



110th Annual Report 1980

Sun Life Assurance Company
of Canada

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Annual Report
MCGILL UNIVERSITY

Board of Directors

Thomas M. Galt, F.S.A.
Chairman and Chief Executive Officer
Toronto, Ontario

George F.S. Clarke, F.S.A.
President
Toronto, Ontario

Claude Bertrand, C.C., M.D.
Chief Emeritus,
Department of Neurosurgery,
Hôpital Notre-Dame
Montreal, Quebec

Frank M. Covert, O.B.E., D.F.C., Q.C.
Senior Partner,
Stewart, MacKeen & Covert
Halifax, Nova Scotia

H. Roy Crabtree, C.D.
Chairman and President,
Wabasso Inc.
Montreal, Quebec

Albert L. Fairley, Jr.
Director,
Canadian Imperial Bank of Commerce
Birmingham, Alabama

Jock K. Finlayson
President,
The Royal Bank of Canada
Toronto, Ontario

J. Peter Gordon
Chairman and Chief Executive
Officer,
Stelco Inc.
Toronto, Ontario

Eric L. Hamilton
Director,
Royal Trustco Limited
Montreal, Quebec

**G. Arnold Hart, M.B.E., LL.D., D.C.L.,
D.C.Sc.**
Director and Former Chairman
of the Board
and Chief Executive Officer,
Bank of Montreal
Mountain, Ontario

Louis Hébert, O.C.
Company Director
Montreal, Quebec

Howard J. Lang, P.Eng.
Chairman of the Board,
Canron Inc.
Toronto, Ontario

Angus A. MacNaughton
Vice-Chairman and Chief
Executive Officer,
Genstar Limited
San Francisco, California

Derek F. Mitchell
Chairman and Chief Executive
Officer,
BP Canada Inc.
Toronto, Ontario

The Rt. Hon. Lord Polwarth, T.D., D.L.
Director,
Bank of Scotland
Edinburgh, Scotland

Alfred Powis
Chairman and President,
Noranda Mines Limited
Toronto, Ontario

Kathleen M. Richardson, O.C.
Director,
James Richardson & Sons, Limited
Winnipeg, Manitoba

Ian D. Sinclair, O.C., Q.C.
Chairman and Chief Executive Officer,
Canadian Pacific Limited
Montreal, Quebec

J. Herbert Smith, P.Eng., D.Sc.
Consulting Engineer
Toronto, Ontario

John A. Tory, Q.C.
President,
The Thomson Corporation Limited
Toronto, Ontario

Marshall M. Williams
President and Chief Executive Officer,
Calgary Power Ltd.
Calgary, Alberta

The Executive Committee

George F.S. Clarke
Jock K. Finlayson
Thomas M. Galt
J. Peter Gordon
G. Arnold Hart
Louis Hébert
Howard J. Lang
Alfred Powis
Ian D. Sinclair

The Audit Committee

Jock K. Finlayson
Eric L. Hamilton
G. Arnold Hart
Howard J. Lang
Ian D. Sinclair

The Nominating Committee

Thomas M. Galt
J. Peter Gordon
G. Arnold Hart
Louis Hébert
Alfred Powis
Ian D. Sinclair

1980 Highlights

(with comparative figures for 1979)

(In thousands of dollars)

	1980	1979
Total Payments to Policyholders and Beneficiaries	\$ 907,258	\$ 855,154
Dividends to Policyholders	156,595	135,638
Assets, December 31st	7,855,291	7,054,561
Total Revenue for the Year	1,814,717	1,625,962
Life Insurance:		
New Amounts	9,498,315	7,984,519
Amounts in Force	59,675,639	49,526,460
Premiums Received:		
Life Insurance	587,310	517,850
Annuities	251,529	227,781
Health Insurance	122,631	98,057
Segregated Funds	98,417	120,275



Thomas M. Galt, Chairman and Chief Executive Officer, and George F.S. Clarke, President, go over Company year-end results with John A. Brindle, Executive Vice-President.

Chairman's Address



Thomas M. Galt,
Chairman and Chief Executive Officer

Annual General
Meeting
February 10, 1981

It is a pleasure to preside at this 110th Annual Meeting of the Company.

I would like to thank the members of the Board of Directors for their contribution to the fine results we are reporting to you. I particularly welcome Angus A. MacNaughton, who was elected a director by the Board last July. Mr. MacNaughton is Vice-Chairman and Chief Executive Officer of Genstar Limited, and is located in San Francisco.

Mr. Alistair M. Campbell, having reached the Company's retirement age for directors, retires from the Board today.

Alistair Campbell joined Sun Life of Canada in 1928, became an officer in 1934, and rose through positions of increasing responsibility to head the actuarial operations of the Company. He became Executive Vice-President and a director in 1956 and in 1962 he was elected President, serving in that position until 1970, when he became Chairman. Since 1978, Mr. Campbell has been Chairman of the Executive Committee of the Board.

Alistair Campbell has been associated with Sun Life for 52 years, or almost half of the Company's history, and, through his dedication and leadership, he has made an outstanding contribution to the Company's enormous growth in size and in strength.

To pick just one measure for comparison, in 1928 the Company had less than \$2 billion of life insurance in force. Today it has approximately \$60 billion in force. Thus, it has grown more than thirty-fold in the period of Mr. Campbell's service.

You will be asked later in the meeting to elect a new director. It is with pleasure that I inform you that Mr. Derek F. Mitchell, who is Chairman and Chief Executive Officer of BP Canada Inc., has consented to stand for election. His business experience and his involvement in such an important sector of our economy make him an outstanding candidate for our Board.

In April 1980, the Board of Directors appointed Mr. J. A. Brindle as Executive Vice-President. Mr. Brindle, who was Senior Vice-President and General Manager of our British operations, joined the President and me as the third member of the Executive Office here in Toronto.

The Company had another very successful year in 1980. We are very pleased indeed to be able to report good percentage increases for the Company in many of our business activities. Our life insurance in force increased 20% during the year while our premiums

on health business in force increased 28%. New insurance business placed during the year increased 19% for life and 40% for health insurance. Our annuity business also showed good progress. Our earnings continued at a very satisfactory level.

In May 1980, I was pleased to announce that the Board of Directors had approved the purchase of a property, located on a city block at the northeast corner of King Street and University Avenue in downtown Toronto, to provide the site for our new Head Office building. At the same time, we announced that we had also acquired the city block on the northwest corner of King Street and University Avenue, and that the two sites would be developed in a complementary fashion, recognizing the distinguished character of King Street and University Avenue as two of Toronto's main business thoroughfares.

