

1983 ANNUAL REPORT



INDUSTRIAL LIFE

INDUSTRIAL LIFE

INSURANCE COMPANY

1 9 8 3 A N N U A L R E P O R T



INDUSTRIAL LIFE
INSURANCE COMPANY

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The Annual Meeting is held on the second Monday of March each year.

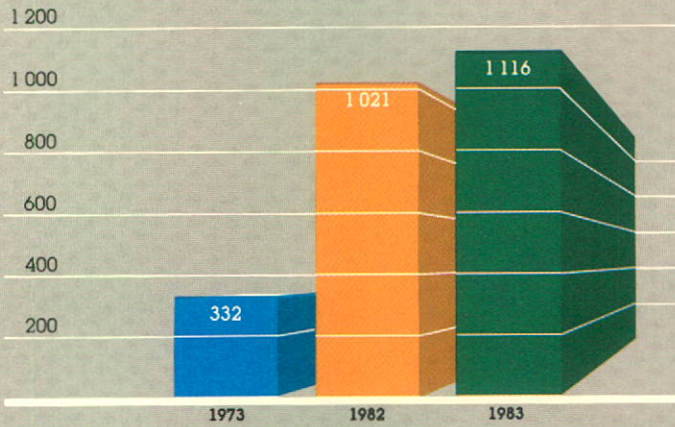
Annual Meeting:
Head Office
1080 St-Louis Road
Sillery, Québec G1K 7M3
March 12, 1984

A Glance at 1983



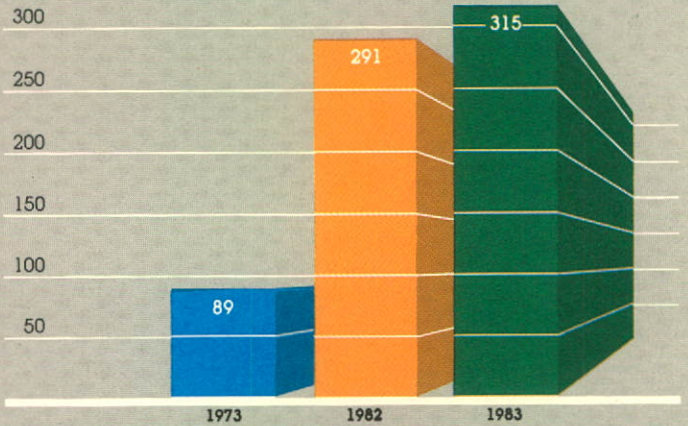
TOTAL ASSETS

(In millions of dollars)



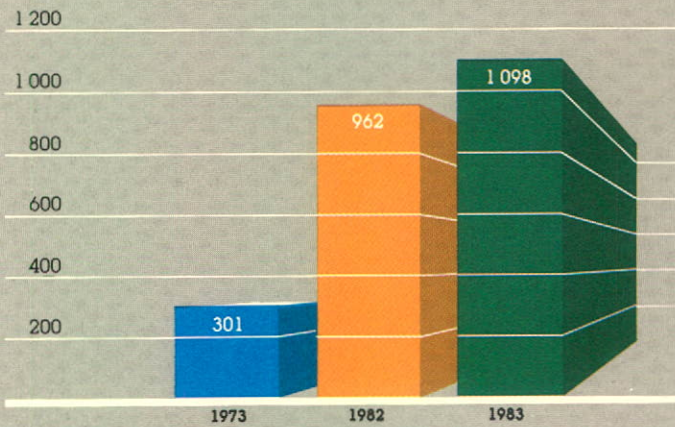
TOTAL INCOME

(In millions of dollars)



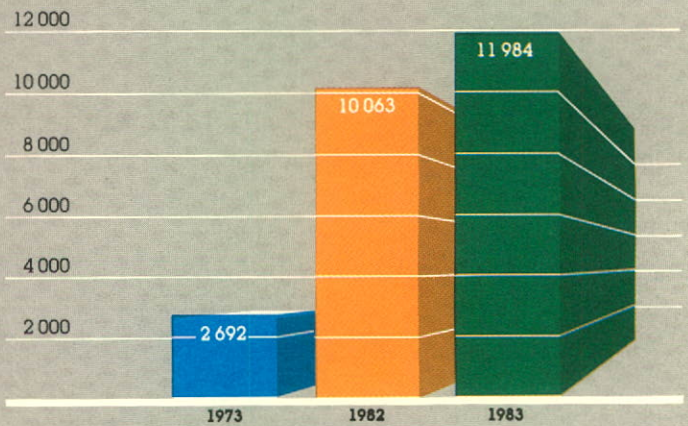
PAYMENTS TO POLICYHOLDERS AND THEIR BENEFICIARIES SINCE 1905

(In millions of dollars)



