



1980

Annual Report



INDUSTRIAL LIFE

INSURANCE COMPANY

ANNUAL MEETING
HEAD OFFICE, 1080 ST. LOUIS ROAD
SILLERY, QUEBEC
FEBRUARY 16, 1981

A glance at 1980

TOTAL INCOME

(in millions of dollars)



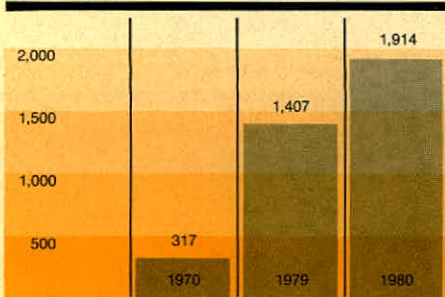
DISTRIBUTION OF INCOME

1980

	AMOUNT	%
PREMIUMS	\$151,734,168	65.3
NET INVESTMENT INCOME	78,678,566	33.9
MISCELLANEOUS	1,819,153	0.8
TOTAL	\$232,231,887	100.0

NEW BUSINESS

(in millions of dollars)



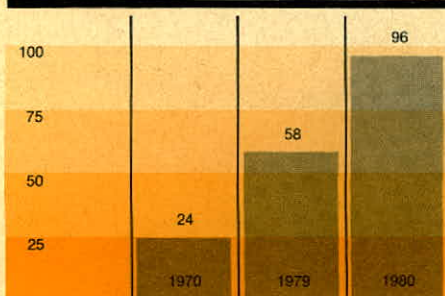
DISTRIBUTION OF NEW BUSINESS

1980

	AMOUNT	%
INDIVIDUAL LIFE INSURANCE	\$1,530,287,459	80.0
INDIVIDUAL ANNUITIES	169,056,408	8.8
GROUP LIFE INSURANCE	65,441,994	3.4
GROUP ANNUITIES	149,669,700	7.8
TOTAL	\$1,914,455,561	100.0

BENEFITS TO POLICYHOLDERS AND THEIR BENEFICIARIES

(in millions of dollars)



Our progress at a glance

TOTAL ASSETS

(in millions of dollars)



DISTRIBUTION OF ASSETS

	AMOUNT	%
MORTGAGE LOANS	\$448,714,360	50.7
BONDS	288,174,484	32.6
REAL ESTATE	40,740,870	4.6
STOCKS	34,460,812	3.9
POLICY LOANS	24,417,960	2.8
SUBSIDIARIES	20,692,743	2.3
MISCELLANEOUS	27,167,157	3.1
TOTAL	\$884,368,386	100.0

BUSINESS IN FORCE

(in millions of dollars)



DISTRIBUTION OF BUSINESS IN FORCE

	AMOUNT	%
INDIVIDUAL LIFE INSURANCE	\$4,848,913,783	53.1
INDIVIDUAL ANNUITIES	886,357,272	9.7
GROUP LIFE INSURANCE	1,968,108,768	21.5
GROUP ANNUITIES	1,434,374,827	15.7
TOTAL	\$9,137,754,650	100.0

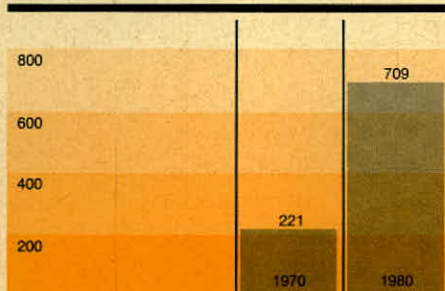
SURPLUS

(in millions of dollars)



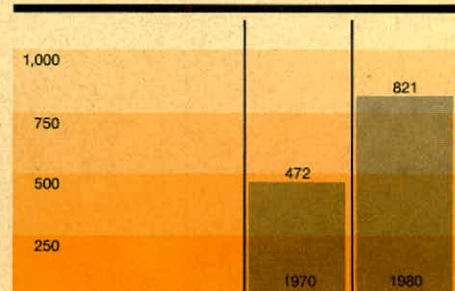
PAYMENTS TO POLICYHOLDERS AND THEIR BENEFICIARIES SINCE 1905

(in millions of dollars)



NUMBER OF POLICYHOLDERS

(in thousands)



**A word
from the chairman
of the board**



"Our past of 75 years, a warrant for the future". Those are two aspects of Industrial Life's current slogan which I would like to comment briefly!

The beginning of this past brings us back to the time of the insurance pioneers who gave birth to our Company. They have since been followed by many others, all of whom have always been prompted by the same fundamental motivation: to give Industrial Life a solid theoretical basis, strengthened by a sound economic management, in order to provide the orderly growth that would make it a major element in its environment.

In a more recent past, the important event of its mutualization, also carried out in a sound, orderly and swift manner, would henceforth ensure its permanent survival, since it thus became the property of all its policyowners. The Company, from then on, had to devote its efforts even more strongly to provide outstanding services to its new owners, while, on their behalf, taking initiatives that would make it an important social and economic power in the community.

The present proves the validity of the beliefs of Industrial Life's founders and of those who have successively assumed its management. Among all the excellent achievements reported for the year just ended, I must mention the impressive figure of \$1,5 billion of new individual insurance sold in 1980. Our Company is once again the leader in Québec in this respect, well ahead of its competitors, thanks to the professionalism and loyalty of all our representatives and also because of the originality of our products that stand up to all comparisons at a time when competition is becoming more and more fierce in the fields of activity where we operate.