In December, we made public the proposed development plan, designed by the Webb, Zerafa, Menkes, Housden Partnership, a leading firm of Canadian architects with an international reputation. The development consists of two office towers, 28 and 24 storeys in height respectively, clad in reflective glass, and of an unusual and interesting architectural design.

The Rostland Corporation, also a Canadian firm, was appointed development manager for the project and is supported by a strong team of consulting engineers. Demolition of the Lord Simcoe Hotel, which previously stood on what will be the Head Office site, has been completed. Application has been made to the City of Toronto for the necessary approvals to permit the project to go forward.

We expect that excavation of the Head Office site will commence this spring, with the completion of the building anticipated in the summer of 1983. Sun Life expects to occupy a portion of this building as its international headquarters, with the remainder being leased to tenants. Construction on the site on the west side of University Avenue is expected to follow on a phased basis, with completion at the end of 1983 or in early 1984. This latter building will be leased to tenants and will represent an attractive Sun Life property investment.

Real estate has become an increasingly important part of Sun Life's asset structure. As well as contributing to the growth and development of the communities which we serve, we believe that this avenue of investment offers excellent returns and sound pro-

Dick Hansen, Assistant Vice-President, Marketing Support, in the United States National Office, developed the Estate Liquidity Income Analysis program to meet tax requirements of a policyholder's estate. Here, Carol DiMuzio reviews with Dick a proposal she has prepared on the computer, tailored to meet a particular policyholder's needs.





A strong and diversified investment portfolio provides sound protection for the financial benefits and services provided to Sun Life policyholders world-wide. The investment program is administered by staff in the National Offices in Canada, the United States and Great Britain, and coordinated by the Investment Department in the International Corporate Office. Sandra Harrington, shown here, is Section Head, Securities Accounting, in the British Investment Administration Department.

tection of our policyholders' long-term financial security, particularly in this period of continuing high inflation.

A few years ago, the federal legislation governing Canadian life insurance companies' investment activities was liberalized to permit us to invest up to 15% of the value of our assets in real estate. Sun Life has taken advantage of this to diversify the investment portfolios in each of its main territories of operation, so that they now include an important amount of real estate. In total, the book value of our real estate held for investment has increased from \$108 million in 1970 to \$574 million at the end of last year, or from 2.9% to 7.3% of our assets. Our plan is to continue to increase that percentage.

Sun Life has, of course, been particularly active in property investment and real estate development in those areas where the demand has been strongest.

For example, we opened Sun Life Place, a 25-storey office building in downtown Edmonton, in 1978. We are nearing completion of Sun Life Plaza, an office building in Vancouver at 1100 Melville Street. This 16-storey tower is scheduled to open officially in April this year. In Calgary, construction is under way on an office development in the downtown area, with twin 28-storey towers.

In the United States, we have just completed the purchase of a 13-acre property known as Sun Life Executive Park, located just outside Boston, where we previously leased space for our United States National Headquarters office. This has proven to be a very satisfactory location for that Headquarters and we believe that it will also be an attractive long-term real estate investment for the Company.

In Britain, where inflation has been more severe over a longer period of time, the attraction of real estate in response to such conditions is clear. Caroon House, a seven-storey office building developed in 1971, which is situated in London, near Fleet Street,

has shown a dramatic increase in value over the last ten years, the market value now being almost five times the original cost.

Perhaps few of our real estate investments will show such a remarkable improvement in value in so short a period as Caroon House, but we are satisfied that the real estate portion of our investment portfolio will continue to provide us with excellent results in the future.

Over the years, we have built up in the Company an experienced and professional property investment team whose knowledge and understanding of property market conditions and expertise in all forms of property financing should give our policyholders confidence that Sun Life will take full advantage of the investment opportunities in this area over the years ahead.

On the marketing front, we are presently finalizing plans for the introduction in Canada, later in 1981, of a pooled unitized real estate fund designed to respond to the increasing interest of pension funds in real estate as a long-term investment. The new fund will represent an important extension of our present range of bond, mortgage, common stock and money market funds available to the pension market. Pension funds in Canada currently have only 1% of their assets invested in real estate, a ratio which we believe will rise substantially in the years ahead.

Our new fund will provide an attractive investment vehicle to pension fund managers who wish to build up an exposure to the long-term growth in income and capital values that can be achieved in real estate.

Our equity and real estate investments have been most valuable in recent years in helping us meet inflating expenses, as have the much higher rates of interest obtainable on loans and mortgages. We have, in addition, paid a great deal of attention to controlling expenses and increasing productivity. As a result, we have been able to keep our various products' prices and net costs highly competitive while, at the same time, keeping the Company financially strong and healthy.

1980 was an outstanding business year for the Sun Life, and we confidently expect 1981 to be another good year for our Company.

Thomas M. Galt
Chairman and Chief Executive Officer



Suncan Equity Services Company (SUNESCO) is a Sun Life of Canada subsidiary which distributes variable annuity policies, Sun Growth Fund and mutual fund shares in the United States. Cynthia Orcutt, FLMI, is the Administrative Officer at SUNESCO responsible for ensuring that SUNESCO and its registered representatives comply with United States Federal and State securities laws.

An increasing number of women are finding satisfying and challenging careers in life insurance sales. Lucy G. Greene, CLU, Assistant Director, Women's Development (foreground), meets with women agents in the Sun Life Hamilton, Ontario, Branch.



At the Sun Life Detroit Branch office, Gloria Ciborowski goes over the Datapoint System on the branch terminal with agents Richard Gibbs and Mark Czekaj. This computerized system allows agents to obtain prompt, personalized underwriting decisions from the United States National Office on clients' insurance and annuity proposals. The system also provides policy status reports and up-to-date information on cash values and dividends.



Dave Roberts, Senior Console Operator at the Toronto Computer Centre, schedules the massive volume of input from computer terminals in branches and offices in our different countries of operation. Efficient service to all branches and policyholders is ensured through a 24-hour operating schedule, masterminded by the console shown here.

Canadian policyholder enquiries are handled by Jane Ann Turner in the Canadian Public Relations and Communications Department, who keeps an up-to-date reference file of policyholder concerns.

President's Address



George F.S. Clarke,
President

Annual General
Meeting
February 10, 1981

I am pleased to present, on behalf of the directors, the 110th Annual Report of the Company. The year saw continued progress in each of our principal countries of operation – Canada, the United States and Great Britain – and in our Far East division, which conducts business in the Philippines and Hong Kong.

In Canada, the United States and Britain, our activities are directed to individual life insurance and annuities, group insurance covering life and health business, and pension operations. In the Far East division our efforts are focussed on individual life insurance business only.