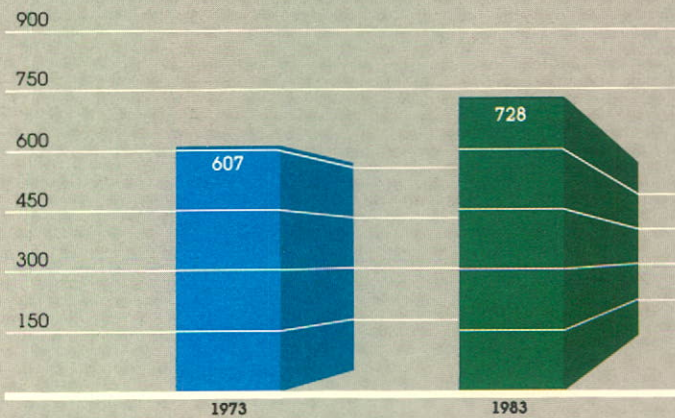
INSURANCE IN FORCE

(In millions of dollars)



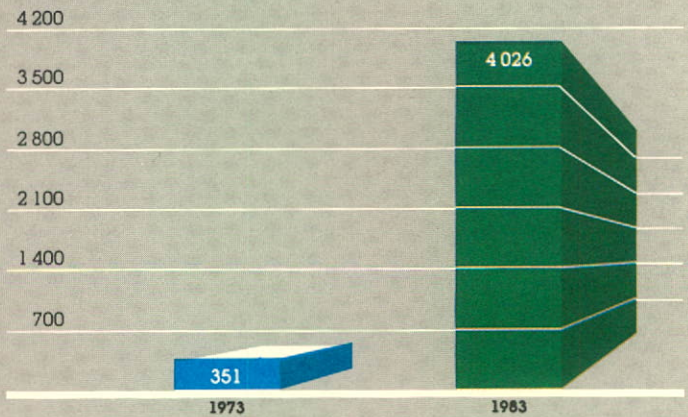
NUMBER OF POLICYHOLDERS

(In thousands)



NEW LIFE INSURANCE

(In millions of dollars)



A Word from the Chairman of the Board

Financial institutions are presently swept along by a very rapid wave of evolution aimed at broadening the fields of activities which were theirs before.

It is with great interest that Industrial Life closely observes the various tendencies that are taking shape in its environment without yet diverging from the orientations to which the Company has been committed during recent years. The Company is therefore not directly involved in implementing the concept of financial supermarkets but is prepared to fit into the process as soon as it becomes evident that this movement does indeed correspond to the actual expectations of the clientele.

As a member of the Canadian Life and Health Insurance Association (CLHIA), Industrial Life continued its active participation in the collective search for legislative and social orientations that will prove the most efficient for the future of the pension system in Canada. It also contributed significantly to discussions, consultations and meetings with the Québec government in order to determine acceptable modifications to the Québec Insurance Act by which all provincially chartered companies, such as ours, are governed.

As all other insurance companies, Industrial Life has also been involved in the social and political controversy with respect to reimbursement before maturity of mortgage loans with contractually fixed terms. The evolution of legislation and the development of jurisprudence in this area have led to adjustments of our practices which, in turn, will be reflected in insurance products on the market.

Thus, Industrial Life maintains its principal role as a life insurer while, at the same time, searching for ways to achieve an even larger and better representation in the traditional fields of its industry, as evidenced by the financial results in this report and the accompanying comments. This well-considered option was indeed materialized in 1982, when the cornerstones were laid for a pan-



Canadian network of life insurance companies. The newly-acquired human and technical resources, together with those Industrial Life already possesses, must now rapidly assert a Canadian presence through an overall improved efficiency. However, this developing network is still subject to close scrutiny and will be adjusted to allow Industrial Life to attain its long-term objectives.

The members of the Board guide and support the executive management in their efforts to expand Industrial Life as such. They also sustain the leadership which the management must provide for its network of subsidiaries in the areas of life and casualty insurance as well as data processing services.

To assist us in this task, we have enthusiastically welcomed two new members to the Board, Mr. Pierre Brunet, President and Chief Operating Officer of Lévesque, Beaubien Inc., and Mr. David Morton, President of Aluminum of Canada Ltd., whose enlightened and judicious support has already proved to our advantage.

Early in 1983, we had to accept with regret the resignation of the Honourable George H. Hees, who served on our Board for many years during which the Company benefited from his diversified experience and well-known joviality.

The eminent position Industrial Life occupies in the industry is partly due to the constant efforts of all its present employees, but also to the contribution of the men and women who in the past have served to establish the solid foundations of our Company.

On the whole, 1983 was another year of remarkable progress for Industrial Life, as shown by the results presented in this annual report.

A handwritten signature in dark ink, appearing to read 'André Charron'.

