

**REPORT AND PROCEEDINGS**

**OF THE**

**FIRST 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 CARTER & THOMAS, YONGE STREET.**

**1850.**

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OFFICE OF THE PROVINCIAL MUTUAL AND GENERAL INSURANCE  
COMPANY.

*Toronto, 6th August, 1850.*

Pursuant to public notice duly given, and in accordance with the provisions of the act of Incorporation, a general meeting of the members of the company was held this day.

The President, A. M. Clark, Esq., having been called to the chair, after explaining the object of the meeting, he read the annexed report of the Board of Directors; on which it was moved by Dr. Hayes, seconded by Mr. Howard, and resolved,

That the report of the President and Directors now submitted and read, be adopted, and printed and circulated, under the directions of the Board of Directors.

The accounts of the Company, being the general statement of the Treasurer, with balance sheets of each Branch, accompanied by Schedules in detail, together with the Auditors' Report on the same, were laid before the meeting, on which the following resolution was adopted.

Moved by Mr. Gooderham, seconded by Mr. Atkinson,

That the Auditors' 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.

The President then called the attention of the meeting to the clause of the act of Incorporation, requiring the present meeting to decide by a By-law, the mode of retirement of three Directors in rotation yearly, when the following resolution was adopted.

Moved by Mr. Gooderham, seconded by Mr. Howard, and

*Resolved*—That the following By-law be adopted, regulating the retirement of the members of the Board required to vacate their seats, pursuant to the act of Incorporation.

Be it enacted and resolved that the mode and manner in which the three retiring members shall now, and in future retire, be regulated as follows, namely, by a list, to be decided by lot, and numbered consecutively as drawn. That the three Directors, whose names shall be first drawn, shall go out on the present occasion, and they shall retire in future in rotation according to the numbers

now drawn ; also, every notice for future elections shall contain the names of the three retiring Directors. And further, that in case of any vacancy occurring at any intermediate period, the person elected to fill such vacancy, shall take the number vacated, and remain subject to retirement accordingly.

It was then moved by Mr. Atkinson, seconded by Mr. Perrin, and

*Resolved*—That the ballot to determine the retirement of Directors, pursuant to the By-law now adopted, be now taken.

And on the ballot being taken accordingly, the following names were drawn, and numbered as drawn.

1. JAMES BROWNE,
2. J. LUKIN ROBINSON,
3. W. L. PERRIN,
4. CHARLES BERCZY,
5. WM. ATKINSON,
6. JAMES G. WORTS,
7. J. G. BOWES,
8. WM. GOODERHAM,
9. JAMES S. HOWARD,
10. A. M. CLARK,
11. JOSEPH C. MORRISON.

It was then moved by Mr. Atkinson, seconded by Perrin, and

*Resolved*—That the ballot for election of Directors, in the room of Messrs. Browne, Robinson, and Perrin, be now proceeded with, that Messrs. Howard and Hayes, be scrutineers, and that the ballot close at half past two o'clock.

The ballot was then proceeded with. On the Poll being closed at the hour appointed, the scrutineers declared the following votes, namely,

W. L. PERRIN.....	157 votes,
JAMES LUKIN ROBINSON.....	157 votes,
JAMES JOHN HAYES.....	157 votes.

Which three Gentlemen were therefore declared duly elected.

The Meeting then closed.

A. M. CLARK,  
*President.*

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# REPORT

OF THE

PROVINCIAL MUTUAL AND GENERAL INSURANCE COMPANY,  
FOR THE YEAR ENDING 30<sup>TH</sup> JULY, 1850.

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The President and Directors of the Provincial Mutual and General Insurance Company beg to submit to the members of the Company, assembled at its annual general meeting, held pursuant to the act of incorporation, this their report of the proceedings of the Company during the first year of its being in operation, namely, from its commencement on the 21st June, 1849, to the 30th June, of this year, up to which day the books are closed, and the accounts balanced.

In the Mutual Branch, the company commenced issuing Policies on the 13th August last year, since which time the business of that department has steadily and largely increased; there having been issued up to the 30th June, 1239 Policies, covering property to the amount of £315,542, yielding at the same time, provision for the payment of losses, a fund secured by premium notes, to the amount of £4086 4s., besides a cash fund, after paying all losses and expenses, and claims against the company up to the same period, of £717 13s. 6d., as shewn by the general statement and detailed accounts submitted herewith.

The Board of Directors having been unable to do more in the Proprietary Branch than to make a commencement with the Fire department, they need only state that up to the closing of the fiscal year, no more than the first few policies were issued in that department. Since then, however, during the month of July, such a number of policies have been issued, and such additional applications for Insurance have been made, as warrant the Directors in asserting that a foundation has been laid, on which a most extensive, and they firmly believe, a profitable business may be surely based.

The accounts of this Branch of the Company are also laid

before the meeting. The amount of stock subscribed up to 30th June, was £22,240, on which there was £1000 15s. paid up.

As this is the first opportunity that has occurred for giving an explanation of the system or working of the Company, other than what could be given in a very cursory manner by means of the prospectuses published at different times, for the purpose of drawing the attention of the public to the fact of the Company being in existence, the President and Directors avail themselves of it, to explain more fully the advantages and peculiarities of the institution.