In all countries and all lines of business we concentrate our activities on the acquisition of new business, the preservation of our business in force, and the provision of proper service to our policyholders. Our overall goal is to maintain the Company in a strong financial position and thereby to be able to continue to provide for our policyholders security and excellent financial value.

In our various marketing areas there are problems to be solved and keen competition to be met, but the growth potential remains excellent for our industry in general and for our Company in particular. It is our intention to take full advantage of the opportunities to increase the scope and magnitude of our business.

Before referring to the excellent results contained in the Directors' Report, I would like to comment briefly on some of the highlights from the year's operations.

In 1980 we continued to focus on the development and utilization of our human resources. Management development, increased opportunities for women in both salaried and sales capacities, and effective manpower planning were important priorities which received increased attention during the year. Also, training activities for members of our sales organizations were at a high level and we continue to provide the finest sales training programs within our industry.

Last year I referred to the changes in the Company's organization which gave us a management

structure with an Executive Office, an International Corporate Office and National Headquarters Offices in Canada, the United States and Great Britain.

Mr. Brindle's appointment as Executive Vice-President, to which the Chairman referred, is another important step in the development of the Company's management structure. His new responsibilities require him to work closely with the Senior Vice-Presidents and General Managers to see that the Company's National operations are well organized and effectively managed in the execution of the Company's strategies and plans. Succeeding Mr. Brindle as Senior Vice-President and General Manager for Great Britain and Ireland is Mr. Richard Baker.

Last year I also mentioned various programs under way designed to bring the Company's new management structure to full effectiveness. Important among these was the completion during 1980 of the definition of the basic responsibilities and functions of the key positions within the Executive Office, the International Corporate Office and each of the National Offices.

Significant progress has also been made in the implementation of a revised planning system and the integration of the Company's budgeting process within this planning system. With continuing high levels of inflation in our different countries of operation, effective planning must include proper cost controls as a vital part of that system.

Tests have now been completed on a new performance appraisal system for officers and much groundwork has been done in improving the availability of information required for and by our management structure.

During the year we completed the planned relocation of some of our staff from Montreal to Toronto. Upon completion of our new head office building, to which the Chairman has referred, our Executive and International Corporate Offices will be located there. Company personnel in Toronto who are a part of the Canadian National operations will be housed in our existing building at 200 University Avenue.

A new portfolio of individual policies was introduced in Canada at the beginning of 1980 and major revisions were made in our individual insurance products in both the United States and Great Britain.

In the latter country the changes were of a fundamental nature, resulting in a switch from the North American style of life insurance policy with its emphasis on guaranteed values, to the type of contract marketed by the British companies.

Our new business figures indicate that our new product portfolios have been well received in their respective markets. We believe that we are now favourably situated in the individual life insurance field in each of our major countries of operation, with products designed and priced to put us in a good competitive position under existing marketing conditions.

In the highly competitive Group field, each of our National Offices has been aggressive and innovative in securing and retaining good business.

To assist both our new business operations and our service activities to our policyholders, further improvements were made in our extensive data processing and telecommunications facilities. We extended remote computer access capabilities to our regional service centres in Canada and branch offices in the United States, and have a similar plan for our branch offices in Great Britain. Various segments of our Headquarters staff are also provided with computer access facilities, for research, product development, financial analysis and servicing activities.

The whole area of information processing is subject to continuous revisions of existing equipment and the introduction of new ideas. We have taken steps to benefit fully from new office systems, such as the use of word processing equipment in specific areas. We are also testing and developing a planned and coordinated approach to the introduction of more extensive office systems, which take into account existing and future developments in data processing and telecommunications.

During the year we organized several projects to bring together people from each country in which we operate, to foster the generation and exchange of

Dick Fortune, Sun Life Property Manager in Edmonton, Alberta, discusses the maintenance and servicing of Heritage House, a 91-suite apartment building owned by Sun Life in central Edmonton, with resident managers, Jean and Cyse Trahan.

Michel Proulx





Michael Rollison, Manager of the Company's Orpington Branch in England, promotes his active and successful team of Company representatives serving current and prospective policyholders.

ideas which contribute to faster business growth and better coordination of our operations throughout the Company.

These projects served to emphasize the international dimensions of the Company and its strength. They included an international conference of leading sales people, meetings of International Advisory Committees of functional heads and intensive international management development courses covering a cross section of skilled functional personnel and sales people.

The results of the year's operations were *most* gratifying, both with respect to new business written and to increasing our business in force.

Premiums payable on total new business written during 1980 amounted to \$290 million, \$26 million more than in 1979.

Once again, the Company achieved new records in life insurance sales. A total amount of \$9.5 billion of new life insurance coverage was written. Individual life insurance sales increased by 20%, while sales of group life insurance surpassed last year's record amount by 17%. For the first time in the Company's history, group life insurance sales exceeded \$5 billion. The biggest gain was achieved in Canada, where new group sales were up 60%, followed by the United States with an increase of 46%. Last year, British group life insurance sales results showed a dramatic increase with the inclusion of our largest ever group sale. This year the figures are not quite as high but nevertheless represent a very strong performance.

Another first in the Company's history was that new individual life insurance sales exceeded \$4 billion, with a total of \$4.3 billion. Sales in Great Britain and Ireland increased by 32%, in our Far East division by 19%, and in Canada by 17%. In the United States, after two years of exceptionally good increases, individual sales of life insurance were up 8%.

In 1980 premiums on new individual annuity and group annuity policies amounted to \$184 million, an increase of 14% over last year. In addition, the premiums on new annuities sold through our United States subsidiary, Sun Life Assurance Company of Canada (U.S.), were \$39 million, more than double the 1979 figure.

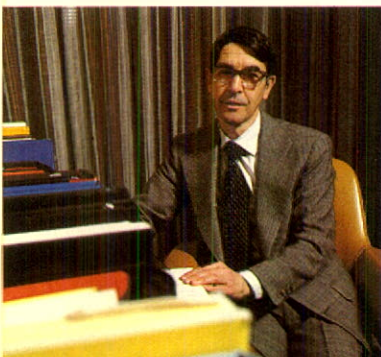
Premiums on new business with variable accumulation and investment-linked benefits were just over \$1 million. Premiums on similar policies sold through our subsidiaries, Sun Life Assurance Company of Canada (U.S.) and Sun Life Assurance Company of Canada (U.K.) Limited, amounted to more than \$8 million, an increase of 26%.

Our sales of group health insurance were again excellent with annualized first year premiums of almost \$28 million, a gain of 40% over 1979.