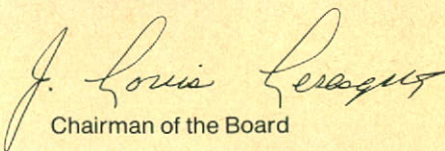
However, our long past and the levels already attained today are not automatically warrants for the future! They must be supported by a firm determination and a continuous concern with enlarging and improving our human assets in order

to adequately face ever-expanding responsibilities and to prepare competent future management dedicated to pursuing our fundamental objectives.

With this in mind our Board of Directors appointed, at the beginning of 1980, Mr. Robert Bégin to the position of President and Chief Executive Officer, also entrusting him with the chairmanship of the Executive and of the Investment Committees. Moreover, Mr. Pierre Mercier was named Secretary of the Board and, for the first time, an Auditing Committee was formed with the following Directors as members: Messrs. Robert Ouimet, Raymond Sirois and Jean Marier.

Following the same reasoning, we have effected during 1980 several modifications in the Company's internal structures, involving promotions and transfers at the management level. Other changes will follow progressively, so that we are prepared, at all times, to meet the growing needs of the future.

Our past of 75 years constitutes an invaluable legacy, giving us a powerful economic lever, which we should strive to safeguard and which a future well-prepared management should use with discernment so that "our past indeed becomes a warrant for our future"!


Chairman of the Board



Last year, when I ended my review of the year's operations by writing: "there is a way to do better", I thought I had set up a great challenge for the 80's!

But the results obtained during the very first year of the new decade go far beyond my expectations, standing as an undeniable evidence of this statement. All members of our team, whatever the nature of their work, leaning on the established tradition and on the intrinsic value of the tools at their disposal, have indeed joined their efforts in 1980 to accelerate the rapid progress recorded in 1979.

Based on preliminary information, I also claimed that, with \$1,068,592,112 of individual life insurance sales, Industrial Life was finally ranking first in this respect among all companies operating in the Province of Québec. The report of the Superintendent of Insurance for the Province of Québec recently confirmed this claim, also indicating that our Company's share of the market in 1979 was 10.14%. I am proud to add that, again according to the report of the Superintendent, Industrial Life increased its total business in force by 21%, whereas the Québec life insurance industry as a whole reported a progress of 12.6%.

What shall then be our improved position in 1980 with respect to the entire industry, considering our new peak performance? In individual insurance, for example, our representatives sold a total of \$1,530,287,459, while our total individual insurance in force increased by 25% to attain \$4,848,913,783 at the end of 1980. Our annuity portfolio amounts to \$2,320,732,099, with an increase similar to that of 1979, thanks to an appreciable progress in group annuities and in spite of a decrease in individual annuities. The decline in this line of business in force was provoked by the strong and repeated fluctuations in interest rates during 1980, against which one of our plans was poorly protected. Corrective action has been taken and we trust that product is no longer prone to massive withdrawals

and that it has regained the favour of our clientele.

At the end of 1980, our total business in force stand at \$9,137,754,650, a net increase of 17.67% over the total at the end of 1979.

The extraordinary growth in sales volume and business in force brought our premium income from \$122,488,186 in 1979 to \$151,734,168 in 1980, an increase of 23.9%. Two lines of business benefited the most from this performance: non-participating life insurance sales went up 43.2%, mainly due to the Modular Plus plan that was very popular with the consumers because it offers flexible permanent coverage presented in a straightforward manner; single premium annuity contracts also increased by 52.2%, thus confirming our competitiveness in a more sophisticated market.

We believe that Industrial Life is not getting its fair share of the group insurance market and we are determined to employ all the dynamic and innovating means required to improve our position. However, each sector of this line of business continues to show reasonable progress, premium income having increased by 4.2% in life insurance, by 19.5% in health insurance and by 24.2% in pensions.

The very principle of any insurance, be it of commercial or social nature, is to collect contributions or premiums from individuals who either must or wish to protect themselves against losses that are actually only incurred by a small number due to accidental events beyond their control. The insurer must then provide a sound administration of the funds entrusted to him. He must set them aside strictly for the purposes for which they are intended and be able to promptly pay all benefits under the contracts.

In this respect, Industrial Life once again fully assumes its responsibilities since the actuarial reserve of \$672,318,009 remains well above the minimum required by the Superintendent of

Insurance. Moreover, additional funds of \$99,213,865 completely cover all our other non-contingent liabilities.

In 1980, we timely paid various benefits for an amount of \$95,893,923. This is a drastic increase over the amount of \$58,176,676 paid in 1979, but it is mainly due to the considerable withdrawals of accumulated values under single premium annuity contracts to which I referred above. Such surrenders increased by \$26,199,237, leaving the increase in payments due to normal operations at \$11,518,010. Mortality and morbidity rates remained favourably below the expected levels. Surrenders under other insurance plans also stayed at a reasonable level, reflecting through such stability, the sustained confidence of our clientele.

