

INDUSTRIAL LIFE  
INSURANCE COMPANY

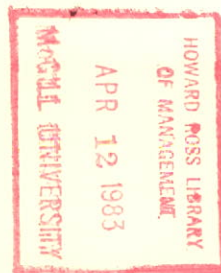
**Annual Report 1982**



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Annual Meeting:  
 Head Office, 1080 St-Louis Road  
 Sillery, Québec G1K 7M3  
 February 21, 1983



## Board of Directors

### **ERNEST G. AYERS**

President  
Ayers Limited

### **ROBERT BÉGIN, F.S.A.**

President  
and Chief Executive Officer  
Industrial Life Insurance Company

### **RONALD C. BROWN, B.A.**

Partner of Blake, Cassels  
& Graydon, Advocates

### **ANDRÉ CHARRON, Q.C.**

President  
Lévesque, Beaubien Inc.

### **CAMILLE A. DAGENAIS**

Chairman of the Board  
and Chief Executive Officer  
Groupe SNC

### **THE HONOURABLE GEORGE H. HEES, M.P.**

**C. JOHN JACKSON**  
Chairman of the Board  
Mussens Equipment Ltd.

### **JEAN MARIER, LL.M.**

Partner of Létourneau, Stein,  
& Amyot, Advocates

### **J. ROBERT OUIMET**

President  
and Chief Executive Officer  
Groupe Ouimet – Cordon Bleu

### **P.-ÉMILE REINHARDT, C.F.A.**

Senior Vice-President, Finance  
Industrial Life Insurance Company

### **J. FRANK ROBERTS**

**RAYMOND SIROIS, M.Sc.C.**  
President  
Québec Téléphone Inc.

## Board Committees

### **EXECUTIVE COMMITTEE**

Robert Bégin  
André Charron  
Jean Marier  
P.-Émile Reinhardt

### **INVESTMENT COMMITTEE**

Ernest G. Ayers  
Robert Bégin  
André Charron  
C. John Jackson  
P.-Émile Reinhardt

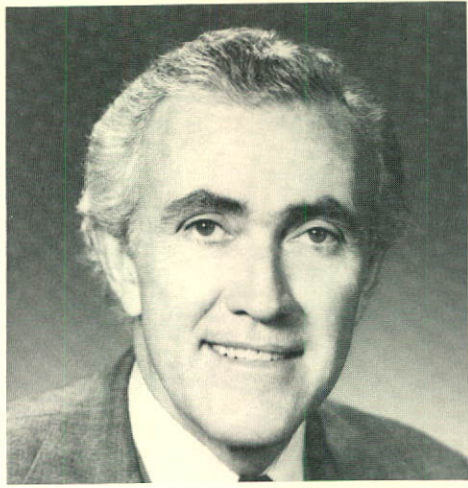
### **AUDIT COMMITTEE**

Camille A. Dagenais  
Jean Marier  
Raymond Sirois

### **HUMAN RESOURCES COMMITTEE**

J. Robert Ouimet  
J. Frank Roberts

## A word from the Chairman of the Board



Year after year, Industrial Life maintains its growth at a pace that could not easily be pictured in the recent past. 1982 was no exception and it is with great satisfaction that, on behalf of the Board of Directors, we offer you this review of its activities and of those of its affiliated companies.

At a time when the difficulties of the economy get more than their share of publicity, the insurance trade, particularly life insurance, far from being alone in such a favourable situation, behaves in a rather surprising way. Its continuing rate of growth is well above the gross national product rate, a phenomenon mostly explained by the very nature of this industry.

Indeed, the products offered by life insurance companies to prospective clients appeal to their personal security, present or future, and are undoubtedly favoured by the current climate of insecurity. Moreover, we must emphasize their management's determination to progressively abandon the traditional avenues in order to follow innovative patterns more easily and rapidly adjustable to the ever changing economic conditions.

It is also true that the various forms of their distribution system have preserved their vitality and their efficiency even if often criticized, such criticisms being of a general nature and invalid in that they offer no viable alternative.

For many years now, Industrial Life has followed these broad avenues, consolidating its financial base while claiming a larger share of the Québec market.

Therefore, it was no surprise when in 1982 the Board of Directors supported the territorial expansion initiatives through acquisitions proposed by its management. Moreover, the technical expertise and professional competence acquired by its personnel in the life insurance field can certainly exert their beneficial influence on a larger corporate body.

We therefore welcome with pleasure The Northern Life from London, Ontario, and The North West Life from Vancouver, B.C., within the group of Industrial Life's companies. We are convinced that the proper coordination of their respective resources shall produce considerable synergy and shall present much broader perspectives in the medium- to long-term future.

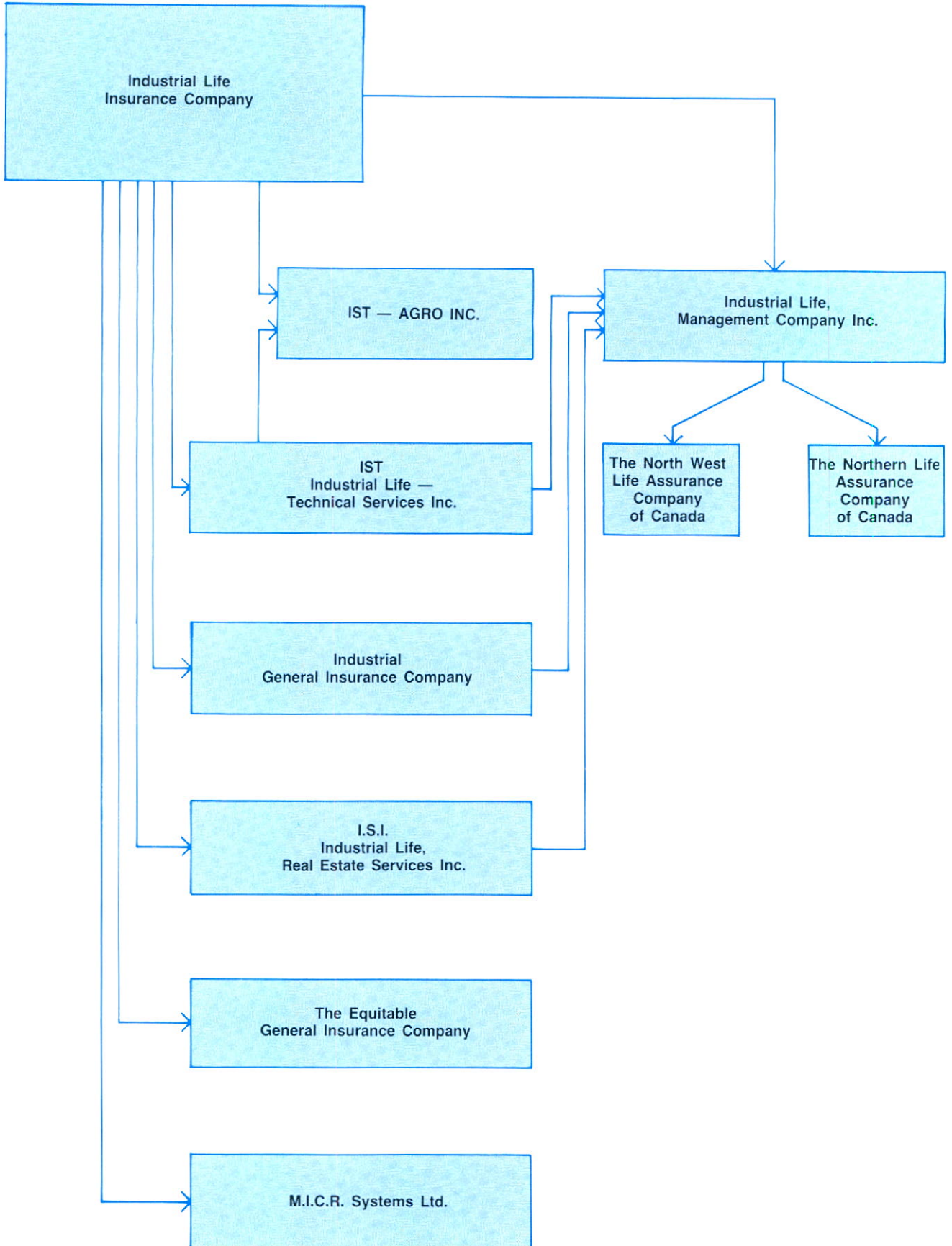
Two seats on the Board of Directors left vacant by the simultaneous departures of Messrs. J.-Louis Lévesque and Stanley E. Brock were filled at the Annual General Meeting in February 1982 by the election of Mr. Camille A. Dagenais, Chairman of the Board of the engineering firm SNC, and Mr. J. Frank Roberts, then President of Via Rail. Already during the past year, they have brought us a most valuable contribution and we are all very happy to count them among our collaborators.

However, we were deeply grieved by the premature death of Pierre Mercier, Q.C., Secretary of the Board and a Director since February 1979. His legal expertise, his analytic mind and his sense of loyalty will be missed by our Company and, individually, we will strongly feel the loss of the friend he had so easily become.

Without getting into the field of economic predictions, we can nevertheless wish together for the emergence of a durable revival movement. It is with careful optimism that we formulate this wish knowing perfectly well that Industrial Life and its affiliated companies will make good use of any period of relative stability.