Our total life insurance in force at the end of the year amounted to \$59.6 billion of coverage, an exceptionally good increase of more than \$10 billion in the year. We now have more than 1.6 million individual policies and over 5.2 million certificate holders under group policies in force. Our annuities provide for current and deferred annual payments of \$439 million, compared with \$406 million at last year-end. Premiums on health insurance in force are now \$145 million per annum.

The Company's total revenues from all sources increased to over \$1.8 billion. Total premiums, at over \$1 billion for the first time, rose by 10% over 1979 while investment income showed a gain of nearly 15% for the year. Our net rate of return on assets from investment income was 9.47% for 1980, or 43 points ahead of the rate of return last year.

Payments to policyholders and beneficiaries rose to \$907 million. Of this, \$156 million was in dividends to policyholders, an increase of \$21 million over dividend payments in 1979. Operating expenses rose to \$240 million, as a result of the higher costs arising



Pension benefit administration for many large and small employers in Canada, the United States and Great Britain is an important service provided by Sun Life of Canada. Jean Gregoire, F.S.A., Assistant Vice-President and Group Pensions Actuary in the International Corporate Office, works with the National Offices to ensure high quality pension benefit arrangements for employees at reasonable cost to the employer.



Christiane Trudeau-Blanchette is Assistant Manager of the Montreal Regional Service Centre in the Quebec Division. Sun Life operates service centres in various central locations throughout Canada to provide immediate, accessible service to policyholders and to group clients.

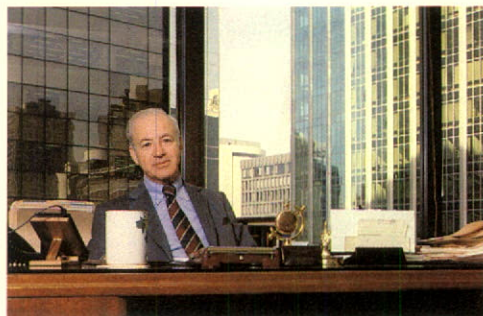
from continuing inflationary conditions, but also due to the substantial increase in the Company's new business.

Because of changes in the valuation bases for certain actuarial reserve liabilities at December 31, 1980, the Reserves for Unmatured Obligations have been restated in both the 1978 and 1979 Balance Sheets. It is not uncommon for valuation bases to be changed on blocks of business in force to reflect changing conditions, particularly when only modest provision is being made in these reserves for adverse fluctuations.

The Financial Statement changes are outlined in Note 2(b) of the Notes to the Financial Statement. The restatement of the previous year's figures allows a better comparison of the 1980 Net Income with the restated 1979 Net Income, since both are determined on a consistent basis. After taking these changes into account in the Income Statement, Net Income increased from \$125 million in 1979 to \$128 million for 1980.

The increase in our total assets from December 31, 1979 was \$800 million, after adjustment to take into account a change in the rate of exchange for Sterling. The book rate for this currency is now \$2.60 in Canadian dollars, compared with the rate of \$2.40 for the previous year.

Our bond holdings increased by \$168 million during the year and the major part of net bond acquisitions occurred in Canada. Exceptionally narrow yield spreads between Government of Canada and other issues afforded attractive opportunities to improve our high average bond quality at only nominal cost.



Michel Proulx

Commensurate with business growth in the West, Sun Life's Group Manager in Vancouver, John Boland, has chalked up a remarkable success in providing Sun Life insurance, health, and pension benefit services to major group clients in British Columbia.



A satisfied Sun Life policyholder is the aim of Stacie Magovern, who gives prompt and caring attention to complaints from policyholders in the United States.



Exceptional dedication and service to clients have made Bunny Hager of the Sun Life British Division top agent in individual sales for the Company, and earned him the Company's Macaulay Club Presidency for 1979-1980.

As in 1979, the Company's investment operations featured a high level of activity in property investments.

While there was considerable activity in common stocks during the year, net acquisitions were modest and were almost all in Great Britain.

With high levels of interest prevailing in the markets throughout the year, policy loans showed a larger than usual increase. This was general throughout the industry.

Segregated Funds Assets reached \$1 billion for the first time. At December 31, our total outstanding forward commitments amounted to \$375 million, a growth of some \$40 million and with overall yield improvement of $\frac{3}{4}$ of 1%.

In addition to Real Estate investments, to which the Chairman has referred, among the individual transactions during the year of particular interest are two which increased our direct investment in resource development. In Canada we invested a further \$5 million in the Aurora-Venus Limited Partnership, which is participating with Czar Resources Limited in a joint venture in the exploration, development and production of oil and gas in Western Canada. In the United States we put \$6 million into the Trans-Western Sun Life Limited Partnership, which is similarly involved in the development of oil and gas reserves.

One very important point in regard to our assets is that no asset value needed to be written down in 1980 due to impairment. Also, mortgage payments in arrears are very low and the loans involved are well secured. The quality and the earning power of our assets remain very high and a source of great strength to the Company.

Together with the funds under management in our investment management subsidiaries, Sun Life of Canada Investment Management Limited in Canada

and Suncan Equity Services Company in the United States, the Company is now responsible for the management of assets amounting to almost \$8.2 billion.

I have referred to changes in the Actuarial Liabilities. It should be noted that the Provision for Dividends and Experience Rating Refunds to Policyholders represents only a minor part of dividends payable in the following year.

For participating life and annuity policies, provision for future dividends is carried in the Reserves for Unmatured Obligations, as mentioned in Note 2(a).

From Net Income, \$7 million was transferred to Appropriated Surplus with the balance added to Surplus, to bring Appropriated Surplus to \$570 million and Surplus to \$819 million at the end of the year.

Effective April 1st, dividend scales will be increased in Canada, Great Britain, the Far East and certain other territories, and interest rates on deposits will be increased in all operating countries.

I have already referred to the \$156 million in dividends paid to policyholders during 1980. With the dividend scale increases and the normal increase in dividends, we are estimating that in 1981 dividends to participating policyholders will amount to \$178 million, an increase of about 14%.

I wish to thank on behalf of the directors all the men and women throughout the Company who have produced the very fine results which the Company experienced during 1980. I have every confidence that the skills and abilities which now exist in Sun Life will enable us to attain still higher levels of achievement during 1981.