During this period, the Company's total assets moved upward by \$86,585,694, or 10.8%, reaching \$884,368,386. Such increase in assets invested under the most favourable market conditions brought our mortgage loans portfolio up to 50.7% of total assets from 46.9% in 1979. At the end of 1980, we thus held an amount of \$448,714,360 in mortgage loans. Investments in bonds dropped from 34.2% to 32.6% of the total, representing an amount of \$288,174,484, whereas the common and preferred shares portfolio remained at a modest 3.9%, well below the permitted limits. However, the \$10,256,191 increase in the total market value stems from net purchases in 1980 of \$6,449,458 and from fluctuations in the market value during the year of \$3,806,733.

The consolidated value of our subsidiaries is shown in detail on pages 11 and 12 of this report. In addition to the net results of the year, it reflects the sale to our subsidiary IST, at their true market value, of computers previously owned by Industrial Life along with a modification of the capital structure of this company through a conversion of \$9,000,000 of previous cash advances into common and preferred shares. On the other hand, the sale of these computers

reduced the surplus of Industrial Life by \$4,643,847, representing the difference between the book value authorized by the Superintendent of Insurance and the true market value at the time of the sale early in 1980.

Finally, the increase in cash advances to our representatives is a result of a modification in our system of remuneration for sales personnel and is fully covered by written business on our books.

The net result of the year is translated into an increase in the accumulated surplus, appropriated and unappropriated, of \$19,569,948. Of this amount, \$11,677,586 after income tax come from current operations of the Company and its subsidiaries, the balance of \$7,892,362 being cumulative adjustments to previous years' operations.

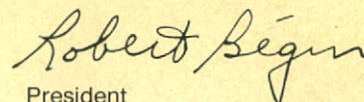
On the whole, these results seem to indicate that life insurance remains an irreplaceable vehicle, regardless of the evolution of our society. However, the industry must constantly adapt its product to the consumers' actual needs, while at the same time facilitating their understanding of a system that remains rather complex.

The security provided by life insurance is a universal need which each of us satisfies as best we can in accordance with our personal situation. The need to save is no less universal, even if the higher standard of living in these inflationary times often makes this difficult, if not impossible. Recently, certain experts from different fields have been preaching what some theorists have been saying for a long time. They affirm that, rather than buying permanent insurance, the only reasonable way to protect ourselves is to purchase short term insurance at the lowest cost possible, and invest the undetermined difference. However, this difference varies from case to case and for the majority of people it is so slight that it risks being absorbed by the current expenses. Even if efforts are

made to invest, the small amounts involved are difficult to place. They do not allow for any diversification and are not worth obtaining advice from investment specialists. Only permanent insurance or certain variations of this type of coverage provide both the desired protection and a systematic accumulation of the modest annual difference. At the same time, it implies methodical savings through a fixed total premium based on our personal objectives. Companies that, like ours, are aware of these facts and are adjusting their products to the essential needs of the population at large, are proving every day how very wrong it is to generalize something that, in theory, may be true in a few rare, isolated cases.

Our representatives have also proved this in 1980 since total sales reported above consist of 47.4% of whole life or other forms of permanent insurance, 43.6% of long term temporary insurance riders attached to the above contracts and only 9% of pure term insurance, generally for short durations.

This global perspective could easily lead us to complacency. We should not give in to this feeling because, if Industrial Life has so far avoided the dangers threatening any expanding company, this situation will not last without efforts. The relationship between the Company and its employees is still a personal one. We exist because of their dedication to their work, their intelligent participation in the service to our clientele and their sustained loyalty. It is therefore with great pleasure that I thank all members of the personnel with whom I share a growing pride in our Company, Industrial Life.



President
and Chief Executive Officer

ERNEST G. AYERS

President
Ayers Limited

ROBERT BÉGIN, F.S.A.

President and Chief Executive Officer
Industrial Life Insurance Company

STANLEY E. BROCK, F.S.A., C.M.

Vice-Chairman of the Board
Industrial Life Insurance Company

RONALD C. BROWN, B.A.

Partner of Blake, Cassels & Graydon, Advocates

C.F. CARSLY, M.B.E., LL.D.

Chairman of the Board
CanVin Products Ltd.

ANDRÉ CHARRON, Q.C.

President
Lévesque, Beaubien Inc.

THE HONOURABLE GEORGE H. HEES, M.P.

C. JOHN JACKSON

Chairman of the Board
Mussens Equipment Ltd.

J.-LOUIS LÉVESQUE, D.C.Sc., D.P.Ec., LL.D.

Chairman of the Board
Lévesque, Beaubien Inc.

JEAN MARIER, LL.M.

Partner of Létourneau, Stein, Marseille,
Delisle & LaRue, Advocates

PIERRE MERCIER, Q.C.

Partner of Guy, Vaillancourt, Mercier,
Bertrand, Bourgeois & Laurent, Advocates

J. ROBERT OUMET

President and Chief Executive Officer
J. René Ouimet Enterprises Ltd.

RAYMOND SIROIS, M.Sc.C.

President
Québec Téléphone Inc.