André Charron, Q.C.  
Chairman of the Board of Directors

# Corporate Structure Industrial Life Group



## Review of 1982 operations



Throughout 1982, Industrial Life responded strikingly and almost instantaneously to the challenge shared with us last year by our new Chairman of the Board of Directors, Mr. André Charron.

"Industrial Life in evolution" that he then proposed to us has followed "the movement through which institutions are made and changed continuously". The most important movement was the simultaneous acquisition at mid-year of The Northern Life Assurance Company of Canada based in London, Ontario, and of The North West Life Assurance Company of Canada based in Vancouver, B.C. Through these acquisitions, Industrial Life is now heading a Canadian network of companies offering a full range of life, health and pension products.

One of these companies' active presence in several U.S. states gives a particular significance to "evolution" and provides us with the challenge of the future. Dynamic leadership and well-organized coordination are essential to ensure a rational growth of this network throughout Canada, spreading to most of the North American continent in due time.

Simultaneously, Industrial Life always seeking better ways to serve its members remained ahead of its competitors, thus maintaining its role of innovator in the industry. Further refinements in its permanent insurance products along consumer oriented avenues and the maintenance of the universal enhancement of the nominal amount of insurance under its contracts have prompted similar initiatives from its competitors who used various formulas always in the best interest of the buying public.

More detailed comments on the 1982 operations are presented in the following pages of this report under the signature of those more directly responsible for our various activities. I will rather take an inventory with the reader of the overall resources that will henceforth be part of "The Industrial Life Group".

Our general insurance subsidiaries, The Equitable and Industrial General, have experienced spectacular positive reversals in their technical and financial results while continuing to service personal lines through two different distribution systems.

More affected by the economic climate and the resulting restraints, our data processing services subsidiaries, IST and MICR, have nevertheless managed to strengthen their respective positions in the market, thus allowing our insured members to participate collectively in their Company's dynamic presence in this field of advanced technology.

Industrial Life's assets by themselves have passed the \$1 billion mark in 1982 while those of the entire group totalled \$1,526,549,108 at the end of the year. This impressive figure is in itself a measure of the financial power in our hands but it also accentuates our responsibility as trustees whose main obligation is to safeguard the security of this principal while investing it for maximum yield.

The group's total revenues amount to \$478,444,947, of which \$146,107,146

come directly from investments, underlining again the importance of this function in our overall operations.

Main disbursements for insurance companies are, of course, made for the benefit of policyholders and their beneficiaries and our group so paid out \$207,594,294 in 1982 while increasing actuarial reserves by \$89,385,832 to guarantee future payments of all our contractual obligations.

At the same time, the group of companies paid \$90,667,645 in salaries and commissions to 2,840 employees located in head offices and branch offices or working as full-time sales representatives. Part of this sum was paid to independent brokers doing business with various components of our group.

The consolidated value of all subsidiaries now amounts to \$75,466,435, established at cost for the 1982 acquisitions and at the net equity value for all the others. The accumulated surplus of Industrial Life amounts to \$121,746,164, of which \$101,361,161 is unappropriated, indicating that our expansion activities, although aggressive, remain prudent and well controlled.

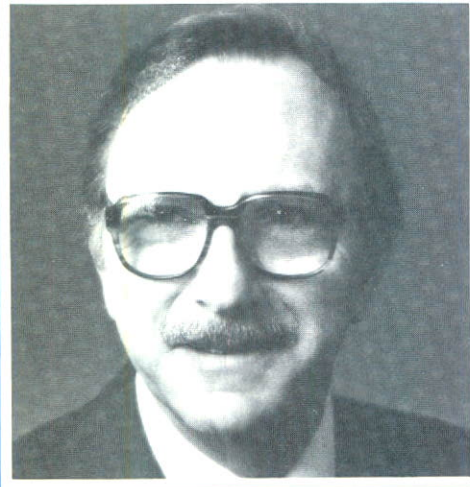
It is with evident pride that I invite you to scrutinize all facets of our 1982 Annual Report. You will probably discover some interesting points that we had to bypass or that we omitted to bring to light. You will also recognize the outstanding financial soundness built by a disciplined past as well as the commendable results brought about by all men and women presently dedicated to extending their Company's economic strength.

You will certainly share our enthusiasm towards an almost limitless future that will be fashioned in cooperation with all our partners for the better economic health of our community.

*Robert Bégin*  
Robert Bégin, F.S.A.

President and Chief Executive Officer

## Sales Operations



Jean-Paul Pouliot, B. Com.  
Senior Vice-President  
Marketing

On the whole, our sales organization at Industrial Life produced during the year 1982 a record volume of new business amounting to \$2,990,803,635 divided as follows:

|                           | \$            |
|---------------------------|---------------|
| Individual life insurance | 2,680,623,979 |
| Individual annuities      | 165,054,396   |
| Group life insurance      | 84,191,360    |
| Group annuities           | 60,933,900    |

For the first time in our history, we have sold more than 100,000 individual life insurance policies in the same year, thus bringing the total number of persons protected by our Company in various fashions to more than 817,000 with over 523,000 under individual contracts and close to 294,000 under group contracts.

These results are due to many factors, among them the continued growth in the number of sales representatives, the search for improved professionalism and increased individual productivity. In fact, the number of full-time sales representatives rose during 1982 from 640 to about 800 without including those involved in sales management and hundreds of independent brokers. This sales force, whatever the status under which each one operates, seeks betterment through permanent education and participates actively in the three levels of courses offered at our Head Office; it also profits by similar initiatives sponsored by institutionalized organizations, such as the life underwriters advanced training course (LUATC), the certified life underwriters course (CLU) and

the agency management training course (AMTC). Finally, the average income of our sales personnel now ranks among the best in the industry due to a 100% increase in individual productivity over the last five years.

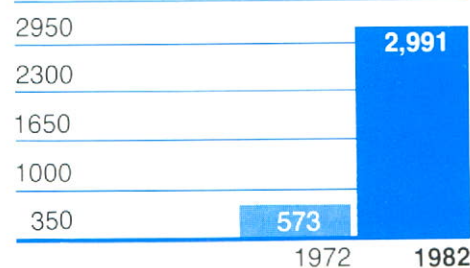
Another contributing factor is the increasing popularity of Modular Plus, an innovative product introduced in 1979, twice revised and improved since then, which through the diversity of its modules offers a permanent, flexible and universal program of insurance protection and savings.

The needs of the consumer change rapidly in reaction to a moving and often difficult economic environment and so produce increased competition and the need for improved and better adjusted products. However, the agent/consumer relationship seems relatively immune to these changes: the methods of prospecting to meet potential clients and the way to discuss and program with those prospects to fulfil their needs are almost the same as they were in the past. Moreover, it is now evident that economic uncertainties prompt the public to seek the advice of life insurance representatives and to appreciate even more the various services rendered by competent advisers.

This constant search for a well-informed sales force, which is dynamic and dedicated to the service of the clientele, was and remains a priority, always being the most valued asset in our organization. Strengthened by this fundamental element, never fully secured, however, we enter 1983 with great optimism!

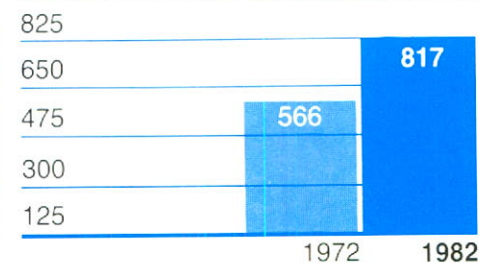
### NEW BUSINESS

(in millions of dollars)



### NUMBER OF POLICYHOLDERS

(in thousands)





## Financial Operations



P.-Émile Reinhardt, C.F.A.  
Senior Vice-President  
Finance

The assets of Industrial Life now total \$ 1,020,802,261, thus reaching the long sought objective of joining the restricted group of life insurance companies with assets over \$ 1 billion.

The payment in full of our acquisitions during the year has restricted our other investment activities. However, we have continued our purchases of high quality retractable preferred shares which provide an attractive after tax yield. We also maintained our activities in the mortgage loan department, accepting \$ 52 million in new loans to increase our portfolio to \$ 503,780,224, or 49.4% of total assets. We now hold and administer close to 10,000 mortgage loans of which the average amount outstanding is slightly over \$ 50,000. Such diversity and our high standards of quality have produced one of the lowest rates of delinquency, even during the current period of economic difficulties. To better cope with administrative problems, we have converted this line of business to a new data processing system that will also allow us to easily absorb any future growth while improving the quality of our service in this field.

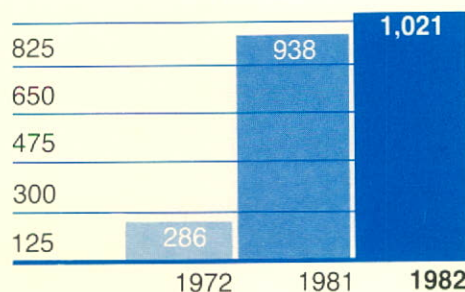
Total net investment income increased rapidly to reach \$ 102,172,780, a very significant proportion of our total revenues of \$ 290,783,800. This type of income being repetitive and relatively easy to forecast provides a reassuring measure of stability to our total income.