George F.S. Clarke
President



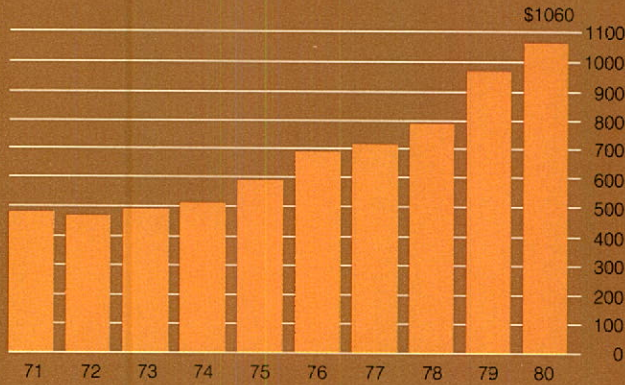
Maureen Morrison, Annuity Controller, and Kathleen Reynolds, Suspense Control Clerk, work in the Sun Life of Canada National Office Accounting Department in London, England, which is responsible for effective policyholder service through control of Company budgets, expenses and annuity payments, and recording of premiums on Personal Pension Plan Policies.



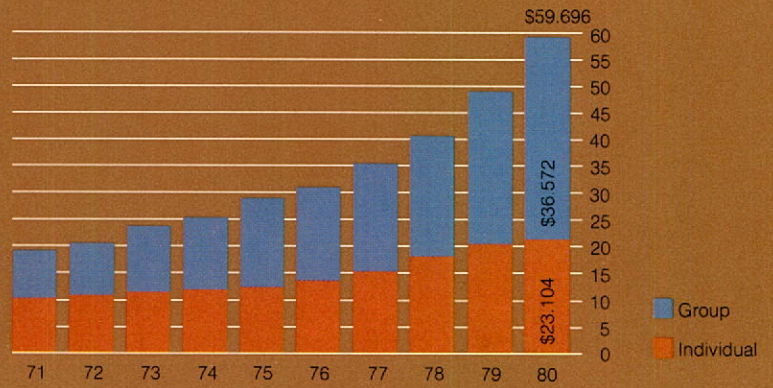
Sun Life records for more than 1.6 million individual insurance policies and 5.2 million certificate holders under the group plan are stored safely on computer files, together with information on pension, health, and annuity policies.

Sun Life Growth 1971 to 1980

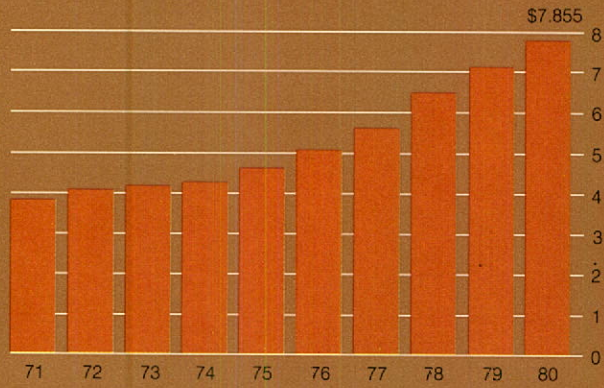
Premium Income
(In millions of dollars)



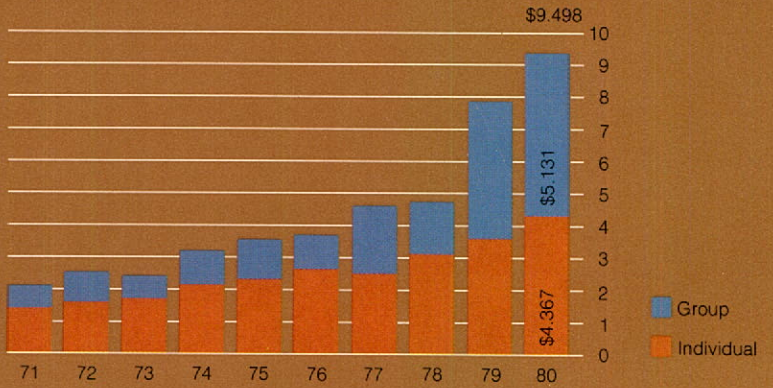
Life Insurance in Force
(In billions of dollars)



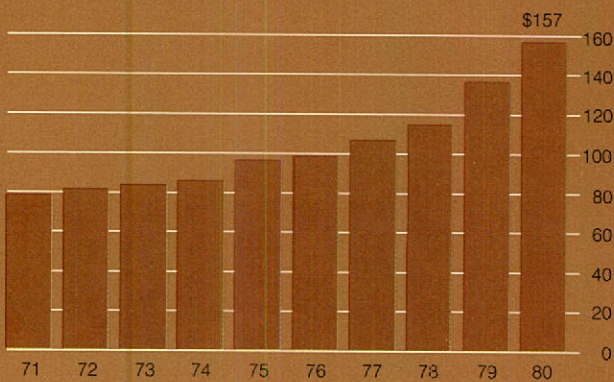
Assets
(In billions of dollars)



New Life Insurance
(In billions of dollars)



Dividends to Policyholders
(In millions of dollars)



Balance Sheet

December 31, 1980
(with comparative figures for 1979)

(In thousands of dollars)

	1980	1979
Assets		
Bonds	\$2,869,773	\$2,701,839
Preferred and common stocks	763,438	673,251
Mortgage loans	1,742,695	1,638,145
Real Estate – Company buildings	43,846	21,718
Real Estate – Held for investment	573,517	482,215
Loans to policyholders on their policies	492,633	402,784
Cash	37,664	30,368
Other invested assets	39,642	32,814
Investment in subsidiary and affiliated companies	21,870	21,275
Investment income due and accrued	111,084	102,097
Outstanding premiums	38,254	26,504
Miscellaneous assets	70,920	43,061
Segregated fund assets	1,049,955	878,490
	<u>\$7,855,291</u>	<u>\$7,054,561</u>
Liabilities and Surplus		
Actuarial liabilities		
* Reserves for unmaturing obligations	\$4,446,539	\$4,063,027
Provision for dividends and experience rating refunds to policyholders	60,429	55,315
Provision for open and unreported claims	228,420	193,280
Reserve Account for pension and survivor benefits	42,941	39,464
	<u>\$4,778,329</u>	<u>\$4,351,086</u>
Policy proceeds and other amounts left at interest	473,672	437,588
Policy benefits in process of payment	45,385	39,538
Accrued expenses	24,609	23,329
Miscellaneous liabilities	93,277	62,825
	<u>\$5,415,272</u>	<u>\$4,914,366</u>
Segregated fund liabilities	1,049,955	878,490
	<u>\$6,465,227</u>	<u>\$5,792,856</u>
Total liabilities	\$6,465,227	\$5,792,856
Appropriated surplus	570,263	562,731
* Surplus	819,801	698,974
	<u>\$7,855,291</u>	<u>\$7,054,561</u>

* See Note 2(b)

Statement of Income

Year Ended December 31, 1980
(with comparative figures for 1979)