Management



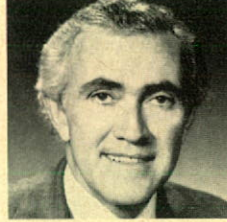
J.-L. Lévesque
D.C.Sc., D.P.Ec., LL.D.
Chairman of the Board



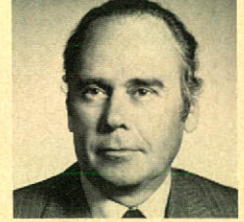
R. Bégin, F.S.A.
President and Chief
Executive Officer



S.E. Brock, F.S.A., C.M.
Vice-Chairman
of the Board



A. Charron, Q.C.
Vice-President



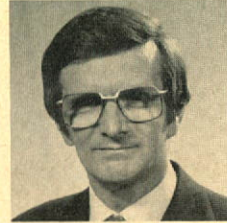
P. Mercier, Q.C.
Secretary of the Board



G. Courteau, F.L.M.I.
Vice-President
Administrative Services



S. Dompierre, F.S.A.
Vice-President
Group Insurance
and Pensions



C. Jutras, F.S.A.
Vice-President
Human Resources



A. Langlois, F.S.A.
Vice-President and
Chief Actuary



R. Normand, F.S.A.
Vice-President
Individual Insurance
Services



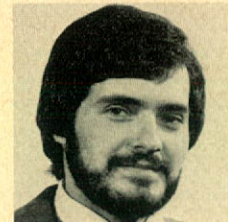
J.-P. Pouliot, B.Com.
Vice-President
Marketing



P.-E. Reinhardt, C.F.A.
Vice-President
Finance



Y. Côté, L.Sc.Adm.
Senior Director
Accounting Services



N. Pépin, F.S.A.
Senior Director
Data Processing Services



G. Smith, LL.L.
Senior Director
Financial Services

Management (cont'd)

C.-E. Angers, C.L.U.

Manager, Employee Insurance and Pension Plans

G. Audet

Manager, Instruction Programs

B. Bazinet

Manager, Branch Office
Administrative Services

A. Blais

Manager, Administration,
Group Insurance

R. Blais, F.L.M.I.

Manager, Life and Health Claims

A. Blouin

Manager, Claims, General Insurance

P. Blouin, L.Sc.Adm.

Manager, Analysis and Programming

R. Bonenfant

Manager, Montréal Regional
Administration Office

P.-E. Burelle

Director, Sales

P.-H. Chrétien, R.I.A.

Manager, Accounting

R. Cloutier

Manager, Data Processing Production

H. Côté, C.L.U.

Superintendent, Sales

J. Courville, C.L.U.

Superintendent, Sales

R. Donnelly

Director, Administrative Services,
Branch and Regional Offices

L.T. Dorion, M.D.

Medical Director

G. Duchesneau, M.B.A.

Director, General Insurance

J.-G. Fortier, F.L.M.I.

Manager, Policy Records

J.-B. Fortin, F.L.M.I.

Manager, Administration,
Mortgage Loans

V. Garneau, B.Com.

Director, Internal Auditing

J. Gaudet

Manager, Claims,
Group Insurance

L. Gilbert

Manager, Underwriting,
Mortgage Loans

J.G. Gravel

Manager, Underwriting,
General Insurance

J.-M. Lavoie, F.L.M.I.

Director, Premium Collection and
Sales Personnel Remuneration

C. Lemieux

Manager, Underwriting

R. Mailloux

Director, Mortgage Loans

J.-M. Moisan, C.App.

Director, Real Estate Investments

J. O'Farrell, F.L.M.I.

Manager, Personnel

R. Paré, F.L.M.I.

Superintendent, Sales

G. Pilotte

Manager, Policy Contracts,
Individual Insurance

J.-E. Plante, B.Com.

Taxation Adviser

S. Quinn, F.S.A.

Actuary, Group Pensions

M. Racine

Manager, Supportive
Administrative Services

M. Renaud

Manager, Policy Contracts,
General Insurance

G. Rivard

Manager, Branch Office
Administrative Services

J. Simard

Manager, Sales Personnel Remuneration

J. Taché, LL.L.

Associate Legal Counsel

C. Tessier

Manager, Administration,
Real Estate Investments

G. Thibault, C.L.U.

Manager, Sales Promotion

R. Tremblay, B. Com.

Superintendent, Sales,
Group Insurance

T.G. Tuck

Manager, Toronto Regional
Administration Office

M. Turcotte, F.S.A.

Actuary, Individual Insurance

J.-C. Vézina, B.Com.