For many years, we have been including a voluntary reserve in the appropriated surplus to take into account the difference between market and book values of our investments, more particularly for long-term bonds. The recent decline in interest rates improved the market value of our bond portfolio from 75.5% of its book value last year to 94.4% this year, allowing us to transfer an amount of \$ 14,376,090 from the appropriated surplus to the non-appropriated surplus.

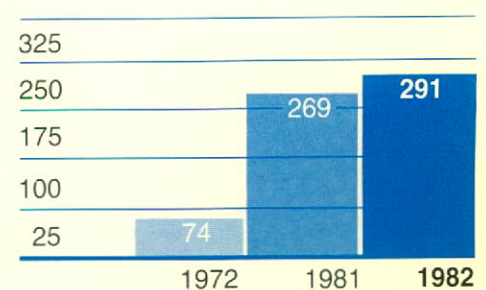
The increasing popularity of life insurance products closely tied to current interest rates, together with the very competitive market, has reduced profit margins and emphasized the need for closely matching investments to the guarantees given in insurance contracts. At Industrial Life, we respect this principle of matching in order to safeguard the security of these new types of products, to permit rapid reaction to changes in interest rates and to produce renewal conditions in the best interest of our clients.

We hope that the frequent and violent fluctuations of interest rates in the last few years will abate; that the trend to reduced interest rates will continue in parallel with inflation, thus allowing for a slow but persistent economic recovery. This would provide favourable investment conditions suitable to the pursuit of our Company's overall objectives.

**TOTAL ASSETS**  
(in millions of dollars)



**TOTAL INCOME**  
(in millions of dollars)



## Insurance Operations



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

Business in force at Industrial Life on December 31, 1982, totalled \$12,780,000,000, divided by branch as follows:

|                           |                  |
|---------------------------|------------------|
| Individual life insurance | \$ 7,675,000,000 |
| Individual annuities      | 938,000,000      |
| Group life insurance      | 2,389,000,000    |
| Group annuities           | 1,778,000,000    |

It must be pointed out that in the individual life insurance branch, the total attained has almost doubled over the last three years on account of a more favourable retention rate of existing business than the average in the industry and because of the very substantial volume of sales during this short period.

Total premium income under individual contracts amounts to \$114,8 million while the group operations account for \$70,5 million. Group life and health premiums collected in 1982 were 15,25% above those for 1981. Through a better claims ratio, this branch produced very positive financial results this past year.

During 1982, our Company paid out \$128,461,579 to its policyholders and their beneficiaries, bringing the cumulative total since its foundation close to \$1 billion.

Current economic conditions together with the very intense competition between companies provoked withdrawals and transfers

representing almost 40% of benefits paid in 1982.

However, an important portion of such withdrawals was reinvested with us for the purchase of more appropriate protection and savings plans made available only in recent years. Our total disbursements also include \$23 million paid out in various forms of regular annuities, either related to disability or to pensions for life or for guaranteed periods.

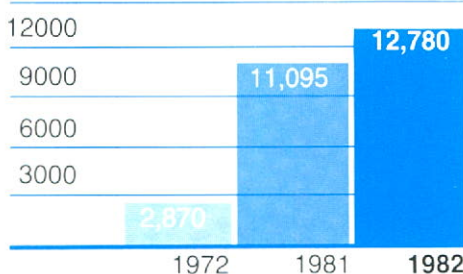
In order to meet our future contractual commitments, our Company holds adequate actuarial reserves which are determined on a conservative basis above the minimum levels required by the Québec Insurance Act.

Our Company could not have coped with the work volume resulting from the sale of more than 100,000 individual policies without the close and constant cooperation of all its employees, adequately sustained by modern and sophisticated data processing systems. With the increased work experience of our very stable employee force and various education programs, we have not only succeeded but, at the same time, improved procedures and reduced processing time.

This increased productivity, accompanied by an excellent mortality and morbidity experience in all lines of business, has contributed to maintain our financial capacity to absorb the rapid growth of the past few years and to continue on the same course in 1983.

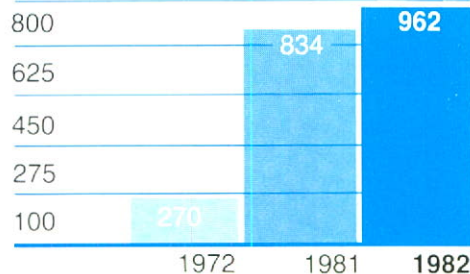
### BUSINESS IN FORCE

(in millions of dollars)

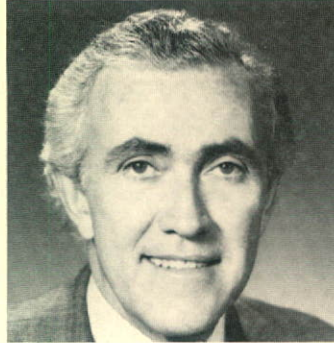


### PAYMENTS TO POLICYHOLDERS AND THEIR BENEFICIARIES SINCE 1905

(in millions of dollars)



## Management



**André Charron, Q.C.**  
Chairman of the Board



**Robert Bégin, F.S.A.**  
President  
and Chief Executive Officer



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



**Jean-Paul Pouliot, B.Com.**  
Senior Vice-President  
Marketing



**P.-Émile Reinhardt, C.F.A.**  
Senior Vice-President  
Finance



**Paul-Émile Burelle**  
Vice-President  
Sales



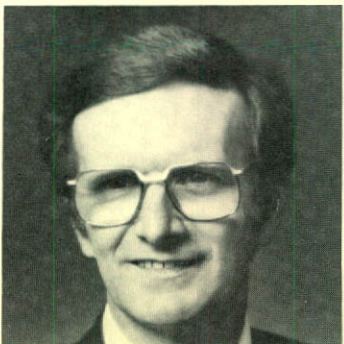
**Yvon Côté, L.Sc.Adm.**  
Vice-President  
Financial Services



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



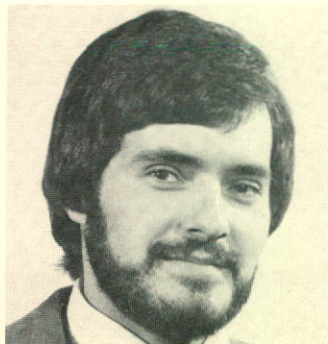
**Simon Dompierre, F.S.A.**  
Vice-President  
Group Insurance and Pensions



**Cyrille Jutras, F.S.A.**  
Vice-President  
Individual Insurance Services



**Rémi Normand, F.S.A.**  
Vice-President  
General Insurance



**Normand Pépin, F.S.A.**  
Vice-President  
Actuarial Division



**Georges Smith, LL.L.**  
Vice-President  
Human Resources

## Management

(continued)