Most of the members of the Company must be somewhat aware of the mutual system of Insurance from the formation of the District Mutual Companies, now, for many years, in operation all over the country. To those who really understood the nature of insurance business, the defects in the district mutual system were obvious. Those societies were necessarily not only far too confined in their operations, but included too large a proportion of the more hazardous risks, to allow them to work as successfully as was anticipated. They failed in inducing the country people to any extent to insure with them. The farmers were shrewd enough to perceive that staking their safe country houses *mutually* with ranges of wooden buildings in towns, was running a great risk, and, as a class, they did not insure. Many of the mutuals, and particularly where connected with large towns, as in the States (where they have signally failed), have ceased; and none of them, even the most extensive, could compete with the widespread Mutual Companies lately introduced from the State of New York. These companies, where based on the true principles of mutual insurance, namely, equal risks and limited amounts, being restricted from taking insurance on mills, machinery, and other of the more hazardous descriptions of property, as well as on property exposed by contiguity to other buildings, were enabled to offer an unprecedentedly low rate of premium, at the same time securing a comparatively safe business.

The Directors of this Company are justified in saying, that in many instances, these principles have been already departed from by the American Companies, to such an extent as will probably, before long, involve the parties in serious difficulties. But this imprudence does not impugn the principles on which they were originally formed, the soundness of which led immediately to the idea of forming a Provincial Mutual Company on a similar system. The want of additional Provincial Insurance Companies for general purposes, being proved at the

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same time, by the fact of there being no less than seven American ones doing business in Toronto, the plan was suggested of combining under one management both systems. By this means the spread of business and hold in the country generally, which the mutual system would certainly obtain, could be brought to bear most beneficially on the joint-stock or proprietary branch—a material saving of expense would be secured; and a weight and influence otherwise unattainable, would be obtained for the company, even in its earlier stages.

On this plan the Act of Incorporation was formed; and in order to prevent any departure from the principles on which the Mutual Branch was thus established, it was provided in the Act, that Mutual Insurance should not be effected by the Company “on buildings or other property situated in blocks “or exposed parts of towns or villages; nor on any kinds of “mills, carpenter’s or other shops (which by reason of the “trade or business followed, are rendered extra hazardous), “machinery, breweries, distilleries, tanneries, or other property involved in similar or equal hazard; nor a sum be involved exceeding £500 on any one risk.”

In the Proprietary Branch, Fire, Life, and Marine Insurance are included: in the last mentioned, with power to insure beyond the seas. This power must prove of material importance to the growing and rapidly extending commerce of the Provinces, particularly since the opening of the direct trade with Halifax, with the prospect of its being at no distant period extended to the European, as well as the West Indian ports; there being no means within the Province of effecting Insurance beyond Quebec, excepting with the Columbus Insurance Co., of Ohio, which has an agency established in this city. This department, the Marine Insurance, the Directors will be prepared shortly to put in operation. In the Fire Department, the better to secure the Shareholders, and looking forward to a widely extended business, the Directors have passed a by-law to the effect that no larger sum than £1000 shall be risked on property so situated that it would probably be consumed by one fire. It is intended to apply the same principle of comparatively limited amount risked, to the Marine Department.

Life Insurance, involving, as it does, very abstruse calculations, and in which a very trifling mistake at starting may bring on ultimate ruin, and therefore requiring far more care and attention, is not so easily put in operation as the simpler department’s already mentioned. The Directors, therefore, take no blame to themselves that this department has not yet been commenced; neither will they commence it until, by careful

examination of, and skilful calculations, founded on such data respecting human life in these Provinces as can be obtained, submitted to the competent authority of experienced actuaries, they are enabled, with confidence, to offer to the public a means of Insurance certain of commanding a successful termination.

Respecting the management of the Company, the Charter enacts that its two branches, though combined as before observed, under one management, shall, nevertheless be kept perfectly distinct in themselves, and, at the same time, it clearly defines and limits the liability of the members of each. No member of the Mutual Branch being liable for any losses in the Proprietary, or to any further amount than the premium note deposited. Neither is the Proprietary Branch, nor its members, who are the Shareholders of that Branch, liable for any losses which may occur in the Mutual one—nor for any farther amount than their stock respectively subscribed—the profits and benefits of each branch being likewise respectively secured.

As, in effecting Insurance in the Mutual Branch, the opinion has been expressed, that the cash payments required in that Branch, will be sufficient to cover all ordinary losses and expenses, without recurrence to assessment on the premium notes; and, as on the contrary, it has been asserted by some, that the premium notes together with all other funds belonging to that Branch, are inadequate to meet the claims likely to accrue on so large an amount of liabilities, the Directors beg farther to explain to the members of the Company—1st, That by no one fire, however disastrous its effects may be to others, can the Mutual Branch be involved in a loss exceeding 500*l*.

2nd. That not only is this the fact, but the cases are exceedingly few where any thing like that amount can be lost by the Company at one time, the average amount of each risk being a fraction over 254*l*., or 315,542, the amount of liability divided among 1239 Policies.