Manager, Office Administrative Services

PROVINCE OF QUÉBEC

CHICOUTIMI
1212 Talbot Blvd., Chicoutimi
P.H. Tremblay, C.L.U., Director

Alma
425 Sacré-Coeur St. W., Alma

Dolbeau
1346 Walberg Blvd., Dolbeau

Jonquière
372 St-Dominique St., Jonquière

GRANBY
183 Principale St., Granby
Roger Champagne, C.L.U., Director

Drummondville
220 Brock St., Drummondville

HULL-OTTAWA
440 St-Joseph Blvd., Hull
Robert Gagnon, C.L.U., Director

JOLIETTE
384 Manseau Blvd., Joliette
Jacques Veilleux, Director

L'ESTRIE
2851 King St. W., Sherbrooke
Richard Lemieux, C.L.U., Director

MAURICIE
4320 Royal Blvd., Shawinigan
Fernand Carbonneau, Director

Grand-Mère
859 6th Avenue, Grand-Mère

Louiseville
550 St-Laurent Blvd. E., Louiseville

ST-GEORGES
11765 1st Avenue, St-Georges E.,
Beauce
Patrice Jacques, Director

ST-HYACINTHE
3100 Laframboise Blvd., St-Hyacinthe
Roger Landry, C.L.U., Director

ST-JEAN
929 Séminaire Blvd., St-Jean
David Suissa, C.L.U., Director

ST-JÉRÔME
331 Labelle St., St-Jérôme
Claude Beauchamp, Director

SHERBROOKE
2910 Portland Blvd., Sherbrooke
Réjean Fortier, Director

SOREL
67 Georges St., Sorel
Marcel Hébert, Director

THETFORD-MINES
805 Smith Blvd. N., Thetford-Mines
Richard Jalbert, Director

Ste-Marie
114 Notre-Dame St., Ste-Marie de Beauce

Victoriaville
17A De Coursol St., Victoriaville

TROIS-RIVIÈRES
300 Barkoff Blvd., Cap-de-la-Madeleine
Claude Courval, C.L.U., Director

VALLEYFIELD
185A Victoria St., Valleyfield
Jacques LeGuerrier, C.L.U., Director

Châteauguay
69 St-Jean-Baptiste Blvd., Châteauguay

Cornwall
4 Montréal Rd., Cornwall

METROPOLITAN QUÉBEC

CHAUVEAU
8500 Henri-Bourassa Blvd., Charlesbourg
Doris Lachance, Director

ETCHEMIN
1675 23rd St. N., Charny
Jean-Paul Deschênes, Director

LÉVIS
1E St-Georges St. W., Lévis
Raymond Fortin, C.L.U., Director

QUÉBEC-CENTRE
2835 Gomin Rd., Ste-Foy
Ben Bouchard, C.L.U., Director

QUÉBEC-LAURIER
1050 St-Louis Rd., Sillery
Roland Dubeau, C.L.U., Director

STE-FOY
3188 Ste-Foy Rd., Ste-Foy
Raymond Deschênes, C.L.U., Director

METROPOLITAN MONTRÉAL

BEAUBIEN
4001 Crémazie Blvd. E., Montréal
Bernard St-Jacques, Director

CARTIER
1079 Chambly Rd., Longueuil
Raymond Jérôme, C.L.U., Director

CHAMPLAIN
1680 Provencher Blvd., Brossard
J. René Désy, Director

DUVERNAY
3100 de la Concorde Blvd., Duvernay
Jules E. Charbonneau, Director

LANGELIER
7077 Beaubien St. E., Anjou
Jean Boudreault, Director

LASALLE
5125 du Trianon St., Montréal
Raymond Moreau, C.L.U., Director

LAVAL
1717 St-Martin Blvd. W., Laval
Gilles Beauchamp, Director

MERCIER
2074 Thierry St., LaSalle
Jean-Pierre Desmarais, C.L.U., Director

MONT-ROYAL
50 Place Crémazie W., Montréal
Marcel Alarie, C.L.U., Director

MONTRÉAL-MAISONNEUVE
2075 University St., Montréal
J. Fernand Sasseville, Director

RIVE-SUD
174 Ste-Foy Blvd., Longueuil
René Bilodeau, C.L.U., Director

ST-DENIS
1115 Louvain St. E., Montréal
Charles E. Levesque, Director

VILLE-MARIE
100 Alexis Nihon Blvd., Ville St-Laurent
Joseph Assayag, C.L.U., Director

PROVINCE OF NEW BRUNSWICK

MARITIMES
777 Main St., Moncton
Paul-Émile Leblanc, Director

MADAWASKA
12 Court St., Edmunston
Jeannot Turgeon, Director

PROVINCE OF ONTARIO

TIMMINS
10 Cedar St. S., Timmins
Jean-Paul Poissant, C.L.U., Director

TORONTO

AL G. BROWN AND ASSOCIATES
825 Eglinton Ave. W., Toronto
Al G. Brown, C.L.U., Director

EGLINTON
150 Eglinton Ave. E., Toronto
Harvey Tenebaum, Director

ETOBICOKE
1 Eva Rd., Etobicoke
Brian J. Flynn, Director

TORONTO CENTRAL
150 Eglinton Ave. E., Toronto
Eugenio Bruno, Director

GROUP INSURANCE AND PENSIONS

QUÉBEC
2700 Laurier Blvd., Ste-Foy
Raynald Winstall, C.L.U.

MONTRÉAL
625 President Kennedy Ave.,
Montréal
Kevin J.R. Conroy

TORONTO
150 Eglinton Ave. E., Toronto
K. Murray Swift

MORTGAGE LOANS

QUÉBEC
2535 Laurier Blvd., Ste-Foy
Jean Trahan, C.App.

MONTRÉAL
625 President Kennedy Ave.,
Montréal
Richard Beauchemin, C.App.

TORONTO
2 Carlton St., Toronto
William A. Brock

Subsidiaries

A summary balance sheet of the subsidiaries, affiliated and associate companies of Industrial Life appears on the following pages.

