that they should be constructed on as low terms as the more favourable investments for money here will permit: and lower terms than they are prepared to offer, they are confident will be very hazardous to all concerned.

The President and Directors have further to inform the members of the Company, that a very desirable site for an Office, on Toronto Street, opposite to that selected for a new Post Office, having been offered for sale on most reasonable terms, it has been purchased;

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and a good and sufficient building, suitable for the purposes of the Company, will be erected as speedily as circumstances will permit.

In conclusion, the Directors beg to call the attention of the members to the election of three gentlemen to complete the Board, in place of Messrs. Atkinson, Berczy, and Worts, retiring by rotation, but who are nevertheless eligible for re-election. Lists of such other members of the Company as are eligible for election are placed on the table.

A. M. CLARK,

*President.*

## AUDITORS' REPORT.

---

The Auditors appointed by the Provincial Mutual and General Insurance Company have very carefully examined and collated the books of the Company, and certify that they believe the abstracts of the two branches of the business of the Company, viz.: the Proprietary and the Mutual, to be just and true.

They have examined the several Property Accounts and compared them with the property which they represent, and find them to be correct. They have also examined the vouchers for all the payments made by the Society, which agree with the books.

Before concluding their Report, your Auditors beg to express their opinion, that it would be more satisfactory to the Board and to the Auditors employed, if the books were audited quarterly, so soon after the quarterly accounts are balanced as is convenient. They recommend this because the number of entries is so great, that it will be impossible, when the business becomes older, to go through them all in that manner, which they conceive it their duty to do in so short a time as can be allowed between the final making up of the books and the Annual General Meeting.

The Auditors have great pleasure in testifying to the correctness and clearness with which the books have been kept, particularly so since the change made in the Proprietary Journal above referred to.

All which is respectfully submitted.

THOMAS CHAMPION, }  
ROBERT BEEKMAN, } *Auditors.*

*Toronto, August 4, 1851.*



£t.

MUTUAL BRANCH.

FOR THE YEAR ENDING JUNE 30, 1851.

GENERAL ABSTRACT.

	£	s.	d.	£	s.	d.	£	s.	d.	
<i>Property Account, consisting of—</i>										
Amount of Premium Notes on Hand, 30th June, 1850 .....	4086	4	0				112	15	6	
Amount of Cash Fund at same date, .	738	2	6	4824	6	6				
Received for Premiums in cash .....							138	1	9	
Less amount returned on cancelled Policies, ....							391	13	4	
Received for Premiums in Notes, .....	1560	16	1							
Less amount cancelled, ..	3444	3	5							
Received for Interest on Current Acc't with the Commercial Bank, to 31st of March, 1851, .....	11	16	10	5004	19	6				
Received for interest on Debentures,..	24	0	1	35	16	11				
				£	9865	2	11			
<i>Expenses—</i>										
Expense Account, as per Schedule A, Paid Agents for Policies, .. 367 17 6										
Less amount received from them, and at Home Office, on same account, .....										
Salaries and Board attendance, .....										
Losses by Fire, .....										
Bad Debt—balance of W. Riches' ac- count as Agent, .....										
Cash in Treasurer's hands, .....							7	0	9	
" Agents' hands, as per schedule B, " Bank of Upper Canada, .....							275	9	9	
Debentures on hand, £330 5s 5d—cost Premium Notes on hand, .....							725	10	5	
							984	8	5	
							7530	7	5	
							£	9865	2	11

STATEMENT OF POLICIES OUTSTANDING:—first class, 7; second do., 2259; third do., 65; fourth do., 93; fifth do., 74—total, 2198.  
Total Liabilities, £595,078.  
(E. E.)

EDWARD G. O'BRIEN, TREASURER.

TORONTO, 30th June, 1851.

GENERAL ABSTRACT.

FOR THE YEAR ENDING JUNE 30, 1851.

PROPRIETARY BRANCH

£.

	£	s.	d.	£	s.	d.	£	s.	d.		
Amount of Stock paid up—first Instalment, -----	2778	0	0						89	13	4
Second Instalment, -----	1086	0	0								
<b>Received for Premiums on</b>											
Fire Policies, -----											
Less returned on cancelled Policies, -----		3526	2	2							
<b>Received for Premiums on</b>											
Marine Policies, -----											
Less returned on cancelled Policies, -----			40	6	10						
<b>Received for Interest on Current Account with the Commercial Bank to 31st March, 1851, -----</b>	14	0	7								
<b>Received for Interest on Debentures, -----</b>	88	17	5								
<b>First Dividend. Balance remaining unpaid, -----</b>											
<b>Balance due to J. Weatherley for Inspection of Vessels, for classification</b>											
				5240	3	5					
Expenses of bringing the Institution into existence as per last year's acc't into account, as per Schedule, -----	393	12	2								
Salaries and Board attendance, -----	340	4	1								
Agents' Commission— $7\frac{1}{2}$ per cent on amount of Premiums rec'd by them, -----	293	8	5								
Losses by Fire, -----									1032	4	8
First Dividend, -----									310	2	3
Ronus, -----									63	12	6
Office Premises—Cost of a lot of land in Toronto Street, purchased as site for Office, -----	435	8	6						1494	0	0
Less balance unpaid, -----	232	8	6								
<b>Amount of Stock in vested in debentures £3026 7s. 11d. ----- cost</b>											
<b>Balances in Agents' hands, as per Abstract Book, -----</b>	2	11	11								
<b>Cash in Treasurer's hands, -----</b>	2631	0	7								
<b>Bank of Upper Canada, -----</b>									2900	12	3
									569	1	8
									2633	12	6
	£			9285 19 2			£			9285 19 2	

(E. E.) EDWARD G. O'BRIEN, TREASURER

Toronto, 30th June, 1851.