André Charron
Chairman of the Board



Robert Bégin – Jean-Paul Pouliot – Alex Langlois – P-Émile Reinhardt

Report from the Management

Industrial Life Insurance Company has experienced throughout 1983 a sustained progression, even reaching at times a surprising momentum. The administrative and technical staff, highly motivated, have provided tireless support for our sales personnel in their dealings with a growing clientele evermore knowledgeable through the current keen competition.

Concurrently, the executive management of our Company paid special attention to the different tendencies that are emerging in our industry in order to adjust our practices to the overall environment in which we are operating.

Replacement of old insurance and annuity contracts by products that are better adapted to identified preferences was a continuing phenomenon here, as everywhere else. However, our total assets, whose growth rate might have been slowed down, still reached \$ 1 116 million at the end of 1983, increasing by \$ 95 million or 9,3% during the year.

The surrender of individual life insurance policies led to payments of \$ 41 million, a sharp increase over last year when we had already paid more than \$ 23 million. Several of these policies, however, were burdened by loans against their value and, since such loans are cancelled by the surrender transaction, these are no longer included in the Company's assets.

On the other hand, previously adopted corrective measures, among which the suggested replacement of certain annuity contracts with us, seem to have stabilized our operations in this branch of business. Surrenders and transfers of this type, amounting to \$ 46 million in 1981 and to \$ 22 million in 1982, were drastically reduced to slightly over \$ 10 million this year.



The new emphasis on current interest rates in the development of new products appealing to the consumer and the relative smaller importance of some long-term guarantees require a more alert and mobile administration of our investment portfolio.

Such investments must completely cover new forms of obligations towards our policyholders and must therefore be adjusted more promptly to fluctuations of long and short-term money markets. The net average rate of return earned on the overall invested assets is nevertheless a good indicator of our general performance. It reached 11,25% in 1983, and compares favourably to the rates reported by our competitors. Moreover, portfolio movements have been more frequent and the total amount invested in bonds thus increased by 22,6% to attain \$ 329,5 million, whereas the value at cost of stocks dropped by 21,4% to \$ 32 million. The market value of titles held under these two headings shows a considerable increase of which close to \$ 1 million is included in the year's operations and \$ 8,8 million are posted directly to the appropriated surplus.

Movements were also very numerous in the mortgage loans portfolio which increased only by \$ 26 million in spite of disbursements amounting to \$ 105,2 million under new loans. The percentage of total assets invested in this field was thus lowered to 47,5% and remains short of the 50% target level.

The very strength of Industrial Life is directly linked to the relationship entertained between the consumers and our sales and service personnel. Our career representatives and an increasing number of brokers are actively promoting permanent insurance, balancing the protection and savings elements according to the defined needs and actual requests of their clients.

They are indeed striving to retain the clientele without, however, ignoring the radical evolution of the traditional markets. Thanks to their efforts, we issued a record number of 121 996 individual life insurance contracts, providing total coverage of \$ 3,8 billion, an increase over 1982 of 21% by number of policies and of 41% by amount of insurance.



These results are much higher than those projected for the overall Canadian industry and, in spite of the great number of surrenders, increased our insurance in force by close to \$ 2 billion to attain \$ 9,6 billion at year end.

The immediate costs of such an increase in business over a short period of time are obviously high and are bound to affect the results of the year, so that net profit arising directly from insurance operations was limited to \$ 7,5 million. On the other hand and according to the instructions issued by the Superintendent of Insurance, certain variations are accounted for directly in the accumulated surplus, which increased by \$ 15,3 million to \$ 137 million, now representing 12,3% of assets.

This result, still enviable, obviously reflects the solidity of our Company's financial foundations. However, it is also a pressing reminder to all parties concerned that such available monetary resources must be used judiciously to build the future.

In the group business, we have continued to pursue profitability in all lines of operations: life, health and pensions. The volume in force remained stable in the evermore competitive environment even though natural growth within covered groups produced an increase in premium income. Operations in this sector remain sizeable with an income of \$ 12 million in life insurance, \$ 27 million in health insurance and \$ 26,3 million in annuities. With respect to annuities alone, we are administering \$ 351 million under insured annuity, deposit administration, pooled fund and segregated fund group contracts.

In addition to its fundamental operations as a life insurer, Industrial Life owns several subsidiaries and the results for each of these are presented in this report. Political orientation and financial control are essential functions to be fulfilled by the Company for each subsidiary if short and long-term objectives set out while choosing to diversify are to be actively pursued and eventually attained.

Their consolidation value at \$ 75 million accounts for 6,8% of our assets and represents at the same time 55% of the accumulated surplus, which surplus can be invested for a longer term since it must be retained to ensure additional permanent security to our policyholders. The general insurance subsidiaries: The Equitable and Industrial General, have preserved the remarkable profitability obtained in 1982, whereas the data processing subsidiaries must accelerate their reorientation and consolidation activities in order to attain the acceptable level of profitability essential to their survival. In mid-year, Les Coopérants, société mutuelle d'assurance-vie became our partner in the ownership of IST and Cogena, thus sharing the same objectives.