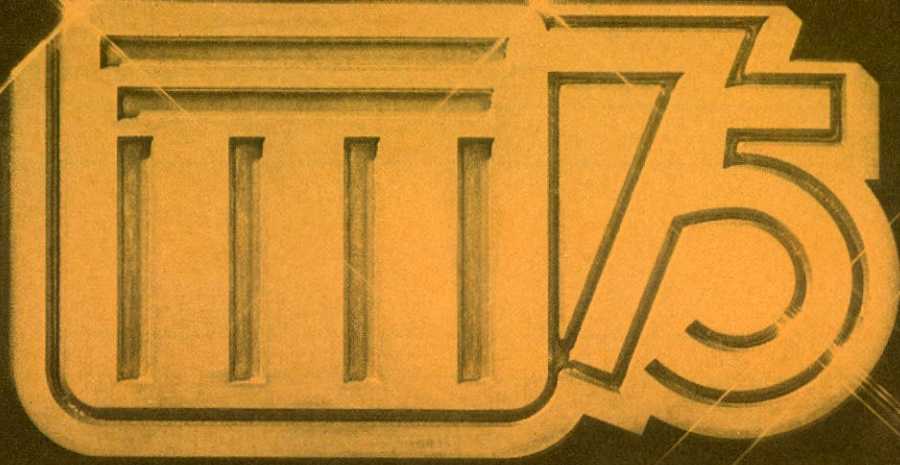
		1980	1979
THE EQUITABLE GENERAL INSURANCE COMPANY	TOTAL ASSETS	\$18,478,575	\$24,464,302
	INVESTMENTS AND LIQUID ASSETS	12,731,565	
	RECEIVABLES	4,141,844	
	DEFERRED ACQUISITION EXPENSES	312,014	
	FIXED ASSETS	1,293,152	
	LIABILITIES	15,802,436	19,703,731
	PROVISIONS	14,882,002	
	PAYABLES	826,336	
	DEPOSITS FROM REINSURERS	94,098	
	CAPITAL STOCK	501,500	501,500
	RETAINED EARNINGS:		
	APPROPRIATED	682,078	765,814
	UNAPPROPRIATED	1,492,561	3,493,257
	PROFIT (LOSS) for the year after income tax	(2,000,696)	29,554
	CONSOLIDATION VALUE	1,994,061	3,994,757
	INDUSTRIAL GENERAL INSURANCE COMPANY	TOTAL ASSETS	\$5,377,909
INVESTMENTS AND LIQUID ASSETS		4,796,466	
RECEIVABLES		316,261	
DEFERRED ACQUISITION EXPENSES		265,182	
LIABILITIES		3,998,406	4,597,985
PROVISIONS		3,785,970	
PAYABLES		94,231	
DEPOSITS FROM REINSURERS		118,205	
CAPITAL STOCK		1,000,000	1,000,000
RETAINED EARNINGS:			
APPROPRIATED		126,909	65,047
UNAPPROPRIATED		252,594	92,133
PROFIT (LOSS) for the year after income tax		160,461	(192,809)
CONSOLIDATION VALUE		1,252,594	1,092,133

**Subsidiaries
(cont'd)**

		1980	1979	
INDUSTRIAL LIFE- TECHNICAL SERVICES INC.	TOTAL ASSETS	\$19,175,007	\$ 9,658,299	
	SHORT TERM ASSETS	5,791,022		
	COMPUTERS	5,664,371		
	FIXED ASSETS	5,230,113		
	INVESTMENTS	2,458,275		
	SHARE OF NET EQUITY IST-COPA	31,226		
	LIABILITIES	16,221,620	16,162,096	
	SHORT TERM LIABILITIES	2,495,038		
	ADVANCES AND FINANCED PURCHASES	13,726,582		
	CAPITAL STOCK	9,078,550	78,550	
	ACCUMULATED PROFITS (LOSSES)	(6,125,163)	(6,582,347)	
	PROFIT (LOSS) for the year after income tax	457,184	731,430	
	CONSOLIDATION VALUE	15,693,427	7,821,412	
LES SERVICES D'INFORMATION IST-COPA INC.	PROFIT (LOSS) for the year: share of Industrial Life	(7,000)	—	
	CONSOLIDATION VALUE	27,000	—	
M.I.C.R. SYSTEMS LTD.	TOTAL ASSETS	\$ 2,935,103	\$ 2,091,594	
	SHORT TERM ASSETS	2,289,422		
	FIXED ASSETS	609,586		
	SHARE OF NET EQUITY IN M.I.C.R.-COM Systems Ltd.	36,095		
	LIABILITIES	3,326,192	2,900,535	
	SHORT TERM LIABILITIES	1,023,899		
	ADVANCES AND FINANCED PURCHASES	2,302,293		
	CAPITAL STOCK	476,582	476,582	
	ACCUMULATED PROFITS (LOSSES)	(867,671)	(1,285,523)	
	PROFIT (LOSS) for the year after income tax	417,853	115,198	
	CONSOLIDATION VALUE	1,634,167	1,216,314	
	INDUSTRIAL LIFE, REAL ESTATE SERVICES INC.	PROFIT (LOSS) for the year	—	—
		CONSOLIDATION VALUE	91,494	35,040

The subsidiaries' financial results are consolidated in the 1980 Industrial Life's statements as follows:

Net loss in reduction of investment income	\$ 972,198
Total net value shown in assets	\$20,692,743