3rd. Even this average of 254*l*. must be very much reduced by the fact, that a very large number of the Policies include, each one, property so widely separated as to make it quite impossible for fire to spread from one part to the other.

4th. From the nature of the property insured, including generally the contents of barns, farm implements, and cattle, there are necessarily considerable periods of time when the liabilities of the Company are much lessened.

5th The property insured in this branch is of the safest description, and in England is insured at the very low yearly rate

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of 1s. 6d. in the 100l., the cash charge in this Company being, exclusive of the premium note, equal to 2s. 2d. per 100l. yearly. Most assuredly, although the buildings are generally of wood in this country, there is not so great a difference in the security of one over the other as to warrant the assertion that the larger payment required here, can not be sufficient.

But 6thly, Even should the present cash payment prove insufficient, from the isolated nature of the risks, and their small average amount, no very rapid decrease in the cash fund can take place. And should that fund be found to diminish faster than in due proportion to the decrease of the liabilities, a small increase in the rates can, at any time be made, sufficient to prevent the necessity of assessment on the notes, and still afford to the Company a rate of premium, far lower than can be obtained by any other means.

As an investment for capital, the Proprietary Branch offers the advantage of the greater security, consequent. 1st, on the principle which limits the amount insured on any one risk to a comparatively small sum, and also limits the number of risks in one locality, while an equivalent profit is secured by the greater extent of business at once thrown into it, by its connexion with the Mutual Branch, as well as the saving of expense made by carrying on the two systems in one office.

And 2ndly, On the safety of the business so obtained through the Mutual Branch, consisting chiefly of isolated or detached country risk; and from which, whenever obtained, insurance companies have invariably derived the securest profits, or in other words *their best business*.

The Directors believe that they may now truly congratulate the members of the Company, on "THE PROVINCIAL, MUTUAL AND GENERAL INSURANCE COMPANY," being fairly started. ENTERPRISE, ENERGY and PRUDENCE combined, cannot fail to secure to it permanent success.

(Signed)

A. M. CLARK,  
*President.*

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## AUDITORS' REPORT.

*Toronto, 6th August, 1850.*

The Auditors appointed by the Board of Directors of the Provincial Mutual and General Insurance Company, to inspect the Books and Accounts of said Institution, respectfully report for the information of the Board and other Shareholders.

That they have carefully performed the duties assigned to them, and have the greatest satisfaction in bearing testimony to the very correct manner in which the Books and Accounts have been kept, and the exact amount of the Cash balance, and other securities.

When the various and important duties connected with the organizing and conducting the affairs of this new Institution are considered, the Auditors think, that praise of no ordinary kind is due to Mr. O'Brien, the Secretary and Treasurer, and the other officers for the ability with which they have acquitted themselves of the important trust confided to them.

All which is respectfully submitted.

THOMAS CHAMPION,  
ROBERT BEEKMAN,

*Auditors, Provincial Mutual and General  
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Dr.	FOR THE YEAR ENDING JUNE 29, 1850.		Cr.
GENERAL ABSTRACT.		MUTUAL BRANCH.	
Received from Shareholders to pay preliminary expenses	£5 12 6		£146 9 2
Less amount of such expenses	3 2 6		579 0 0
Received for Premiums in Cash and Notes	5510 13 3	2 10 0	464 12 6
Less amount repaid on two policies reduced in amount	1 8 7		114 7 6
Received for Interest on Debentures	4 4 9	5509 4	306 4 3
Received for Interest on current account with Commercial Bank	5 3 0		129 15 0
		8	-
			Expenses account, as per Schedule A
			Paid Agents for Policies
			Less received from Agents and Home Office, on same account, say 1239 Policies, at 7s. 6d. each
			Salaries and Board attendance, as per Schedule B
			Losses by Fire
			Cash in Treasurer's hands
			Cash in Commercial Bank
			Cash in Agents' hands, as per Schedule C
			Short Debentures bearing interest
			Premium Notes on hand
		9 7	4086 4 0
		5521 2 5	4824 6 6
		£5521 2 5	£5521 2 5

NUMBER OF POLICIES ISSUED.—1st class, 3; 2nd do., 1114; 3rd do., 34; 4th do., 57; 5th do., 37; total, 1239.

Total amount insured, £318064 5s.

EDWARD G. O'BRIEN, Treasurer.

DR. GENERAL ABSTRACT. FOR THE YEAR ENDING JUNE 29, 1850. PROPRIETARY BRANCH. CR.

Cash Account	-	-	-	-	£8 10 3	Expense Account, as per accompanying Schedule	-	£87 19 10
First Instalment, Stock paid up	-	-	-	-	1000 15 0	Commercial Bank	-	340 8 5
Interest Account	-	-	-	-	2 14 9	Debentures	-	558 5 0
Premiums received	-	-	-	-	37 8 8	Salary Account	-	40 2 11
						Commission Account	-	1 14 0
						Agency Account	-	20 18 6
					£1049 8 8			£1049 8 8

AMOUNT OF STOCK SUBSCRIBED.—1112 Shares=£22,240.

EDWARD G. O'BRIEN, Treasurer.