**Charles-Édouard Angers, C.L.U.**

Director, Employee Insurance and Pension Plans

**Gaëtan Audet, C.L.U.**

Director, Instruction Programs

**Bernard Bazinet**

Director, Branch Office Administrative Services

**André Blais**

Director, Administration, Group Insurance

**Roger Blais, F.L.M.I.**

Director, Life and Health Claims

**André Blouin**

Director, Claims, General Insurance

**Pierre Blouin, L.Sc.Adm.**

Director, Analysis and Programming

**Roland Bonenfant**

Director, Montréal Regional Administration Office

**Yvon Charest, F.S.A.**

Director, Actuarial Department

**Paul-H. Chrétien, R.I.A.**

Director, Accounting

**Gilles Cloutier, B.Sc.A.**

Director of Projects, Data Processing Services

**Rodrigue Cloutier**

Director, Data Processing Production

**Hervey Côté, C.L.U.**

Superintendent, Sales

**Jacques Courville, C.L.U.**

Superintendent, Sales

**Réjean Devin, B.Sc.Phys.**

Director of Technical Services, Data Processing Services

**Robert Dionne**

Director, Québec Regional Administration Office

**Raymond Donnelly**

Senior Director, Administrative Services, Branch and Regional Offices

**Jean Dorion, C.App.**

Director of Appraisals, Mortgage Loans

**Gilles Duchesneau, M.B.A.**

Senior Director, General Insurance

**Louis Falardeau, C.F.A.**

Director of Portfolio Management

**Lucienne Forbes, LL.B.**

Associate Legal Counsel

**Jean-Guy Fortier, F.L.M.I.**

Director, Policy Records and Premium Collection

**Jean-Baptiste Fortin, F.L.M.I.**

Director, Administration, Mortgage Loans

**Valmont Garneau, B.Com.**

Senior Director, Accounting Services

**Jocelyne Gaudet**

Director, Claims, Group Insurance

**Michel Gauthier, B.Sc.Math.**

Senior Director, Data Processing Services

**Laurent Gilbert**

Director, Underwriting, Mortgage Loans

**Jocelyne G. Gravel**

Director, Underwriting, General Insurance

**François Harvey, C.A.**

Director of Internal Auditing

**Jean-Marc Lavoie, F.L.M.I.**

Senior Director, Sales Personnel Remuneration and Sales Secretariat

**Claude Lemieux**

Director, Underwriting

**Robert Mailloux**

Assistant Vice-President, Mortgage Loans

**André Marceau**

Director, Sales Secretariat

**Jean-Marie Moisan, C.App.**

Assistant Vice-President, Real Estate Investments

**Hermann Morissette, A.S.A.**

Director of Taxation

**Joe O'Farrell, R.I.A.**

Director, Personnel

**René Paré, F.L.M.I.**

Superintendent, Sales

**Guy Pilote**

Director, Policy Contracts, Individual Insurance

**Sheila Quinn, F.S.A.**

Actuary, Group Pensions

**Marcel Racine**

Director, Supportive Administrative Services

**Marc Renaud**

Director, Policy Contracts, General Insurance

**Gaston Rivard**

Director, Branch Office Administrative Services

**Richard St-Louis, M.B.A.**

Director of Personnel Development

**Jacques Simard**

Director, Sales Personnel Remuneration

**Jacques Taché, LL.L.**

Legal Counsel

**Claude Tessier, B.Sc.A.**

Director, Administration, Real Estate Investments

**Gaston Thibault, C.L.U.**

Director, Sales Promotion

**Adrien Toulouse, C.L.U.**

Superintendent, Sales

**Raymond Tremblay, B.Com.**

Director, Underwriting, Group Insurance

**Tom Tuck**

Director, Toronto Regional Administration Office

**Michel Turcotte, F.S.A.**

Senior Director, Group Insurance

**Jean-Charles Vézina, B.Com.**

Director, Office Administrative Services

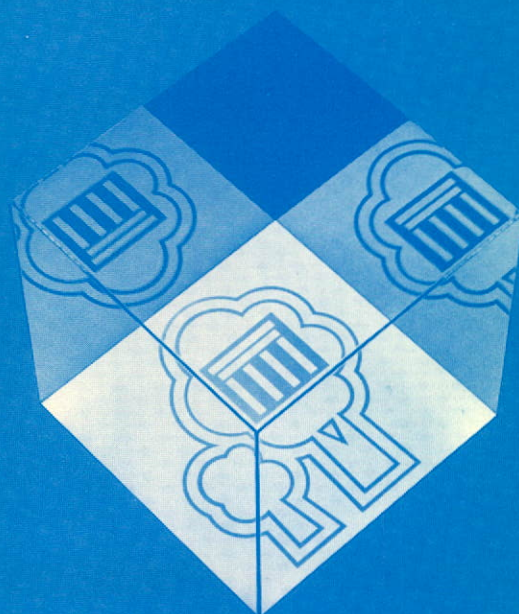
## Our service network

| PROVINCE OF QUÉBEC           |  | DIRECTORS                  |
|------------------------------|--|----------------------------|
| <b>ABITIBI-TÉMISCAMINGUE</b> | 20 Gamble St. W., Rouyn J9X 2R2                                | Serge Aubry, C.L.U.        |
| <b>CHICOUTIMI</b>            | 1212 Talbot Blvd., Chicoutimi G7H 4B7                          | Paul-H. Tremblay, C.L.U.   |
| Alma                         | 425 Sacré-Coeur St. W., Alma G8B 1M4                           |                            |
| Dolbeau                      | 335, 8 <sup>th</sup> Avenue, Dolbeau G8L 3E4                   |                            |
| Jonquière                    | 2310 St-Dominique St.,<br>Jonquière G7X 6L8                    |                            |
| <b>GRANBY</b>                | 183 Principale St., Granby J2G 2V5                             | Roger Champagne, C.L.U.    |
| Drummondville                | 220 Brock St., Drummondville J2C 1M3                           |                            |
| <b>HULL-OTTAWA</b>           | 768 St-Joseph Blvd., Hull J8Y 4B8                              | Robert Gagnon, C.L.U.      |
| <b>LABELLE</b>               | 11 Principale St. N.,<br>L'Annonciation J0T 1T0                | Richard Lefebvre           |
| <b>L'ESTRIE</b>              | 2851 King St. W., Sherbrooke J1L 1C6                           | Richard Lemieux, C.L.U.    |
| <b>MAURICIE</b>              | 4320 Royal Blvd., Shawinigan G9N 7X7                           | Robert Ménard              |
| Grand-Mère                   | 555 7 <sup>th</sup> Street, Grand-Mère G9T 4N1                 |                            |
| Louiseville                  | 550 St-Laurent Blvd. E.,<br>Louiseville J5V 2R5                |                            |
| <b>ST-GEORGES</b>            | 11773 1 <sup>st</sup> Avenue, St-Georges E.,<br>Beauce G5Y 2C7 | Patrice Jacques            |
| <b>ST-HYACINTHE</b>          | 3100 Laframboise Blvd.,<br>St-Hyacinthe J2S 4Z4                | Roger Landry, C.L.U.       |
| Sorel                        | 67 Georges St., Sorel J3P 1C2                                  |                            |
| Beloil                       | 535 Laurier Blvd., Beloil J3G 5E9                              |                            |
| <b>ST-JEAN</b>               | 929 Séminaire Blvd., St-Jean J3A 1B6                           | David Suissa, C.L.U.       |
| <b>ST-JÉRÔME</b>             | 331 Labelle St., St-Jérôme J7Z 5L2                             | Claude Beauchamp           |
| <b>SHERBROOKE</b>            | 2910 Portland Blvd., Sherbrooke J1L 1T1                        | Réjean Fortier             |
| <b>THETFORD-MINES</b>        | 222 Smith Blvd. S., Thetford-Mines G6G 6N7                     | Viateur Landry             |
| Ste-Marie                    | 114 Notre-Dame St.,<br>Ste-Marie de Beauce G0S 2Y0             |                            |
| Victoriaville                | 17A, De Coursol St., Victoriaville G6T 3Y9                     |                            |
| <b>TROIS-RIVIÈRES</b>        | 300 Barkoff Blvd.,<br>Cap-de-la-Madeleine G8T 2A3              | Claude Courval, C.L.U.     |
| <b>VALLEYFIELD</b>           | 185A, Victoria St., Valleyfield J6T 1A7                        | Jules E. Charbonneau       |
| Châteauguay                  | 69 St-Jean-Baptiste Blvd.,<br>Châteauguay J6J 5L7              |                            |
| Cornwall                     | 4 Montréal Rd., Cornwall K6H 1B2                               |                            |
| Pincourt                     | 95 5 <sup>th</sup> Avenue, Pincourt J7V 5K8                    |                            |
| METROPOLITAN MONTRÉAL        |  |                            |
| <b>BEAUBIEN</b>              | 4001 Crémazie Blvd. E., Montréal H1Z 2L4                       | Bernard St-Jacques         |
| <b>BEAUGRAND</b>             | 5125 du Trianon St., Montréal H1M 2S5                          | Raymond Moreau, C.L.U.     |
| Joliette                     | 384 Manseau Blvd., Joliette J6E 3E1                            |                            |
| <b>CARTIER</b>               | 1079 Chambly Rd., Longueuil J4H 3N7                            | Raymond Jérôme, C.L.U.     |
| <b>CHAMPLAIN</b>             | 1680 Provencher Blvd., Brossard J4W 2Z7                        | J. René Désy               |
| <b>DUVERNAY</b>              | 3100 de la Concorde Blvd.,<br>Duvernay H7E 2B8                 | Jacques LeGuerrier, C.L.U. |
| <b>LANGELIER</b>             | 7077 Beaubien St. E., Anjou H1M 2Y2                            | Michel Carrière            |

## Our service network

(continued)