(In thousands of dollars)

	1980	1979
Revenue		
Premiums		
Life Insurance	\$ 587,310	\$ 517,850
Annuities	251,529	227,781
Health Insurance	122,631	98,057
Segregated Funds	98,417	120,275
Total	\$1,059,887	\$ 963,963
Investment Income	601,323	524,675
Net adjustment of assets and liabilities due to change in currency rates of exchange	6,761	5,315
Segregated fund investment and other income (including appreciation in assets of \$61,231; 1979 - \$65,026)	146,746	132,009
Total Revenue	\$1,814,717	\$1,625,962
Expenditure		
Payments to policyholders and their beneficiaries:		
Death benefits	\$ 177,700	\$ 153,276
Disability benefits	3,153	3,449
Matured endowments	39,300	35,106
Annuity payments	105,235	89,441
Dividends	156,595	135,638
Surrender values	187,293	161,106
Interest credited to claims and amounts on deposit	38,006	30,729
Health benefits	128,338	102,853
Segregated fund payments	71,638	143,556
Total	\$ 907,258	\$ 855,154
* Additions to actuarial reserve liabilities	326,516	293,152
Segregated fund increases and expenses	173,525	108,728
Operating expenses	240,134	203,532
Government taxes	38,925	39,804
Total Expenditure	\$1,686,358	\$1,500,370
* Net Income	\$ 128,359	\$ 125,592

*See Note 2(b)

Statement of Surplus

Year Ended December 31, 1980
(with comparative figures for 1979)

(In thousands of dollars)

	1980	1979
Balance, January 1		\$722,021
Restatement As Per Note 2(b)		(97,000)
Balance, January 1 (As Restated)	\$698,974	\$625,021
Net Income	128,359	125,592
	\$827,333	\$750,613
Transferred to Appropriated Surplus	7,532	51,639
Balance, December 31	\$819,801	\$698,974

Statement of Appropriated Surplus

Year Ended December 31, 1980
(with comparative figures for 1979)

(In thousands of dollars)

	Balance January 1, 1979	1979 Appropriations	Balance January 1, 1980	1980 Appropriations	Balance December 31, 1980
Surplus Appropriated for:					
Fluctuation in Security Values	\$268,713	\$ 45,202	\$313,915	\$ 11,085	\$325,000
Fluctuation in Currency Values	90,750	(2,600)	88,150	(2,050)	86,100
Fluctuation in Group Mortality	28,000	2,000	30,000	3,500	33,500
Foreign statutory and other deficiency or solvency requirements	97,982	9,624	107,606	(16,197)	91,409
Statutory Asset Valuation	14,901	7,663	22,564	11,150	33,714
Health Contingency Reserve	10,746	(10,250)	496	44	540
	\$511,092	\$ 51,639	\$562,731	\$ 7,532	\$570,263

Notes to Financial Statement

1. Accounting Principles

The financial statements have been prepared in accordance with the accounting principles prescribed or permitted by the Federal Department of Insurance of Canada. The more significant principles followed by the Company are set out below:

(a) Invested Assets

Bonds, stocks and mortgages are carried at values prescribed by the Canadian and British Insurance Companies Act. The Act requires that realized gains and losses on sales of bonds and mortgages be amortized, on a straight line basis, over the period to maturity (maximum of 20 years). Realized gains and losses on sales of stocks are taken into income on a 7% declining balance basis; unrealized gains and losses on stocks are treated in a similar manner.

Bonds and mortgages are carried at amortized values, adjusted for the unamortized portion of the gains or losses described above.

Stocks are carried at cost, adjusted for the unamortized portion of the realized gains or losses described above and for the cumulative amount of unrealized gains or losses previously reflected in income.

Real Estate is carried at depreciated cost.

Certain securities which had been written down from cost or amortized values prior to 1977, are treated as if purchased on December 31, 1976 at their book values then.

(b) Subsidiaries

Subsidiary and affiliated companies are accounted for on the equity method.

(c) Segregated Funds

Segregated Fund assets are carried at market values.

(d) Acquisition Costs

Costs of acquiring new business are charged against income as they are incurred.

(e) Translation of Foreign Currencies

Revenue and expenditure in foreign currencies are translated into Canadian dollars at book rates approximating the actual rates of exchange at the beginning of the year. Assets and liabilities are carried at book rates approximating the actual rates of exchange at the end of the year. Net adjustments to assets and liabilities resulting from changes in the book rates of exchange are reported in the Income Statement in the year the changes are made.

(f) Investment Income

Investment income consists of interest, dividends, rents (net of Real Estate expenses, taxes and depreciation) and the amortization of gains and losses as described in Note 1(a).

(g) Income Taxes

The Company follows the taxes payable method.

2. Actuarial Liabilities

(a) The reserve for unmaturing obligations shown on the Balance Sheet represents the amount which, together with future premiums and investment income, will provide for future benefits to policyholders, certificate holders or to their beneficiaries.

In accordance with the requirements of the Canadian and British Insurance Companies Act the computation of actuarial liabilities pro-

vides for dividend expectations and for only modest adverse fluctuations in future experience. Provision for more severe adverse fluctuations and for statutory solvency safeguards are made through appropriations of surplus.

(b) On December 31, 1980, the actuarial bases for certain actuarial liabilities were changed, resulting in an increase of \$73,141,624 in the reserve for unmaturing obligations. Had these changes been made on December 31, 1978, the increase in the reserve would have been approximately \$97,000,000: had they been made on December 31, 1979, the increase would have been \$88,573,624. For purposes of comparison, the \$97,000,000 has been treated as a restatement of surplus on December 31, 1978. Accordingly, the Reserve for unmaturing obligations and Surplus at December 31, 1979 have been restated by \$88,573,624 and corresponding restatements of \$8,426,376 have been made in the Additions to Actuarial Liabilities and Net Income for 1979.

3. Company Pension Plans

(a) All accrued benefits under Company pension plans are fully funded.

(b) The amount shown in the Balance Sheet covers only the portion of the Company's pension and survivor benefits that is not carried in the reserves for unmaturing obligations.

Valuation Actuary's Certificate

Auditors' Report

I certify that in my opinion the Actuarial Liabilities included in the Balance Sheet, taking into account the financial position of the Company, make appropriate provision for future benefits payable under the Company's policies in force December 31, 1980 and have been properly reflected in the calculations of net income. Appropriations of Surplus have been made to provide against adverse fluctuations in experience significantly greater than those assumed in computing the Actuarial Liabilities. I further certify that to my knowledge no commitments have been made nor any changes in Company policy approved or implemented that would materially affect the financial position of the Company.