**FINANCIAL
STATEMENTS**

**Summary of operations:
year ended
December 31, 1980**

INCOME	1980	1979
PREMIUMS	\$151,734,168	\$122,488,186
NET INVESTMENT INCOME (NOTE 8)	78,678,566	67,779,122
CONTRIBUTIONS TO EMPLOYEES' PENSION AND INSURANCE FUNDS	1,819,153	2,255,173
	\$232,231,887	\$192,522,481

APPROPRIATION OF INCOME		
NORMAL INCREASE IN ACTUARIAL RESERVE	\$ 59,879,689	\$ 70,363,585
CLAIMS INCURRED	95,893,923	58,176,676
DIVIDENDS AND GROUP EXPERIENCE REFUNDS	9,852,090	9,603,190
COMMISSIONS	21,468,894	18,002,790
TAXES, LICENCES AND FEES	1,658,146	1,446,137
GENERAL EXPENSES	19,819,278	17,129,243
PAYMENTS FROM EMPLOYEES' PENSION AND INSURANCE FUNDS	1,072,651	1,539,988
INCREASE IN EMPLOYEES' PENSION AND INSURANCE FUNDS	2,657,798	2,049,678
MISCELLANEOUS	4,699,631	3,373,248
	\$217,002,100	\$181,684,535
NET INCOME BEFORE INCOME TAXES	\$ 15,229,787	\$ 10,837,946
INCOME TAXES	3,552,201	4,471,024
NET INCOME FOR THE YEAR	\$ 11,677,586	\$ 6,366,922

**Balance sheet
as of December 31,
1980**

ASSETS	1980	1979
BONDS (NOTE 2)	\$288,174,484	\$273,439,588
STOCKS (NOTE 3)	34,460,812	24,204,621
MORTGAGE LOANS	448,714,360	374,391,848
REAL ESTATE (NOTE 4)	40,740,870	39,566,401
POLICY LOANS	24,417,960	20,680,840
TERM DEPOSITS AND GUARANTEED INVESTMENT CERTIFICATES	—	17,617,864
SUBSIDIARIES (NOTE 9)	20,692,743	14,159,656
MISCELLANEOUS ASSETS (NOTE 5)	2,234,503	12,862,900
INVESTMENT INCOME DUE AND ACCRUED	12,724,025	10,612,467
OUTSTANDING PREMIUMS	5,005,521	4,249,752
AMOUNTS DUE	466,806	454,881
SEGREGATED FUNDS, AT MARKET VALUE	6,736,302	5,541,874

\$884,368,386

\$797,782,692

On behalf of the Board: J.-Louis Lévesque, Director
Robert Bégin, Director

LIABILITIES	1980	1979
ACTUARIAL RESERVE (NOTE 6)	\$672,318,009	\$621,452,003
AMOUNTS ON DEPOSIT	30,895,868	28,804,706
PROVISION FOR DIVIDENDS AND GROUP EXPERIENCE REFUNDS	9,898,906	9,078,464
OUTSTANDING CLAIMS	7,956,978	7,875,038
PREMIUMS PAID IN ADVANCE	2,814,929	1,696,900
OTHER CONTRACT LIABILITIES	1,113,038	1,653,685
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	2,936,545	1,838,118
BANK OVERDRAFTS AND BORROWED MONEY	9,915,474	3,801,985
EMPLOYEES' PENSION AND INSURANCE FUNDS	18,540,468	16,211,903
MISCELLANEOUS LIABILITIES	8,405,357	6,561,452
SEGREGATED FUNDS	6,736,302	5,541,874
	\$771,531,874	\$704,516,128

POLICYHOLDERS' EQUITY		
SURPLUS APPROPRIATED (NOTE 7)	45,282,676	30,995,048
UNAPPROPRIATED	67,553,836	62,271,516
	\$884,368,386	\$797,782,692

**Surplus: year ended
December 31, 1980**

	APPRO- PRIATED	UNAPPRO- PRIATED	TOTAL
BALANCE AT BEGINNING	\$30,995,048	\$62,271,516	\$ 93,266,564
NET INCOME FOR THE YEAR		11,677,586	11,677,586
CHANGES IN VALUATION BASES OF ACTUARIAL RESERVE		9,013,683	9,013,683
TRANSFER FOR NEGATIVE RESERVES (NOTE 7)	1,868,927	(1,868,927)	
TRANSFERS (NOTE 7)	8,896,175	(8,896,175)	
INCREASE IN VALUATION RESERVE FOR STOCKS AND FOR CAPITAL GAINS AND LOSSES REALIZED ON BONDS AND STOCKS	3,522,526		3,522,526
NON-AMORTIZABLE CAPITAL GAINS AND LOSSES		(4,643,847)	(4,643,847)
BALANCE AT END	\$45,282,676	\$67,553,836	\$112,836,512

Notes to financial statements

1. Significant Accounting Policies

The financial statements are prepared in accordance with accounting principles and rules generally accepted in the insurance business and with the requirements of the Québec Insurance Act, mainly:

- Income taxes are provided for on the "taxes payable" basis.
- Realized gains and losses on disposal of bonds are recorded in the appropriated surplus account, from where they are amortized to operations on a straight-line basis over a period of 10 years.
- Realized gains and losses on disposal of stocks as well as unrealized gains and losses are recorded in the appropriated surplus account from where they are amortized to operations on a straight-line basis over a period of 10 years.