|  |   |                            |
|--|---|----------------------------|
| <b>LAVAL</b>                                 | 1717 St-Martin Blvd. W., Laval H7S 1N2              | Gilles Beauchamp           |
| <b>LE LAURENTIEN</b>                         | 2525 Daniel Johnson Blvd., Laval H7T 1S9            | Michel Belley Jr.          |
| <b>MERCIER</b>                               | 2074 Thierry St., LaSalle H8N 1H7                   | Richard Jalbert            |
| Dorval                                       | 189 Hymus Blvd., Pointe-Claire H9R 1E9              |                            |
| <b>MONT-ROYAL</b>                            | 50 Place Crémazie W., Montréal H2P 2T6              | Marcel Alarie, C.L.U.      |
| <b>MONTRÉAL-MAISONNEUVE</b>                  | 1212 Jean Talon St. E., Montréal H2R 1W2            | J. Fernand Sasseville      |
| <b>RIVE-SUD</b>                              | 7005 Taschereau Blvd., Brossard J4Z 1A7             | René Bilodeau, C.L.U.      |
| <b>ST-DENIS</b>                              | 1115 Louvain St. E., Montréal H2M 2E6               | Charles E. Levesque        |
| <b>VILLE-MARIE</b>                           | 100 Alexis Nihon Blvd.,<br>Ville St-Laurent H4M 2N9 | Joseph Assayag, C.L.U.     |
| <b>WESTMOUNT</b>                             | 4060 Ste-Catherine St. W., Montréal H3Z 2Z3         | Mathieu Dubé               |
| <b>METROPOLITAN QUÉBEC</b>                   |   |                            |
| <b>CHAUVEAU</b>                              | 8500 Henri-Bourassa Blvd.,<br>Charlesbourg G1G 5X1  | Doris Lachance             |
| <b>ETCHEMIN</b>                              | 1900 9 <sup>th</sup> Avenue, Charny G6W 6E5         | Jean-Paul Deschênes        |
| <b>LÉVIS</b>                                 | 91 St-Georges St. W., Lévis G6V 6K8                 | Jean Tourigny, C.L.U.      |
| <b>QUÉBEC-CENTRE</b>                         | 2835 Gomin Rd., Ste-Foy G1V 2K1                     | Ben Bouchard, C.L.U.       |
| <b>QUÉBEC-LAURIER</b>                        | 825, rue St-Jean-Baptiste, Québec G2E 5B7           | Roland Dubeau, C.L.U.      |
| <b>STE-FOY</b>                               | 3188 Ste-Foy Rd., Ste-Foy G1X 1R4                   | Raymond Deschênes, C.L.U.  |
| <b>PROVINCE OF NEW-BRUNSWICK</b>             |   |                            |
| <b>ATLANTIC</b>                              | 52 Bonaccord St., Moncton E1C 5K7                   | Joseph Poitras             |
| <b>MADAWASKA</b>                             | 12 Court St., Edmunston E3V 1S2                     | Jeannot Turgeon            |
| <b>MARITIMES</b>                             | 777 Main St., Moncton E1C 1E9                       | Hermel Poitras             |
| <b>PROVINCE OF ONTARIO</b>                   |   |                            |
| <b>ETOBICOKE</b>                             | 65 The East Mall, Etobicoke M8Z 5W3                 | Beene Moed                 |
| <b>TIMMINS</b>                               | 10 Cedar St. S., Timmins P4N 7C5                    | Roger L. Piquette          |
| <b>TORONTO</b>                               |   |                            |
| <b>AL G. BROWN AND ASSOCIATES</b>            | 825 Eglinton Ave. W., Toronto M5N 1E7               | Al G. Brown, C.L.U.        |
| <b>EGLINTON</b>                              | 90 Eglinton Ave. E., Toronto M4P 2Y3                | Murray Tenebaum, C.L.U.    |
| <b>TORONTO-YORK</b>                          | 90 Eglinton Ave. E., Toronto M4P 2Y3                | Donald J. Brown            |
| <b>GROUP INSURANCE AND PENSIONS</b>          |   |                            |
| <b>QUÉBEC</b>                                | 2700 Laurier Blvd., Ste-Foy G1V 2L8                 | Raynald Winstall, C.L.U.   |
| <b>MONTRÉAL</b>                              | 625 Président Kennedy Ave.,<br>Montréal H3A 1K2     | Kevin J.R. Conroy          |
| <b>TORONTO</b>                               | 90 Eglinton Ave. E., Toronto M4P 2Y3                | K. Murray Swift            |
| <b>MORTGAGE LOANS</b>                        |   |                            |
| <b>QUÉBEC</b>                                | 2535 Laurier Blvd., Ste-Foy G1V 4M3                 | Jean Trahan, C.App.        |
| <b>MONTRÉAL</b>                              | 625 Président Kennedy Ave.,<br>Montréal H3A 1K2     | Richard Beauchemin, C.App. |
| <b>REGIONAL ADMINISTRATION OFFICES</b>       |   |                            |
| <b>MONTRÉAL</b>                              | 3170 Beaubien St. E., Montréal H1X 3B9              | Roland Bonenfant           |
| <b>TORONTO</b>                               | 90 Eglinton Ave. E., Toronto M4P 2Y3                | Tom Tuck                   |
| <b>BRANCH OFFICE ADMINISTRATIVE SERVICES</b> |   |                            |
| <b>MONTRÉAL</b>                              | 7077 Beaubien St. E., Anjou H1M 2Y2                 | Bernard Bazinet            |



**Financial statements**

**Income**

year ended December 31, 1982

(in thousands of dollars)

| <b>INCOME</b>  | <b>1982</b>    | <b>1981</b>    |
|--|----------------|----------------|
|  | \$             | \$             |
| Premiums   | 185,227        | 180,023        |
| Net investment income (note 8)                                       | 102,173        | 85,805         |
| Contributions to employees' pension and insurance funds              | 3,384          | 3,366          |
|  | <b>290,784</b> | <b>269,194</b> |
| <b>APPROPRIATION OF INCOME</b>                                       |                |                |
| Normal increase in actuarial reserve                                 | 52,580         | 54,465         |
| Claims incurred  | 128,461        | 125,418        |
| Dividends and group experience refunds                               | 9,280          | 10,382         |
| Interest credited to amounts on deposit                              | 3,457          | 2,384          |
| Commissions  | 36,880         | 30,409         |
| Taxes, licences and fees   | 2,288          | 1,974          |
| General expenses   | 29,004         | 24,912         |
| Payments from and increase in employees' pension and insurance funds | 6,096          | 5,334          |
| Miscellaneous  | 11,506         | 2,675          |
|  | <b>279,552</b> | <b>257,953</b> |
| Net income before income taxes                                       | 11,232         | 11,241         |
| Income taxes (credit)  | 402            | (4,062)        |
| <b>Net income for the year</b>                                       | <b>10,830</b>  | <b>15,303</b>  |



**Surplus**

year ended December 31, 1982

(in thousands of dollars)

| <b>APPROPRIATED SURPLUS</b> (note 7)   | <b>1982</b>    | <b>1981</b> |
|--|----------------|-------------|
|  | \$             | \$          |
| Balance at beginning   | <b>24,918</b>  | 45,283      |
| Changes in additional reserves   | <b>(9,335)</b> | 3,215       |
| Changes in valuation reserve for stocks and deferred capital gains and losses realized on bonds and stocks | <b>4,802</b>   | (23,580)    |
| Balance at end   | <b>20,385</b>  | 24,918      |
| <b>UNAPPROPRIATED SURPLUS</b>  |                |             |
| Balance at beginning   | <b>79,660</b>  | 67,554      |
| Net income for the year  | <b>10,830</b>  | 15,303      |
| Changes in valuation of actuarial reserve  | <b>1,536</b>   | —           |
| Transfer to appropriated surplus for additional reserves   | <b>9,335</b>   | (3,215)     |
| Non-amortizable capital gains (losses)   | —              | 18          |
| Balance at end   | <b>101,361</b> | 79,660      |

## Balance sheet

as of December 31, 1982

(in thousands of dollars)

## Assets

| <b>INVESTMENTS</b>                | <b>1982</b>      | <b>1981</b>    |
|-----------------------------------|------------------|----------------|
| Bonds (note 2)                    | \$ 268,805       | \$ 274,148     |
| Stocks (note 3)                   | 51,120           | 41,466         |
| Mortgage loans                    | 503,780          | 483,223        |
| Real estate (note 4)              | 44,632           | 45,348         |
| Policy loans                      | 34,049           | 30,634         |
| Term deposits                     | 3,953            | 8,000          |
| Subsidiaries (note 9)             | 75,466           | 20,003         |
|                                   | <b>981,805</b>   | <b>902,822</b> |
| <b>OTHER ASSETS</b>               |                  |                |
| Investment income due and accrued | 13,528           | 13,851         |
| Outstanding premiums              | 5,307            | 5,678          |
| Amounts receivable                | 1,196            | 1,508          |
| Miscellaneous (note 5)            | 2,576            | 2,010          |
| Income taxes recoverable          | 491              | 4,089          |
| Segregated funds                  | 15,899           | 7,809          |
|                                   | <b>38,997</b>    | <b>34,945</b>  |
|                                   | <b>1,020,802</b> | <b>937,767</b> |

On behalf of the Board:  
 André Charron, Director  
 Robert Bégin, Director

## Liabilities

| <b>ACTUARIAL LIABILITIES</b>                         | <b>1982</b>      | <b>1981</b>    |
|--|------------------|----------------|
|  | \$               | \$             |
| Actuarial reserve (note 6)                           | 777,827          | 726,783        |
| Provision for dividends and group experience refunds | 9,922            | 10,714         |
| Provision for unreported claims                      | 6,299            | 6,131          |
| Employees' pension and insurance funds               | 26,861           | 22,487         |
|  | <b>820,909</b>   | <b>766,115</b> |
| <b>OTHER LIABILITIES</b>                             |                  |                |
| Amounts on deposit                                   | 34,592           | 33,686         |
| Premiums paid in advance                             | 4,604            | 3,431          |
| Other contractual liabilities                        | 1,846            | 1,703          |
| Unsettled claims                                     | 3,746            | 3,431          |
| Accounts payable and accrued expenses                | 5,164            | 3,786          |
| Bank overdrafts and loans                            | 5,185            | 3,702          |
| Miscellaneous  | 7,111            | 9,526          |
| Segregated funds                                     | 15,899           | 7,809          |
|  | <b>78,147</b>    | <b>67,074</b>  |
| <b>POLICYHOLDERS' EQUITY</b>                         |                  |                |
| Surplus — appropriated (note 7)                      | 20,385           | 24,918         |
| — unappropriated                                     | 101,361          | 79,660         |
|  | <b>121,746</b>   | <b>104,578</b> |
|  | <b>1,020,802</b> | <b>937,767</b> |

## Notes to financial statements

### 1. SIGNIFICANT ACCOUNTING POLICIES

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

— Income taxes are provided for on a "taxes payable" basis;

— Realized gains and losses on disposal of stocks and bonds as well as unrealized gains and losses on stocks are recorded in the appropriated surplus account and amortized to operations on a straight-line basis over a period of 10 years.