Toronto, January 30, 1981

A.C.M. Robertson, F.F.A., F.C.I.A.
Valuation Actuary

The Participating Policyholders,
Sun Life Assurance Company of
Canada

We have examined the balance sheet of Sun Life Assurance Company of Canada as at December 31, 1980 and the statements of income, appropriated surplus and surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included a general review of the Company's accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

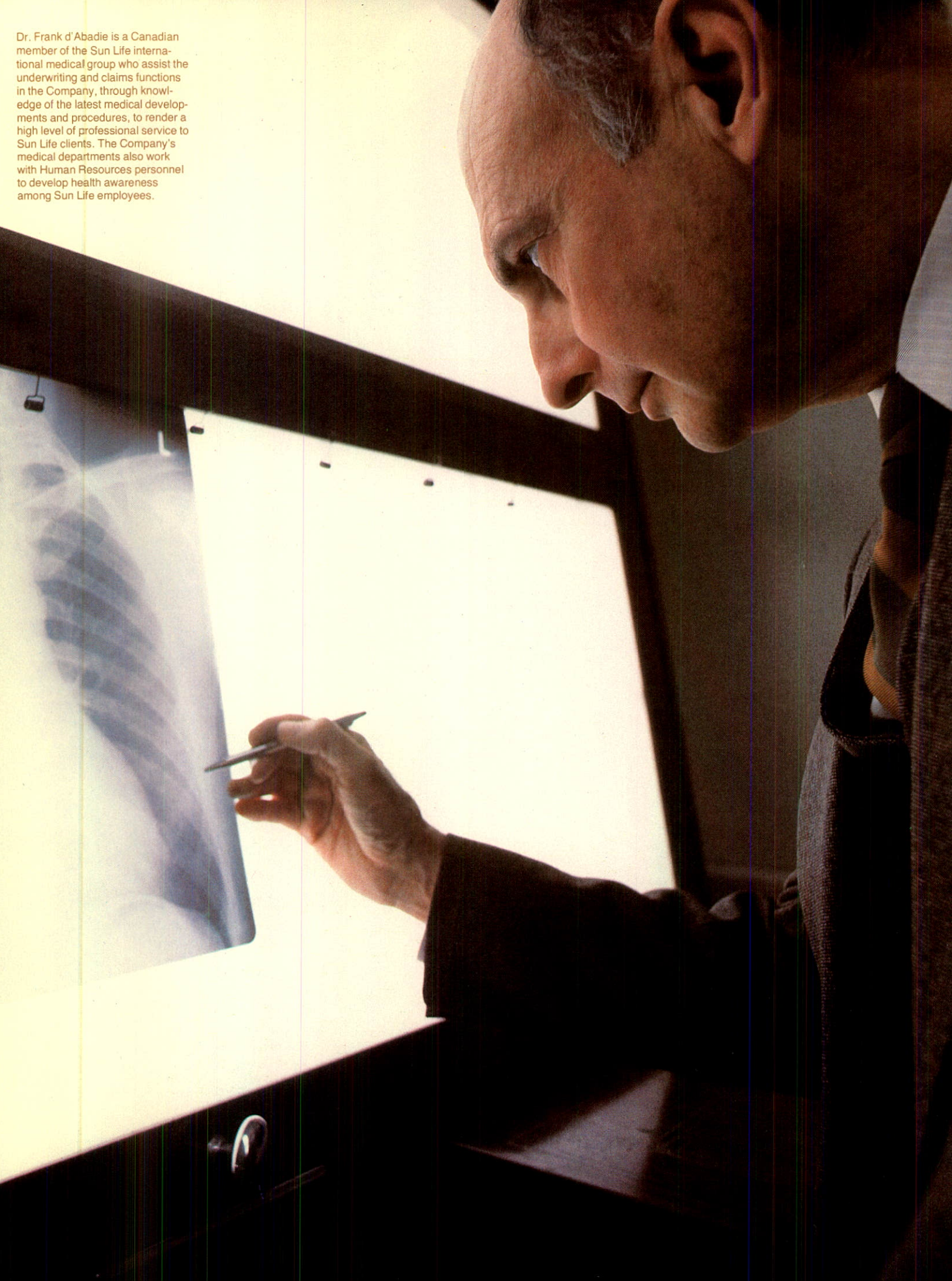
We have relied on the certificate of the Company's Valuation Actuary as to the valuation of the actuarial liabilities.

In our opinion, these financial statements present fairly the financial position of the Company as at December 31, 1980 and the results of its operations for the year then ended in accordance with the accounting principles prescribed or permitted by the Federal Department of Insurance of Canada, applied on a basis consistent with that of the preceding year, after the restatement outlined in Note 2(b).

Toronto, January 30, 1981

(Signed) Touche Ross & Co.
Chartered Accountants

Dr. Frank d'Abadie is a Canadian member of the Sun Life international medical group who assist the underwriting and claims functions in the Company, through knowledge of the latest medical developments and procedures, to render a high level of professional service to Sun Life clients. The Company's medical departments also work with Human Resources personnel to develop health awareness among Sun Life employees.



A Word About Service

We have taken the opportunity in this year's Annual Report to say something in words and pictures about the importance of service. Service is a fundamental ingredient of our business. We know how important it is to those who are counting on us – our policy- and certificate-holders and those who make use of the services provided by our investment and benefit management subsidiaries listed below. We are also conscious of the level of service expected by others with whom we do business, including those with Sun Life mortgages and our tenants in Sun Life-owned properties.

Service at Sun Life starts with a recognition that we are in the business of providing benefits and services which meet certain financial needs. Therefore we must begin by identifying these needs and developing benefits and services to answer the particular requirements of our clients.

We offer our benefits and services through representatives, numbering more than 3,000 worldwide, who are provided with intensive training and high quality reference material. A detailed knowledge of our benefits and services, and the needs which they are designed to

meet, enables our representatives to offer sound advice in financial planning for individual and employee benefits.

In addition, there are our 4,500 salaried staff members, and, within Sun Life, we consider it essential to offer all our people continuous development to ensure that their knowledge and skills are up to date. This helps our clients in the form of better service, and offers career opportunities to our representatives and staff which are satisfying and challenging.

As part of its corporate responsibility and wider service to the community, Sun Life assists worthwhile charities, particularly in health-related areas, through a carefully considered corporate contributions program.

In today's technological society, information processing and electronic communications now make it possible for us to deliver timely individualized information to a large number of clients. In providing this service, it is important that we maintain the element of personal contact and understanding. We value the relationship of trust that we have with our customers and the level of service which we provide is the foundation on which that relationship is built.