In the life insurance field, our main efforts were centered on the relative assessment of our two subsidiaries as members of a pan-Canadian network to be implemented as an extension of Industrial Life, as it is today and shall be tomorrow. After this exhaustive assessment, we have decided to only retain the ownership of The North West Life already well established on the American market.

We have therefore concluded negotiations to sell our interest in The Northern Life to Kelvin Energy Ltd., allowing for full recuperation of our original purchase price. The expected Closing will take place soon after the expiration of statutory delays but it is in no way reflected in the Financial Statements presented in this report.

Like any other corporation, we have to meet normal day-to-day difficulties and are rightfully proud of the results obtained for which we warmly thank all those who contributed to them.

For the management,

Robert Bégin
President and Chief Executive Officer

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

Pierre Brunet, C.A.

President and Chief Operating Officer
Lévesque, Beaubien Inc.

André Charron, Q.C.

Chairman of the Board and
Chief Executive Officer
Lévesque, Beaubien Inc.

Camille A. Dagenais

Chairman of the Board and Chief
Executive Officer
Groupe S N C

C. John Jackson

Chairman of the Board
Mussens Equipment Ltd.

*** Jean Marier, LL.M.**

Partner of Létourneau, Stein &
Amyot, Advocates

David Morton, M.A.

President and Chief Executive Officer
Aluminum of Canada Ltd.

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.

* Secretary of the Board

Board Committees

Executive Committee

Robert Bégin
André Charron
Jean Marier
P.-Émile Reinhardt
J. Frank Roberts

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

Pierre Brunet
J. Robert Ouimet
J. Frank Roberts

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, Sales

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

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, Life insurance subsidiaries

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

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

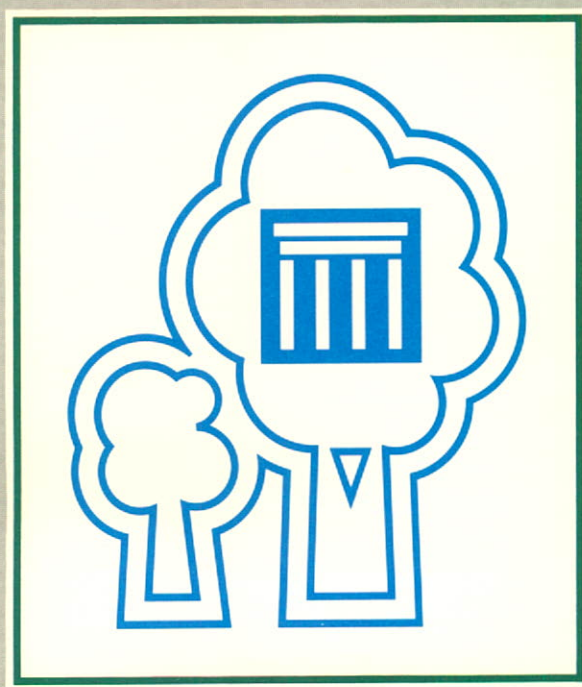
Jean-Charles Vézina, B.Com.
Director, Office Administrative Services