### 2. BONDS

Bonds are carried at cost, adjusted by amortization of premiums and discounts.

### 3. STOCKS

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

|              | 1982       | 1981       |
|--------------|------------|------------|
|              | \$         | \$         |
| Market value | 51,119,530 | 41,466,218 |
| Cost         | 40,695,835 | 34,378,488 |

### 4. REAL ESTATE

|                                 | COST         | ACCUMULATED DEPRECIATION | NET VALUE 1982 | NET VALUE 1981 |
|---------------------------------|--------------|--------------------------|----------------|----------------|
|                                 | \$           | \$                       | \$             | \$             |
| Real estate held for investment | 64,589,683   | 3,252,857                | 61,336,826     | 61,570,330     |
| Related mortgage debts          | (25,083,985) | —                        | (25,083,985)   | (25,366,027)   |
|                                 | 39,505,698   | 3,252,857                | 36,252,841     | 36,204,303     |
| Repossessed properties          | 3,478,012    | —                        | 3,478,012      | 4,382,566      |
| Head Office building            | 6,845,720    | 1,944,482                | 4,901,238      | 4,761,347      |
|                                 | 49,829,430   | 5,197,339                | 44,632,091     | 45,348,216     |

Depreciation is principally computed on a sinking fund basis. Depreciation for the year is \$632,332 (\$533,737 in 1981).

### 5. MISCELLANEOUS ASSETS

|                       | COST      | ACCUMULATED DEPRECIATION | NET VALUE 1982 | NET VALUE 1981 |
|-----------------------|-----------|--------------------------|----------------|----------------|
|                       | \$        | \$                       | \$             | \$             |
| Equipment for leasing | 207,265   | 99,488                   | 107,777        | 145,085        |
| Furniture             | 1,781,827 | 846,140                  | 935,687        | 849,239        |
|                       | 1,989,092 | 945,628                  | 1,043,464      | 994,324        |
| Advances to agents    |           |                          | 1,532,362      | 1,015,789      |
|                       |           |                          | 2,575,826      | 2,010,113      |

Depreciation is computed on a straight-line basis at the annual rate of 20%. Depreciation for the year is \$274,432 (\$249,617 in 1981).

### 6. ACTUARIAL RESERVE

The actuarial reserve as of December 31, 1982, calculated under the net level premium method, amounts to \$817,227,774. Deferred acquisition expenses in the amount of \$39,400,332 have been

deducted, leaving a net reserve of \$777,827,442.

The net actuarial reserve determined in accordance with the method prescribed in the general regulation of the Québec Insurance Act amounts to \$742,712,638.

**7. APPROPRIATED SURPLUS**

|   | 1982              | 1981              |
|---|-------------------|-------------------|
|   | \$                | \$                |
| Reserve for group life insurance mortality fluctuations   | 958,151           | 964,213           |
| Reserve for accident and sickness fluctuations  | 4,746,762         | 4,094,784         |
| Additional reserve for negative reserves  | 6,959,735         | 2,564,891         |
| Reserve for fluctuations in market value of investments   | 20,927,652        | 35,303,742        |
| Valuation reserve for stocks and deferred capital gains and losses realized on bonds and stocks | (13,207,297)      | (18,009,162)      |
| <b>Appropriated surplus</b>   | <b>20,385,003</b> | <b>24,918,468</b> |

**8. NET INVESTMENT INCOME**

Investment income is shown net of related expenses of \$7,749,882 (\$7,428,287 in 1981). Furthermore, it includes the company's prorata

share of \$4,127,408 in the net income of subsidiaries (\$481,035 in 1981).

**9. SUBSIDIARIES**

Investments in subsidiaries are detailed as follows:

| AT EQUITY VALUE                            | VALUE             | PRORATA SHARE OF NET PROFIT (LOSS) OF YEAR |
|--|-------------------|--|
| Industrial Life-Technical Services Inc.    | \$ 16,496,498     | \$ 51,183                                  |
| The Equitable General Insurance Company    | 6,207,332         | 3,120,229                                  |
| M.I.C.R. Systems Ltd.                      | 1,803,131         | 189,008                                    |
| Industrial General Insurance Company       | 2,107,918         | 767,846                                    |
| Industrial Life, Real Estate Services Inc. | 54,140            | (858)                                      |
| <b>AT COST</b>                             |                   |  |
| Industrial Life, Management Company Inc.   | 48,763,416        | —  |
| IST-AGRO INC.                              | 34,000            | —  |
|  | <b>75,466,435</b> | <b>4,127,408</b>                           |

**10. RELATED PARTY TRANSACTIONS**

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

|   | 1982             | 1981             |
|---|------------------|------------------|
|   | \$               | \$               |
| Industrial Life-Technical Services Inc. | 2,636,140        | 2,534,683        |
| M.I.C.R. Systems Ltd.                   | 224,727          | 240,896          |
|   | <b>2,860,867</b> | <b>2,775,579</b> |

## Valuation actuary's report

I have made the valuation of the actuarial liabilities of Industrial Life Insurance Company for the purpose of its balance sheet as of December 31, 1982 and its statement of income for the year then ended. In my opinion,

- i) the valuation conforms to the Recommendations of the Canadian Institute of Actuaries for Insurance Company Financial Reporting;
- ii) the amounts for actuarial liabilities make proper provision for the future payments under the Company's contracts;
- iii) proper charges have been made in the statement of income, and
- iv) the amount of surplus appropriated for policies whose reserves are negative is proper.

Normand Pépin, F.S.A., F.C.I.A.  
Vice-President, Actuarial Division  
Québec, January 31, 1983.

## Auditors' report to policyholders

We have examined the statements of income and surplus of Industrial Life Insurance Company for the year ended December 31, 1982 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 valuation actuary, formulated in his report joined to the financial statements, as to the amount of the actuarial liabilities.

In our opinion and according to the opinion of the valuation actuary, 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, 1982 and a true and correct view of the state of its affairs at that date in accordance with the accounting principles described in note 1, applied on a basis consistent with that of the preceding year.

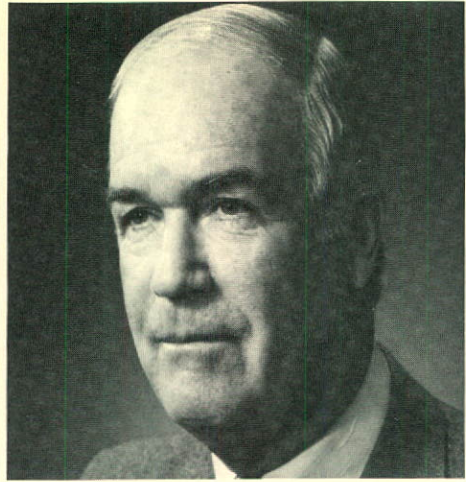
Samson  
Bélair

Chartered Accountants  
Québec, January 31, 1983.



380 Wellington Street  
London  
Ontario N6A 4G3

Chairman of the Board:  
Ronald C. Brown, B.A.



George L. Bowie  
President

Looking back over 1982, the highlight was the purchase of our Company by Industrial Life in June. Northern Life thus became a partner in the plans for a network of life insurance companies across Canada. The climate of uncertainty within the Company has been removed and our new association with Industrial Life is intended to be permanent. Management is challenged and excited by this new opportunity to grow and expand at an accelerated pace.

Northern Life, with its Head Office in London, Ontario, was founded in 1897 and operates under a federal charter across Canada. Over the years, it has acquired a wealth of experience and an excellent reputation. Northern Life underwrites a complete range of individual and group policies for life, health and disability insurance.

Individual life sales in 1982 were \$388 million, an increase of 20% over the 1981 total of \$322 million. At the end of 1982, individual life insurance in force was \$1,506 million and group life was \$1,126 million for a total of \$2,632 million. The earnings from operations amount to \$652,634 compared to a loss of \$249,000 in 1981.

During 1982, Management took a number of initiatives to correct the group health experience following an operating loss in this account of \$1,6 million in 1981. There has been a significant improvement resulting in a nominal loss for the year.

Sale of The Personal Insurance Company on June 28, 1982, in which Northern Life held an 80% equity position, created a non-amortizable loss of \$3,5 million.

Looking ahead to 1983, there will continue to be heavy demands on staff to support an ambitious program

of sales and recruiting activities, to provide new product design and to implement a computerized system for processing new business.

The depressed business environment, accompanied by a very competitive market for life insurance products, make growth and profitability harder to achieve. However, the support shown by the Industrial Life group of companies and the continued dedication of our field staff and Head Office personnel justify our enthusiasm for the future of the Company.

