

We arrive, then, at 1887. I want to show an alleged constant improvement in the condition of the company. In 1887 the chairman remarks, "On previous occasions it has been with pleasure we have met to receive reports showing good progress, and while, of course, could desire be realised, we should do so to-day, our duty to the shareholders demands that we should lay the facts before them just as readily and candidly when the balance happens to be on the wrong side." Further on he says, "My desire in this—and I speak the desire of the Board as a whole—is that you may have full information concerning the affairs of the company. . . . The year has been a most disastrous one for the company in the matter of losses, which to some extent is traceable to laxity of managerial supervision, showing an abnormal increase of nearly £10,000 as compared with the preceding year. But your directors feel that we have now 'turned the corner,' for, as previously mentioned, operations this year show a very satisfactory result, and there is every promise of our meeting you next year with a gratifying statement to present. The charges have slightly increased during the year, the increase being chiefly at the branches and agencies, and that has been incurred after careful consideration, with the view of giving a more complete control from head office; the beneficial results of this are already apparent. During the year your directors made a call upon the shareholders to the extent of £14,659 5s. Of this there was due and unpaid £8,440 8s. 6d. on the 31st December last, a considerable portion of which has since come in; and with this the company will, financially, be in a much better position than when we commenced operations five years ago, besides having to procure a large and valuable connection in New Zealand, Australia, and London, instead of having now to make it." Reference is also made to the life department, showing that there is a great increase in the annual income at the close of that year of £3,817 10s. 2d.: "Our total annual income this year is increased to £6,302 9s. 9d. In the life department we have a valuable and increasing business." I wish just to refer to what one shareholder mentioned. This is what Mr. Sligo, a shareholder present at the meeting, said: "He trusted that the directors would so act as to prevent the public outside from being in any way justified in making a statement that the company was worked in the interests of private individuals or of any family or clique. They had been justified, probably, for the public were not speaking entirely without book in making these accusations; and he hoped no personal considerations would stand in the way of the company getting a chance to thrive in the future." Referring to a remark that the balance-sheet did not furnish sufficient details, he said he "was sure that any shareholder could get any explanation he wanted, and he was sure it was quite impossible to enter into such details in an insurance company's balance-sheet to enable any individual, at a moment's notice, to trace out the financial operations of the company." He was speaking on the report of the balance-sheet of 1887.

Now comes the time when we get another circular, dated 23rd June, 1888: "It is with much reluctance that the directors have been compelled, in order to conserve the interests of the association, to make the calls on capital of which notice is now given. As, however, the business of the company on the 31st December, when the year's accounts were closed, to the 5th March last, the date on which the general meeting of the company was held, showed a very considerable improvement, the directors were justified in believing that the necessity for further calls during the year would be avoided. In this, however, they were unfortunately disappointed, owing to a succession of heavy losses recurring shortly afterwards. Overtures have been made to the directors by a strong company in Victoria of the purchase of the business of the Equitable, and as these negotiations have reached a satisfactory stage full particulars will be submitted to the shareholders in the general meeting." This is signed by a man named Charles E. Lloyd, as acting general manager.

On the 22nd August, 1888, a circular was sent round embodying the following resolution: "That the directors being and are hereby authorised to dispose of the business of the association by a sale or transfer to any persons, company, or association on such terms as to price and mode of settlement as they shall think fit." I wish to draw particular attention to this, as it means that the company was to be taken into their confidence in dealing with the best interests of the company. That was signed by E. B. Cargill, chairman of directors.

On the 24th August, 1888, a circular is sent out directing the shareholders' attention—particular attention—that in the articles of the association no proxy shall be appointed who is not a shareholder, and that the instrument appointing a proxy must be deposited at the office at least forty-eight hours before the time of meeting.

My reason for directing particular attention to this is to show that they were conversant themselves with the articles of association—that they wished the shareholders to be conversant with the articles of association. This would disprove any subsequent plea made by the directors that they were not conversant with the articles of association. To further support this contention here is a circular of the 15th February, 1889: "I have also to direct your attention to clause 46 of the articles, which provides that no shareholder shall be entitled to take part in the proceedings or vote at any meeting or poll unless all calls, interest, and charges due by him have been paid."

That is another answer to their knowledge of the articles of association. Here is yet another; for in calling a meeting for the 4th of March, 1889, they say, "In accordance with clause 26 of the articles of association, the annual general meeting of the association will be held on Monday, 4th March proximo, of which notice has already been given by advertisement in the usual way." If they had put "unusual way" they would have been right. The shareholders scattered from one end of the colony to the other were supposed to see this advertisement. Then the circular goes on to say, "It will be necessary to adjourn the meeting to a future day, as it has been found impossible to prepare the annual statement of accounts in time for the above date"—mark this—"owing to the necessity of sending a number of books and documents to Melbourne in support of an important suit in progress there involving a large sum of money."