PROVINCE OF QUÉBEC		DIRECTORS
Abitibi-Témiscamingue	20 Gamble St. W., Rouyn J9X 2R2	Serge Aubry, C.L.U.
Chicoutimi	1212 Talbot Blvd., Chicoutimi G7H 4B7	P.-H. Tremblay, C.L.U.
Alma	425 Sacré-Coeur St. W., Alma G8B 1M4	
Dolbeau	335 8th Avenue, Dolbeau G8L 3E4	
Jonquière	2310 St-Dominique St., Jonquière G7X 6L8	
Granby	183 Principale St., Granby J2G 2V5	Roger Champagne, C.L.U.
St-Jean	320 du Séminaire Blvd., St-Jean J3B 5K9	
Hull-Ottawa	768 St-Joseph Blvd., Hull J8Y 4B8	Robert Gagnon, C.L.U.
Labelle	11 Principale St. N., L'Annonciation J0T 1T0	Richard Lefebvre
L'Estrie	2851 King St. W., Sherbrooke J1L 1C6	Richard Lemieux, C.L.U.
Mauricie	4320 Royal Blvd., Shawinigan G9N 7X7	Robert Ménard
Grand-Mère	555 7th Street, Grand-Mère G9T 4N1	
Louiseville	255 St-Laurent St., Louiseville J5V 1K2	
St-Hyacinthe	3100 Laframboise Blvd., St-Hyacinthe J2S 4Z4	Roger Landry, C.L.U.
Beloeil	535 Laurier Blvd., Beloeil J3G 5E9	
Sorel	67 Georges St., Sorel J3P 1C2	
St-Jérôme	222 St-Georges St., St-Jérôme J7Z 4Z9	Claude Beauchamp
Duvernay	3100 de la Concorde Blvd., Duvernay H7E 2B8	
Sherbrooke	2910 Portland Blvd., Sherbrooke J1L 1A6	Réjean Fortier
Thetford-Mines	222 Smith Blvd. S., Thetford-Mines G6G 6N7	Viateur Landry
Drummondville	220 Brock St., Drummondville J2C 1M3	
Victoriaville	17A De Coursol St., Victoriaville G6T 3Y9	
Trois-Rivières	300 Barkoff Blvd., Cap-de-la-Madeleine G8T 2A3	Michel Morrissette
Valleyfield	9 Nicholson St., Valleyfield J6T 4M4	Jules E. Charbonneau
Châteauguay	65 St-Jean-Baptiste Blvd., Châteauguay J6J 3H5	
Cornwall	4 Montréal Rd., Cornwall K6H 1B2	
Pincourt	95 5th Avenue, Pincourt J7V 5K8	
METROPOLITAN MONTRÉAL		
Anjou	5800 Louis-Hyppolite Lafontaine, Anjou H1M 1S7	Robert Germain
Beaubien	4570 Jean-Talon St. E., Saint-Léonard H1S 1K2	Bernard St-Jacques
Beaugrand	5125 du Trianon St., Montréal H1M 2S5	Raymond Moreau, C.L.U.
Joliette	28 Chemin du Golf, Joliette J6E 2B4	
Cartier	1079 Chemin Chambly, Longueuil J4H 3N7	Raymond Jérôme, C.L.U.
Champlain	1680 Provencher Blvd., Brossard J4W 2Z7	J. René Désy
Langelier	7077 Beaubien St. E., Anjou H1M 2Y2	Michel Carrière
Laval	1717 St-Martin Blvd. W., Laval H7S 1N2	Gilles Beauchamp
Le Laurentien	2525 Daniel Johnson Blvd., Laval H7T 1S9	Michel Belley Jr.
Lemoyne	6185 Taschereau Blvd., Brossard J4Z 1A6	Jacques L'Écuyer, C.L.U.

Mercier	2074 Thierry St., LaSalle H8N 1H7	Richard Jalbert
Dorval	189 Hymus Blvd., Pointe-Claire H9R 1E9	
Mont-Royal	50 Place Crémazie W., Montréal H2P 2T6	Marcel Alarie, C.L.U.
Montréal-Maisonneuve	1212 Jean-Talon St. E., Montréal H2R 1W2	David Suissa, C.L.U.
Rive-Sud	7005 Taschereau Blvd., Brossard J4Z 1H7	René Bilodeau, C.L.U.
St-Denis	1115 Louvain St. E., Montréal H2M 2E6	Charles E. Levesque
Ville-Marie	100 Alexis Nihon Blvd., Ville St-Laurent H4M 2N9	Joseph Assayag, C.L.U.
Westmount	4060 Ste-Catherine St. W., Montréal H3Z 2Z3	Mathieu Dubé
METROPOLITAN QUÉBEC		
Chauveau	8500 Henri-Bourassa Blvd., Charlesbourg G1G 5X1	Doris Lachance
Lévis	91 St-Georges St. W., Lévis G6V 6K8	Jean-Paul Deschênes
Etchemin	1900 9th Avenue, Charny G6W 6E5	
Québec-Centre	2835 Chemin Gomin, Ste-Foy G1V 2K1	Ben Bouchard, C.L.U.
Québec-Laurier	825 St-Jean-Baptiste St., Québec G2E 5B7	Roland Dubeau, C.L.U.
Ste-Foy	3188 Chemin Ste-Foy, Ste-Foy G1X 1R4	Raymond Deschênes, C.L.U.
PROVINCE OF NEW-BRUNSWICK		
Atlantic	181 Westmorland St., Fredericton E3B 3L6	Bernard Parent
Madawaska	12 Court St., Edmundston E3V 1S2	Jeannot Turgeon
Maritimes	777 Main St., Moncton E1C 1E9	Hermel Poitras
PROVINCE OF ONTARIO		
Timmins	7 Balsam St. S., Timmins P4N 2C7	Roger L. Piquette
TORONTO		
Al G. Brown and Associates	825 Eglinton Ave. W., Toronto M5N 1E7	Al G. Brown, C.L.U.
Eglinton	90 Eglinton Ave. E., Toronto M4P 2Y3	Murray Tenebaum, C.L.U.
Toronto-York	90 Eglinton Ave. E., Toronto M4P 2Y3	Donald J. Brown
GROUP INSURANCE AND PENSIONS		
Montréal	625 Président Kennedy Ave., Montréal H3A 1K2	Kevin J.R. Conroy
Québec	2700 Laurier Blvd., Ste-Foy G1V 2L8	Raynald Winstall, C.L.U.
Toronto	90 Eglinton Ave. E., Toronto M4P 2Y3	K. Murray Swift
MORTGAGE LOANS		
Montréal	625 Président Kennedy Ave., Montréal H3A 1K2	Richard Beauchemin, C. App.
Québec	2535 Laurier Blvd., Ste-Foy G1V 4M3	Jean Trahan, C. App.
REGIONAL ADMINISTRATION OFFICES		
Montréal	3170 Beaubien St. E., Montréal H1X 3B9	Roland Bonenfant
Toronto	90 Eglinton Ave. E., Toronto M4P 2Y3	Tom Tuck
BRANCH OFFICE ADMINISTRATIVE SERVICES		
Montréal	7077 Beaubien St. E., Anjou H1M 2Y2	Bernard Bazinet