## CONDENSED FINANCIAL STATEMENTS AS OF DECEMBER 31, 1982

### CONDENSED INCOME STATEMENT

|                                    | \$                 |
|------------------------------------|--------------------|
| Premiums                           | 39,790,642         |
| Net investment income              | 18,082,352         |
|                                    | <b>57,872,994</b>  |
| Claims incurred                    | 34,139,105         |
| Increase in actuarial reserve      | 8,056,055          |
| Commissions                        | 4,783,347          |
| Administrative expenses and taxes  | 10,142,853         |
| Income taxes                       | 99,000             |
|                                    | <b>57,220,360</b>  |
| Earnings before extraordinary item | 652,634            |
| Loss on sale of a subsidiary       | (3,534,520)        |
| <b>Net loss</b>                    | <b>(2,881,886)</b> |

### CONDENSED BALANCE SHEET

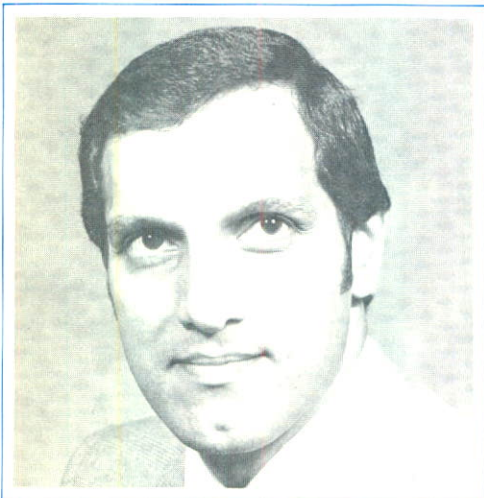
|                                     |                    |
|-------------------------------------|--------------------|
| Bonds                               | 61,982,189         |
| Stocks                              | 15,500,686         |
| Mortgage loans                      | 76,667,471         |
| Policy loans                        | 22,745,044         |
| Term deposits                       | 10,220,720         |
| Other assets                        | 8,475,823          |
| <b>Total assets</b>                 | <b>195,591,933</b> |
| Actuarial liabilities               | 145,421,069        |
| Other liabilities                   | 31,005,486         |
| Capital stocks                      | 1,000,000          |
| Retained earnings                   | 18,165,378         |
| <b>Total liabilities and equity</b> | <b>195,591,933</b> |



**The North West Life**  
ASSURANCE COMPANY OF CANADA

595 Howe Street  
12<sup>th</sup> Floor  
Vancouver, B.C. V6C 2T5

Chairman of the Board:  
Robert Bégin, F.S.A.



John B. Gill, M.B.A.  
President

In 1982, The North West Life has gone through a year of significant change and consolidation. Its new affiliation to the Industrial Life Group will bring new challenges that I shall be happy to share with all those who have contributed to the Company's past success.

Despite many economic and political difficulties during 1982, our agents have continued to enthusiastically support and promote our Company and its products. Our administrative staff has also made substantial contributions to The North West Life's progress and its current transition; for this, I thank them sincerely.

We have not been immune to the effects of the depressed economy and of the substantial increase in unemployment; new sales of life insurance and annuities in 1982 totalled \$670 million, which is down 11% from 1981.

Premium income has also been influenced by the instability of

interest rates and the resulting amount of \$47.6 million has also diminished considerably from last year, reducing the total revenue to \$71.6 million. Payments to policyholders and their beneficiaries have increased by 26% to reach \$32.7 million. Most of this increase originated through the massive movement of policies whether by outright cancellation or by transfers to other companies or other funding media. These often result in actual losses to the Company and, therefore, ways must be found to stabilize the overall situation and to

improve on the financial results of 1982.

However, two significant milestones were reached in 1982, since life insurance and annuities in force stand at \$2.2 billion and total assets at \$202 million at the end of the year.

North West Life's prospects for 1983 look most favourable; we will be enlarging our product lines early in the year and will also be taking advantage of the sophisticated data processing capabilities which exist within the Industrial Life group of companies. These and other factors make me confident that 1983 will be a prosperous year for our Company.

## CONDENSED FINANCIAL STATEMENTS AS OF DECEMBER 31, 1982

### CONDENSED INCOME STATEMENT

|                                   |                |
|-----------------------------------|----------------|
| Premiums                          | \$ 47,612,637  |
| Net investment income             | 23,937,512     |
|                                   | 71,550,149     |
| Claims incurred                   | 32,677,999     |
| Increase in actuarial reserve     | 28,749,411     |
| Commissions                       | 4,104,016      |
| Administrative expenses and taxes | 5,422,992      |
|                                   | 70,954,418     |
| <b>Net income</b>                 | <b>595,731</b> |

### CONDENSED BALANCE SHEET

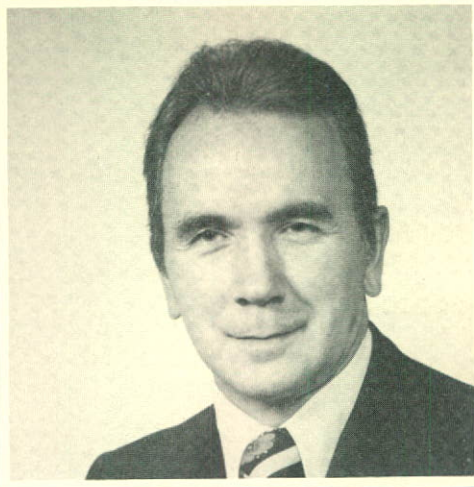
|                                     |                    |
|-------------------------------------|--------------------|
| Bonds                               | 53,304,995         |
| Stocks                              | 3,386,497          |
| Mortgage loans                      | 93,319,041         |
| Policy loans                        | 22,441,952         |
| Term deposits                       | 17,067,947         |
| Other assets                        | 12,353,970         |
| <b>Total assets</b>                 | <b>201,874,402</b> |
| Actuarial liabilities               | 179,756,025        |
| Other liabilities                   | 12,569,007         |
| Capital stocks                      | 3,267,082          |
| Retained earnings                   | 6,282,288          |
| <b>Total liabilities and equity</b> | <b>201,874,402</b> |





200 St-Jacques Street  
Montréal  
Québec H2Y 1M2

Chairman of the Board:  
Robert Bégin, F.S.A.



Rémi Normand, F.S.A.  
Vice-President  
General Insurance

The Equitable has experienced in 1982 a spectacular turnaround in its operations by correcting within the year weaknesses that were apparent at the end of 1981.

Early in the year, at the request of the Federal Superintendent of Insurance, Industrial Life subscribed \$1,5 million of additional capital in the form of redeemable preferred shares. At that time, financial results had already started to improve and the favourable trend continued throughout the year.

The Company, through various policy decisions and administrative actions, was joining the industry in a needed rationalization process that must be continued and maintained in order to avoid the repetition of previous costly basic orientations.

Earned premium income increased to \$16,030,840 while incurred claims, acquisition and administrative expenses were limited to

\$14,273,299, thus producing a technical profit attributable specifically to 1982 of \$1,757,547. Credits for deferred expenses not allocated last year increased this profit to \$2,650,658. After including investment income and providing for income taxes, an amount of \$4,810,073 was added to the accumulated surplus, bringing the total equity to \$6,612,555.

Assets increased by 37%, without taking into account the additional capital subscribed during the year,

and stood at \$22,893,403 on December 31, 1982.

The Company is back to a strong financial position and we believe it has proven to be a sound investment by our parent company. With the continued confidence of independent brokers doing business with us and with the active and competent support of our entire staff at Head Office, we can look forward to 1983 with great optimism.

#### CONDENSED FINANCIAL STATEMENTS AS OF DECEMBER 31, 1982

##### CONDENSED INCOME STATEMENT

|                                   | \$               |
|-----------------------------------|------------------|
| Net earned premiums               | 16,030,840       |
| Net investment income             | 1,292,433        |
|                                   | 17,323,273       |
| Claims and expenses               | 8,630,725        |
| Commissions                       | 1,803,884        |
| Administrative expenses and taxes | 2,945,573        |
| Income taxes                      | 633,018          |
|                                   | 14,013,200       |
| <b>Net income</b>                 | <b>3,310,073</b> |

##### CONDENSED BALANCE SHEET

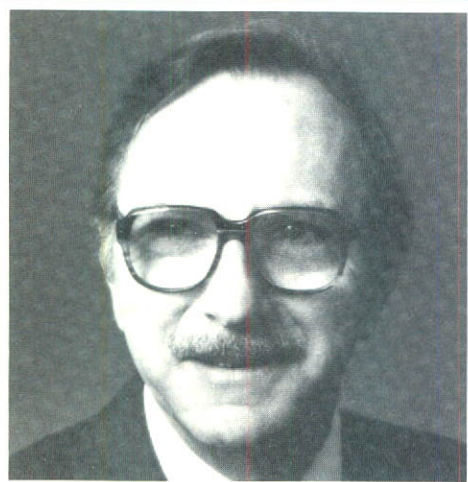
|                                     |                   |
|-------------------------------------|-------------------|
| Bonds                               | 7,818,158         |
| Stocks                              | 698,331           |
| Term deposits                       | 8,543,271         |
| Deferred acquisition expenses       | 1,777,224         |
| Other assets                        | 4,056,419         |
| <b>Total assets</b>                 | <b>22,893,403</b> |
| Unsettled claims                    | 5,212,158         |
| Unearned premiums                   | 9,308,302         |
| Other liabilities                   | 1,760,388         |
| Capital stocks                      | 2,500,000         |
| Retained earnings                   | 4,112,555         |
| <b>Total liabilities and equity</b> | <b>22,893,403</b> |



**INDUSTRIAL GENERAL**  
INSURANCE COMPANY

1080 St-Louis Road  
Sillery, Québec G1K 7M3

Chairman of the Board:  
Robert Bégin, F.S.A.