Claire Gorman, FLMI, a Systems Analyst at the United States National Office, is working towards an M.B.A. degree at Babson College in Boston under the Sun Life tuition reimbursement program. Employees have benefited from this program over the years to improve their career opportunities and personal job satisfaction.



A recent heart attack victim himself, Sun Life agent Jack Kingsley, CLU, benefited from the services of the Toronto Rehabilitation Centre, to which he now volunteers his time and his reformed energy. Last fall, the Toronto Rehabilitation Centre moved into new premises built by Marina Lodge, a non-profit organization which promotes the general welfare of handicapped people. Additional funds were provided by the community, including a donation from Sun Life, to help expand the community service provided by the Marina Lodge Cardiac Rehabilitation Centre.

Life Insurance and Service Subsidiaries

Sun Life Assurance Company of Canada (U.K.) Limited
Investment-linked life insurance business and personal pension business.

Sun Life Assurance Company of Canada (U.S.)
Individual variable and guaranteed annuity policies and group pension contracts.

Suncan Equity Services Company (SUNESCO)

Distribution of variable annuity policies and mutual fund shares in the United States, as well as investment management and administrative services.

Sun Life of Canada Investment Management Limited (SUNIMCO)
Investment management services for pension funds of corporations or other entities, and investment portfolios for sickness, accident or other welfare benefit plans.

Sun Life of Canada Benefit Management Limited (SUNBENCO)

Administrative services in Canada in respect of pension plans, and record-keeping, claims, and actuarial services in respect of health and welfare plans to corporation and other entities.

Suncan Benefit Services Company (SUNBESCO)

Record-keeping, claims, and actuarial services in respect of pension, health and welfare benefit plans of corporations and other entities in the United States.

Sun Life Services Around the World

Canada	Barrie Brandon Calgary Chicoutimi Edmonton Granby Halifax	Hamilton Kamloops Kingston Laval Lethbridge London Moncton	Montreal New Westminster Ottawa Prince George Quebec Red Deer Regina	Rimouski Saskatoon Sept Iles St. Catharines St. John's Thunder Bay Toronto	Trois-Rivières Vancouver Victoria Waterloo Windsor Winnipeg
United States	Ann Arbor Atlanta Baltimore Boston Canton Casper Cherry Hill Chicago Cleveland Columbus Coral Gables Dallas	Denver Detroit Flint Fort Collins Fort Lauderdale Fort Walton Grand Rapids Hartford Honolulu Houston Indianapolis Jacksonville	Jenkintown Kansas City Los Angeles Louisville Mayaguez, P.R. Miami Minneapolis/St. Paul Morristown New Orleans Orlando Peoria Philadelphia	Phoenix Pittsburgh Portland, Me. Portland, Or. Providence Richmond Sacramento San Diego San Francisco San Jose San Juan, P.R. Santa Ana	Seattle Spokane Springfield, Mass. St. Louis Tallahassee Tampa Washington, D.C. Wellesley Hills
Great Britain and Ireland	Aberdeen Beckenham Belfast Birmingham Brighton Bristol Bromley	Cardiff Chester Colchester Croydon Dublin East Anglia Edinburgh	Glasgow Leeds Leicester Liverpool London Maidstone Manchester	Newcastle Northampton Orpington Plymouth Preston Reading Sheffield	Southampton Wimbledon Wolverhampton
Bermuda Hong Kong Malta Philippines					

The Sun Life Rehabilitation Unit in Montreal, and its team of counsellors under the direction of Bob Taylor, A.R.W., Rehabilitation Claims Officer, strives to bring a human touch and personal service to policyholders struck by a long-term disabling illness or injury. With their help, and a Sun Life-administered long-term disability plan, disabled former STELCO worker John Calderhead was able to establish his own gem appraisal business in Hamilton, Ontario, and regain a productive place in the community.



When Katy, Texas, needed help in setting up a Volunteer Fire Department, Sun Life agent Len Forsyth jumped in. For this important community service he won the Sun Life "Sunny Award" in the United States and a cheque from Sun Life for \$1,000 towards the purchase of fire-fighting equipment.



Mike Prescott, Vice-President of Sun Life of Canada Investment Management Limited (SUNIMCO), a Sun Life Canadian subsidiary, gives a great deal of careful thought to the sound investment management of clients' funds. SUNIMCO is empowered to manage corporate and institutional portfolios of various kinds - pensions, endowments and foundations.

The Officers

Executive Officers

***Thomas M. Galt, F.S.A.**
Chairman and Chief Executive
Officer

***George F.S. Clarke, F.S.A.**
President

***John A. Brindle**
Executive Vice-President

Principal Officers in Corporate Office

Ronald J. Emery, F.L.M.I.
Vice-President,
Systems

David D. Horn
Vice-President and Secretary

John D. McNeil
Vice-President,
Securities Investments

H.R. Facey
Senior Vice-President,
Group

D.R.W. Jamieson, F.S.A.
Vice-President and Comptroller

Robert J. Mifflin
Vice-President,
Planning

F. Herbert Frizzell
Regional Vice-President, Far East
(located in Hong Kong)

A. Douglas Lang
Vice-President,
Human Resources

O.A. Reed, F.S.A.
Vice-President and Actuary

Donald L. Gauer, F.S.A.
Vice-President and Actuary

P.R. MacGibbon
Vice-President,
Corporate Affairs

***A.C.M. Robertson, F.F.A., F.C.I.A.**
Senior Vice-President

***S. James Gowdy**
Senior Vice-President

***W.J. McCarthy**
Senior Vice-President

F. Santangeli, CLU
Vice-President,
Agency Marketing

John H. Harrison
Vice-President,
Property Investments

Graham McCracken
Vice-President and General
Counsel

D.H. Woodhouse, M.D.
Vice-President and
Chief Medical Director

Principal Officers in National Offices

Canada

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Senior Vice-President and
General Manager

Pierre Boileau
Vice-President,
Quebec

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Vice-President,
Group

John S. Lane, C.F.A.
Vice-President,
Investments

K.M. Stewart
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Agencies

C.L.F. Watchorn, F.S.A.
Vice-President,
Administration

United States

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General Manager

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Vice-President,
Administration

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General Manager

A.O. Armitage
Vice-President,
Administration

M.E. Bates
Vice-President,
Investments

R.J. Fredericks
Vice-President and Legal Adviser

P.R. Isgar
Vice-President,
Agencies

S.J. Quirk, F.I.A.
Vice-President and Actuary

H.R.C. Riches, M.D.
Consulting Medical Officer

*Members of the Senior Advisory Council