FINANCIAL STATEMENTS



Income

Year ended December 31, 1983
(in thousands of dollars)

INCOME	1983	1982
Premiums	\$ 197 711	\$ 185 227
Net investment income (note 4)	113 974	102 173
Contributions to employees' pension and insurance funds	3 385	3 384
	315 070	290 784

APPROPRIATION OF INCOME		
Normal increase in actuarial reserve	65 958	52 580
Claims incurred	135 423	128 461
Dividends and group experience refunds	7 861	9 280
Interest credited to amounts on deposit	2 251	3 457
Commissions	45 315	36 880
Taxes, licences and fees	2 467	2 288
General expenses	31 457	29 004
Payments from and increase in employees' pension and insurance funds	6 810	6 096
Miscellaneous	10 051	11 506
	307 593	279 552
Net income before income taxes	7 477	11 232
Income taxes (credit)	(663)	402
Net income for the year	8 140	10 830

Surplus

Year ended December 31, 1983
(in thousands of dollars)

APPROPRIATED SURPLUS (note 6)	1983	1982
Balance at beginning	\$ 20 385	\$ 24 918
Changes in additional reserves	(567)	(9 335)
Changes in valuation reserve for stocks and deferred capital gains and losses realized on bonds and stocks	8 844	4 802
Balance at end	28 662	20 385

UNAPPROPRIATED SURPLUS		
Balance at beginning	101 361	79 660
Net income for the year	8 140	10 830
Changes in valuation of actuarial reserve	(1 885)	1 536
Transfer from appropriated surplus for additional reserves	567	9 335
Non-amortizable capital gains	160	—
Balance at end	108 343	101 361

Balance Sheet

As of December 31, 1983
(in thousands of dollars)

Assets

INVESTMENTS	1983	1982
Bonds (note 2)	\$ 329 454	\$ 268 805
Stocks (note 3)	50 177	51 120
Mortgage loans	529 855	503 780
Real estate (note 8)	42 215	44 632
Policy loans	27 793	34 049
Term deposits and cash	11 239	3 953
Subsidiaries (note 5)	75 398	75 466
	1 066 131	981 805
OTHER ASSETS		
Investment income due and accrued	15 396	13 528
Outstanding premiums	5 267	5 307
Amounts receivable	612	1 196
Miscellaneous (note 9)	2 703	2 576
Income taxes recoverable	677	491
Segregated funds	24 900	15 899
	49 555	38 997
	1 115 686	1 020 802

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

Liabilities

ACTUARIAL LIABILITIES	1983	1982
	\$	\$
Actuarial reserve (note 7)	845 670	777 827
Provision for dividends and group experience refunds	8 203	9 922
Provision for unreported claims	6 813	6 340
Employees' pension and insurance funds	31 808	26 861
	892 494	820 950

OTHER LIABILITIES		
Amounts on deposit	32 067	34 592
Premiums paid in advance	4 987	4 604
Other contractual liabilities	2 001	1 846
Unsettled claims	4 301	3 705
Accounts payable and accrued expenses	5 443	5 164
Bank overdrafts and loans	—	5 185
Miscellaneous	12 488	7 111
Segregated funds	24 900	15 899
	86 187	78 106

POLICYHOLDERS' EQUITY		
Surplus – appropriated (note 6)	28 662	20 385
– unappropriated	108 343	101 361
	137 005	121 746
	1 115 686	1 020 802

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.

	1983	1982
Market Value	\$ 50 176 845	\$ 51 119 530
Cost	31 971 332	40 695 835

4. NET INVESTMENT INCOME

Investment income is shown net of related expenses of \$ 9 900 442 (\$ 9 439 543 in 1982). Furthermore, it includes a variation of \$ 2 783 008 in the book value of subsidiaries' stocks (\$ 4 127 408 in 1982).