Jean-Paul Pouliot, B. Com.  
Senior Vice-President  
Marketing

As a subsidiary, Industrial General Insurance Company has a very specific role to play. It exists to broaden the field of activities for the full-time sales representatives of Industrial Life, allowing them to offer a more complete range of financial protection products while preserving their main function of life insurers. The number of such representatives now holding a general insurance permit stands at 465.

This specific objective was well pursued in 1982 while producing very satisfactory financial results. Assets have increased from \$5,001,262 to \$7,621,730 and premium income was up by 39% to \$6,701,499. After paying for all claims and administrative expenses, the technical result remained positive and, when increased by the investment income, produced a profit after tax of \$750,814.

The line of automobile insurance grew more rapidly during the year and the number of policies in force

is now 14,592, while premium income for property insurance is slightly above last year's. In both lines, better underwriting practices have considerably improved the quality of our portfolio of policies which is reflected in the sizeable reduction in the frequency of claims. Particularly in automobile insurance, this reduction confirms the general opinion that motorists are more cost conscious and thus drive less and more carefully.

Proper rate determination for better

defined classes of risk was achieved as a planned strategy to improve our competitive position wherever we deemed appropriate.

Such strategy will be pursued actively during 1983 for both lines of operation. We are convinced that this and other initiatives will allow our representatives to render additional service to a greater number of our life policyholders and still maintain the financial operations of Industrial General on a profitable basis.

## CONDENSED FINANCIAL STATEMENTS AS OF DECEMBER 31, 1982

### CONDENSED INCOME STATEMENT

|                                   |                   |
|-----------------------------------|-------------------|
|                                   | \$                |
| Net earned premiums               | 6,701,499         |
| Net investment income             | 622,069           |
|                                   | <b>7,323, 568</b> |
| Claims and expenses               | 3,684,886         |
| Commissions                       | 1,064,987         |
| Administrative expenses and taxes | 1,357,356         |
| Income taxes                      | 465,525           |
|                                   | <b>6,572,754</b>  |
| <b>Net income</b>                 | <b>750,814</b>    |

### CONDENSED BALANCE SHEET

|                                     |                  |
|-------------------------------------|------------------|
| Bonds                               | 3,017,729        |
| Stocks                              | 538,825          |
| Term deposits                       | 3,267,117        |
| Deferred acquisition expenses       | 414,508          |
| Other assets                        | 383,551          |
| <b>Total assets</b>                 | <b>7,621,730</b> |
| Unsettled claims                    | 1,529,826        |
| Unearned premiums                   | 2,722,895        |
| Other liabilities                   | 1,324,897        |
| Capital stocks                      | 1,000,000        |
| Retained earnings                   | 1,044,112        |
| <b>Total liabilities and equity</b> | <b>7,621,730</b> |



**Industrial Life-Technical Services Inc.**

2, Complexe Desjardins  
13th Floor, Tour de l'Est  
Montréal, Québec H5B 1B3

Chairman of the Board:  
Robert Bégin, F.S.A.



Maurice Martel, B. Com.  
President

IST's total revenues for the year ended on November 30, 1982 were \$28,442,571 showing an increase of almost \$7 million over the same period in 1981. However, it must be noted that more than \$4 million of this increase result directly from business acquired through purchasing of INPRO KG and of the Québec City branch of DataCrown. Our own internal growth rate was thus lower than in previous years, a direct consequence of the sluggish economy.

Our Company's total assets increased by approximately \$1 million to reach \$25,545,749 at the end of the fiscal year. Profit after income taxes at \$51,183 is short of our expectations, mainly because the economies of scale were delayed due to unexpected difficulties.

During 1982 and while integrating the acquired business, we concentrated our efforts on the development of

sophisticated softwares specially suited for the overall business management and operational needs of hospitals and municipalities. Installations are under way and more long-term contracts are secured, guaranteeing a permanent improvement of the share of future revenues produced by those and other similar vertical markets.

Industrial Life-Technical Services Inc. (IST) also intends to reach a potential clientele located in more remote regions of the Province of Québec, through the application of the distributed data processing concept. All these actions are taken

in pursuit of our constant objective which is to offer and maintain our services to various types of clients whose needs will be satisfied through the most advanced technology.

Our total human resources have now peaked at 550 employees and we believe they can collectively handle any foreseeable increase in the volume of business. This assumption is introduced in our 1983 forecasts and therefore, we should attain the level of profitability sought by our directors to properly compensate for the investments made by our parent company.

#### **CONDENSED FINANCIAL STATEMENTS AS OF NOVEMBER 30, 1982**

##### **CONDENSED INCOME STATEMENT**

|                                |               |
|--------------------------------|---------------|
|                                | \$            |
| Data processing services       | 25,276,499    |
| Management and consulting fees | 2,483,302     |
| Other income                   | 682,770       |
|                                | 28,442,571    |
| Operation                      | 25,082,725    |
| Depreciation                   | 3,308,663     |
|                                | 28,391,388    |
| <b>Net income</b>              | <b>51,183</b> |

##### **CONDENSED BALANCE SHEET**

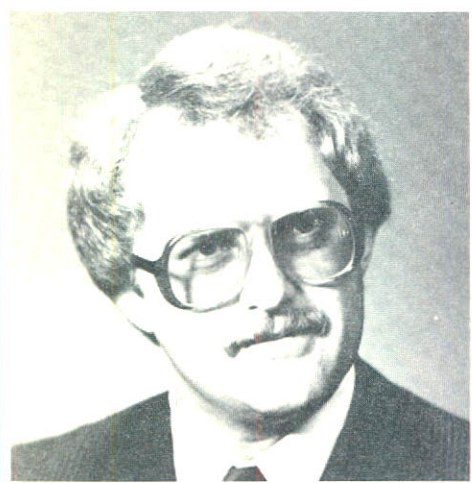
|                                     |                   |
|-------------------------------------|-------------------|
| Current assets                      | 10,009,490        |
| Fixed assets                        | 11,403,669        |
| Investments                         | 1,829,273         |
| Other assets                        | 2,303,317         |
| <b>Total assets</b>                 | <b>25,545,749</b> |
| Current liabilities                 | 2,885,708         |
| Current portion of long-term debt   | 1,445,010         |
| Long-term liabilities               | 17,021,979        |
| Capital stocks                      | 9,078,550         |
| Deficit                             | (4,885,498)       |
| <b>Total liabilities and equity</b> | <b>25,545,749</b> |



M.I.C.R. SYSTEMS LTD.

2255 Sheppard Avenue E.  
Atria North S.W. 300  
Willowdale, Ont. M2J 4Y1

Chairman of the Board:  
Robert Bégin, F.S.A.



Ted J. Shtym  
President and Chief Executive Officer

The eleven months of 1982 have been relatively good ones for M.I.C.R. Systems Ltd., especially in light of the general economic malaise stifling buying decisions.

Revenues of \$5,149,000 gave rise to a profit before taxes of \$189,000. The significantly lower revenues are attributable to the decline in sales of major systems for computer output microfilms. Because of low gross margins and increased buyer resistance, marketing of major COM systems will be discontinued in 1983 and be replaced by small office microfilm systems which address traditional microfilming needs. These new products respond directly to the expressed needs of all companies who want greater control over their own information.

This new line of products will not only allow us to expand our customer base into new business areas, it will also enable us to increase sales in our present supply products. Other profitable products addressing themselves to the increasing office needs of tomorrow are being actively sought to complement our existing facilities.

The 85 employees presently working in Montréal, Toronto and Edmonton are our Company's greatest assets.

Without their loyalty and team work, the results would have been quite different. Our total assets at \$2,873,000 are slightly lower than those of last year due mainly to a reduction in the outstanding advances from our parent company.

With the continuing support of our employees and of Industrial Life, coupled with the diversification of our products and markets, our Company should witness profitable growth in 1983.

### CONDENSED FINANCIAL STATEMENTS AS OF NOVEMBER 30, 1982

#### CONDENSED INCOME STATEMENT

|                                   |                |
|-----------------------------------|----------------|
|                                   | \$             |
| Data processing services          | 2,863,223      |
| Sales of data processing supplies | 2,267,309      |
| Other income                      | 18,060         |
|                                   | 5,148,592      |
| Operation                         | 4,753,657      |
| Depreciation                      | 205,927        |
|                                   | 4,959,584      |
| <b>Net income</b>                 | <b>189,008</b> |

#### CONDENSED BALANCE SHEET

|                                     |                  |
|-------------------------------------|------------------|
| Current assets                      | 2,112,215        |
| Fixed assets                        | 719,416          |
| Investments                         | 41,000           |
| <b>Total assets</b>                 | <b>2,872,631</b> |
| Current liabilities                 | 579,124          |
| Current portion of long-term debt   | 200,000          |
| Long-term liabilities               | 2,090,376        |
| Capital stocks                      | 476,582          |
| Deficit                             | (473,451)        |
| <b>Total liabilities and equity</b> | <b>2,872,631</b> |