2. Bonds

Bonds are valued at their amortized cost.

3. Stocks

Stocks are valued at their market value as required by the Québec Insurance Act.

	1980	1979
Market Value	\$34,460,812	\$24,204,621
Cost	\$21,837,014	\$15,387,556

4. Real Estate

Real estate held for investment purposes is net of mortgage debts.

	COST	ACCUMULATED DEPRECIATION	NET VALUE 1980	NET VALUE 1979
Real estate held for investment	\$63,809,042	\$2,282,330	\$61,526,712	\$60,531,402
Mortgage debts	(25,624,213)		(25,624,213)	(25,860,616)
	\$38,184,829	\$2,282,330	\$35,902,499	\$34,670,786
Head Office building	6,587,312	1,748,941	4,838,371	4,895,615
	\$44,772,141	\$4,031,271	\$40,740,870	\$39,566,401

Depreciation is computed on the sinking fund method.

5. Miscellaneous Assets

	COST	ACCUMULATED DEPRECIATION	NET VALUE 1980	NET VALUE 1979
Equipment for leasing	\$ 207,265	\$ 24,872	\$ 182,393	\$12,037,141
Furniture	1,153,423	396,705	756,718	703,677
	\$1,360,688	\$421,577	\$939,111	\$12,740,818
Advances to agents			1,295,392	122,082
			\$2,234,503	\$12,862,900

Depreciation is computed on the straight-line basis at the annual rate of 20%.

6. Actuarial Reserve

The actuarial reserve as of December 31, 1980 according to the net level premium method amounts to \$698,740,361. Deferred acquisition expenses in the amount of \$26,422,352 have been

deducted and the net actuarial reserve amounts to \$672,318,009.

The net actuarial reserve determined in accordance with the method prescribed in sections 113 and 114 of the general regulation of the Québec Insurance Act amounts to \$645,895,657.

7. Transfers and appropriation

	BALANCE AT BEGINNING	TRANSFERS AND APPROPRIATION	BALANCE AT END
Reserve for group life insurance mortality fluctuations	\$ 812,509	\$ 56,265	\$ 868,774
Reserve for accident and sickness fluctuations	2,722,732	469,703	3,192,435
Additional reserve for negative reserves	1,340,859	1,868,927	3,209,786
Reserve for fluctuations in market value of investments	24,070,907	8,370,207	32,441,114
Valuation reserve for stocks and deferred capital gains and losses realized on bonds and stocks	2,048,041	3,522,526	5,570,567
Appropriated surplus	\$30,995,048	\$14,287,628	\$45,282,676

8. Net Investment Income

Investment income is shown net of related expenses of \$6,795,607 (\$6,726,399 in 1979) and includes profits (losses) from subsidiaries in the amount of \$(972,198) (\$683, 373 in 1979).

9. Subsidiaries

Investments in wholly-owned subsidiaries, accounted for at their equity value, are as follows:

	EQUITY VALUE	NET PROFIT (LOSS) OF YEAR
Industrial Life – Technical Services Inc.	\$15,693,427	\$457,184
The Equitable General Insurance Company	1,994,061	(2,000,696)
M.I.C.R. Systems Ltd.	1,634,167	417,853
Industrial General Insurance Company	1,252,594	160,461
Industrial Life, Real Estate Services Inc.	91,494	—
Les Services d'information IST-COPA Inc.	27,000	(7,000)
	\$20,692,743	\$(972,198)

10. Transactions with subsidiaries

The Company paid its subsidiaries for services rendered during the normal course of their operations the following amounts:

Industrial Life – Technical Services Inc.	\$1,697,138
M.I.C.R. Systems Ltd.	135,840
	\$1,832,978

Valuation actuary's report

Auditors' report to policyholders

I have made the valuation of the actuarial reserve, the employees' pension and insurance funds, the provisions for dividends and group experience refunds and outstanding claims of Industrial Life Insurance Company for its balance sheet as of December 31, 1980 and its summary of operations for the year then ended. In my opinion,

- i) the valuation conforms to the Recommendations for Insurance Company Financial Reporting of the Canadian Institute of Actuaries;
- ii) the amounts for such liabilities make proper provision for the future payments under the company's contracts;
- iii) a proper charge on account of those liabilities has been made in the summary of operations, and
- iv) the amount of surplus appropriation for policies whose reserves are negative is proper.

A. Langlois, F.S.A., F.C.I.A.
Vice-President and Chief Actuary
Québec, February 6, 1981.

We have examined the statements of operations and surplus of Industrial Life Insurance Company for the year ended December 31, 1980 and its balance sheet at that date. We have obtained all the information and explanations we have required. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests and other procedures as we considered necessary in the circumstances; we have relied on the opinion of the Company's actuary as to the amount of the actuarial obligations described in his report.

In our opinion and according to the opinion of the actuary responsible for the valuation, according to the best of our information and the explanations given to us and as shown by the books of the company, these financial statements present fairly the results of operations of the company for the year ended December 31, 1980 and a true and correct view of the state of its affairs at that date in accordance with the accounting policies described in note 1, applied on a basis consistent with that of the preceding year.

Québec, February 6, 1981.

SAMSON, BÉLAIR & ASSOCIÉS
Chartered accountants