5. SUBSIDIARIES

Investments in subsidiaries are as follows:

	Value	Variation in book value of stocks
At equity value		
	\$	\$
Industrial Life-Technical Services Inc.	13 984 996	197 978
Cogena (1980) Inc.	1 237 989	(362 011)
The Equitable General Insurance Company	6 469 503	1 762 171
M.I.C.R. Systems Ltd.	1 817 062	213 199
Industrial General Insurance Company	3 077 558	969 640
Industrial Life, Real Estate Services Inc.	47 216	2 031
At cost		
Industrial Life, Management Company Inc.	48 763 416	—
	75 397 740	2 783 008

6. APPROPRIATED SURPLUS

	1983	1982
	\$	\$
Reserve for mortality and morbidity fluctuations under group contracts	5 688 964	5 704 913
Additional reserve for negative reserves	9 377 592	6 959 735
Reserve for fluctuations in market value of investments	17 959 441	20 927 652
Valuation reserve for stocks and deferred capital gains and losses realized on bonds and stocks	(4 364 300)	(13 207 297)
Appropriated surplus	28 661 697	20 385 003

7. ACTUARIAL RESERVE

The actuarial reserve as of December 31, 1983, calculated under the net level premium method, amounts to \$ 894 546 121. Deferred acquisition expenses in the amount of \$ 48 875 691 have been deducted, leaving a net reserve of \$ 845 670 430.

The net actuarial reserve determined in accordance with the method prescribed in the general regulation of the Québec Insurance Act amounts to \$ 809 322 830.

8. REAL ESTATE

	Cost	Accumulated Depreciation	Net value 1983	Net value 1982
	\$	\$	\$	\$
Real estate held for investment	65 492 501	3 823 488	61 669 013	61 336 826
Related mortgage debts	(24 775 811)	—	(24 775 811)	(25 083 985)
	40 716 690	3 823 488	36 893 202	36 252 841
Repossessed properties	404 852	—	404 852	3 478 012
Head Office building	6 961 229	2 043 919	4 917 310	4 901 238
	48 082 771	5 867 407	42 215 364	44 632 091

Depreciation is principally computed on a sinking fund basis.
Depreciation for the year is \$ 670 068 (\$ 632 332 in 1982).

9. MISCELLANEOUS ASSETS

	Cost	Accumulated Depreciation	Net value 1983	Net value 1982
	\$	\$	\$	\$
Equipment for leasing	207 265	136 796	70 469	107 777
Furniture	2 064 936	1 091 694	973 242	935 687
	2 272 201	1 228 490	1 043 711	1 043 464
Advances to agents			1 659 098	1 532 362
			2 702 809	2 575 826

Depreciation is computed on a straight-line basis at the annual rate of 20%.
Depreciation for the year is \$ 282 862 (\$ 274 432 in 1982).

10. RELATED PARTY TRANSACTIONS

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

	1983	1982
	\$	\$
Industrial Life-Technical Services Inc.	4 458 202	2 636 140
M.I.C.R. Systems Ltd.	233 533	224 727
	4 691 735	2 860 867

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, 1983 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.
Valuation Actuary

Québec, January 31, 1984.

Auditors' Report

We have examined the statements of income and surplus of Industrial Life Insurance Company for the year ended December 31, 1983 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, 1983 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, 1984.

SUBSIDIARIES



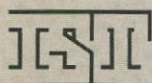
The North West Life
ASSURANCE COMPANY OF CANADA

THE EQUITABLE

GENERAL INSURANCE COMPANY



INDUSTRIAL
GENERAL INSURANCE COMPANY




Industrial Life Technical Services Inc.



COGENA (1980) INC.



M.I.C.R. SYSTEMS LTD

A decorative graphic at the bottom of the page consisting of three horizontal bars: a blue bar on top, an orange bar in the middle, and a green bar on the bottom.

The Northern Life

CONDENSED FINANCIAL STATEMENTS AS OF DECEMBER 31, 1983

Condensed income statement

	\$
Premiums	37 626 621
Net investment income	19 958 440
	57 585 061
Claims incurred	32 059 076
Increase in actuarial reserve	8 809 189
Commissions	6 079 139
Administrative expenses and taxes	10 505 177
Income taxes	159 000
	57 611 581
Net loss	(26 520)

Condensed balance sheet

Bonds	75 704 960
Stocks	10 028 713
Mortgage loans	87 986 802
Policy loans	21 467 469
Other assets	11 222 952
Total assets	206 410 896
Actuarial liabilities	151 939 377
Other liabilities	33 041 780
Capital stocks	1 000 000
Retained earnings	20 429 739
Total liabilities and equity	206 410 896

CONDENSED FINANCIAL STATEMENTS AS OF DECEMBER 31, 1983

Condensed income statement

	\$
Premiums	42 482 143
Net investment income	29 251 759
	71 733 902
Claims incurred	20 474 848
Increase in actuarial reserve	39 389 823
Commissions	3 870 448
Administrative expenses and taxes	5 207 177
Income taxes	530 419
	69 472 715
Net profit before extraordinary items	2 261 187
Write down and losses on sales of investments (1 089 250)	
Gain due to change in book rates of exchange	475 858
Change in valuation basis of policy reserve	1 254 632
Net income	2 902 427

Condensed balance sheet

Bonds	80 093 432
Stocks	3 438 534
Mortgage loans	108 703 788
Policy loans	27 990 202
Term deposits	22 138 601
Other assets	17 223 566
Total assets	259 588 123
Actuarial liabilities	234 648 541
Other liabilities	12 487 786
Capital stocks	3 267 082
Retained earnings	9 184 714
Total liabilities and equity	259 588 123

The North West Life

The Equitable ▶

CONDENSED FINANCIAL STATEMENTS AS OF DECEMBER 31, 1983

Condensed income statement

	\$
Net earned premiums	18 241 234
Net investment income	1 716 225
	19 957 459
Claims and expenses	8 890 422
Commissions	4 396 036
Administrative expenses and taxes	3 215 461
Income taxes	2 098 592
	18 600 511
Net income	1 356 948

Condensed balance sheet

Bonds	8 156 458
Stocks	6 279 695
Term deposits	2 985 992
Other assets	3 768 973
Total assets	21 191 118
Unsettled claims	4 697 999
Unearned premiums	8 772 200
Other liabilities	1 251 416
Capital stocks	1 000 000
Retained earnings	5 469 503
Total liabilities and equity	21 191 118

CONDENSED FINANCIAL STATEMENTS AS OF DECEMBER 31, 1983

Condensed income statement

	\$
Net earned premiums	10 206 032
Net investment income	804 227
	11 010 259
Claims and expenses	5 391 410
Commissions	2 088 630
Administrative expenses and taxes	1 743 207
Income taxes	904 284
	10 127 531
Net income	882 728

Condensed balance sheet

Bonds	4 078 332
Stocks	2 549 750
Term deposits	1 288 452
Other assets	2 336 860
Total assets	10 253 394
Unsettled claims	1 734 171
Unearned premiums	4 842 267
Other liabilities	599 398
Capital stocks	1 000 000
Retained earnings	2 077 558
Total liabilities and equity	10 253 394

◀ Industrial General

I.S.T. ▶

**CONDENSED FINANCIAL STATEMENTS
AS OF NOVEMBER 30, 1983**

Condensed income statement

	\$
Data processing services	28 664 593
Management and consulting fees	3 354 909
Other income	287 293
	32 306 795
Operation	28 771 295
Depreciation	4 461 567
	33 232 862
Loss before extraordinary item	(926 067)
Income on consolidation and disposal of investments	221 770
Net loss	(704 297)

Condensed balance sheet

Current assets	9 098 677
Fixed assets	13 429 425
Investments	774 663
Other assets	9 738 435
Total assets	33 041 200
Current liabilities	5 468 115
Current portion of long-term debt	1 579 213
Long-term liabilities	17 106 794
Capital stocks	14 476 873
Deficit	(5 589 795)
Total liabilities and equity	33 041 200

**CONDENSED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 1983**

Condensed income statement

	\$
Data processing services	6 888 174
Management and consulting fees	1 234 068
Other income	430 827
	8 553 069
Operation	7 844 303
Depreciation	908 642
	8 752 945
Loss before extraordinary item	(199 876)
Loss on sale of assets	(716 966)
Net loss	(916 842)

Condensed balance sheet

Current assets	2 097 620
Fixed assets	436 593
Investments	5 400 323
Other assets	399 863
Total assets	8 334 399
Current liabilities	2 531 043
Long-term liabilities	4 259 551
Capital stocks	2 000 100
Deficit	(456 295)
Total liabilities and equity	8 334 399

◀ Cogna

CONDENSED FINANCIAL STATEMENTS AS OF NOVEMBER 30, 1983

Condensed income statement

	\$
Data processing services	3 413 043
Sales of data processing supplies	2 468 884
Other income	34 147
	5 916 074
Operation	5 480 861
Depreciation	222 014
	5 702 875
Net income	213 199

Condensed balance sheet

Current assets	1 904 545
Fixed assets	639 303
Investments	41 000
Other assets	325 921
Total assets	2 910 769
Current liabilities	586 882
Current portion of long-term debt	300 000
Long-term liabilities	1 807 557
Capital stocks	476 582
Deficit	(260 252)
Total liabilities and equity	2 910 769



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