

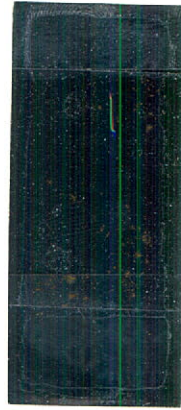
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INDUSTRIAL LIFE  
INSURANCE COMPANY

ANNUAL REPORT  
1984







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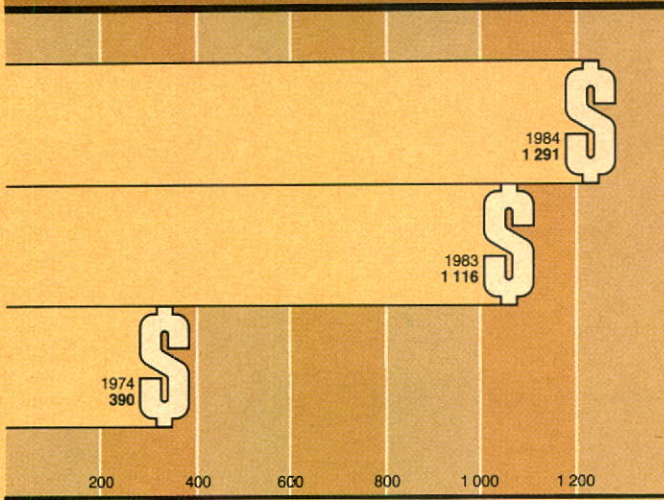
Annual Meeting:  
Head Office  
1080 St-Louis Road  
Sillery, Québec G1K 7M3  
March 11, 1985.

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

# A Glance at 1984

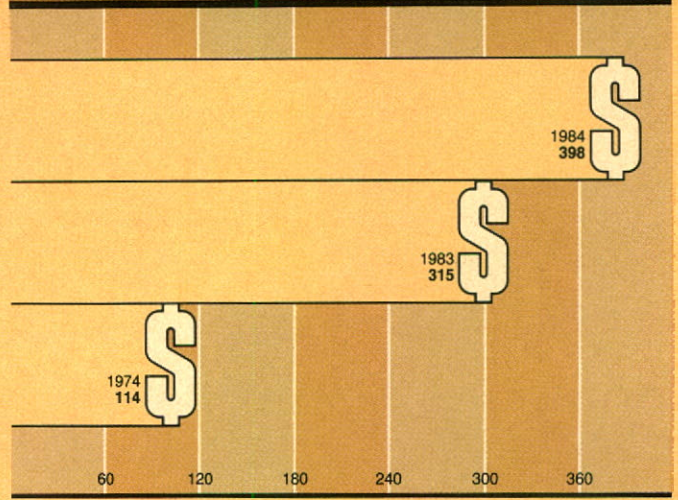
## TOTAL ASSETS

(in millions of dollars)



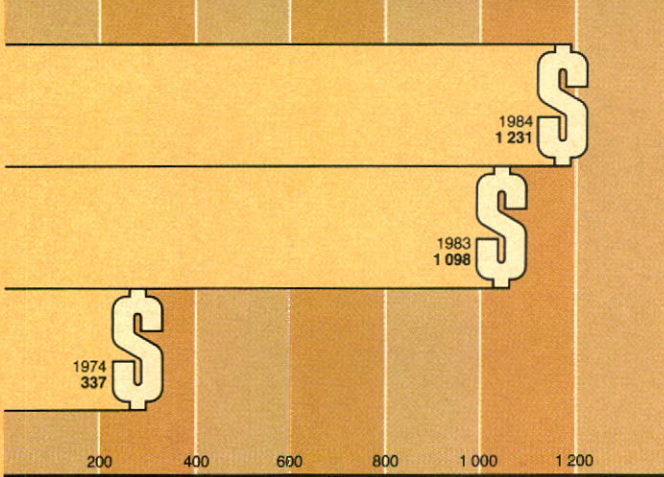
## TOTAL INCOME

(in millions of dollars)



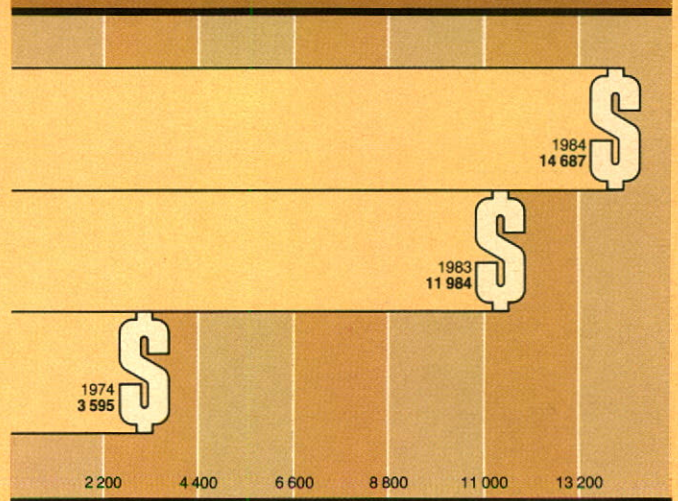
## PAYMENTS TO POLICYHOLDERS AND THEIR BENEFICIARIES SINCE 1905

(in millions of dollars)



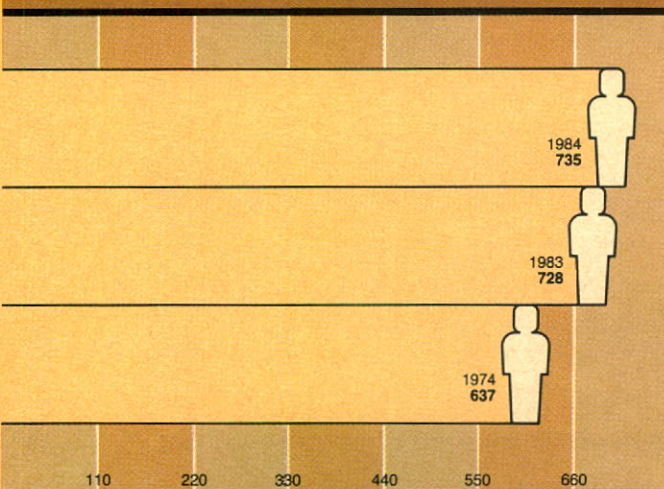
## INSURANCE IN FORCE

(in millions of dollars)



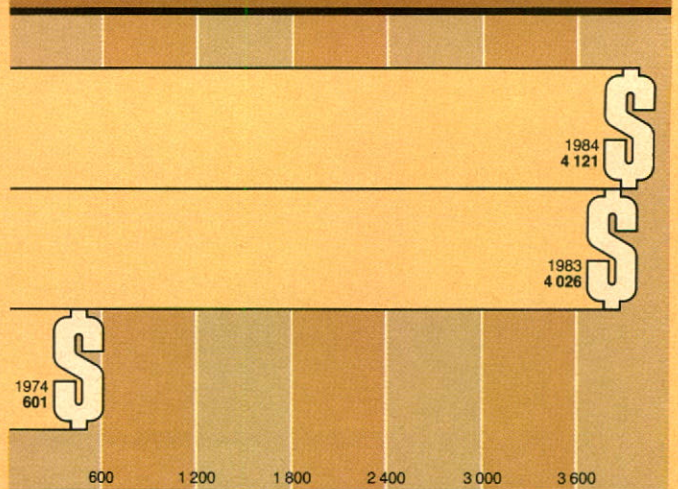
## NUMBER OF POLICYHOLDERS

(in thousands)



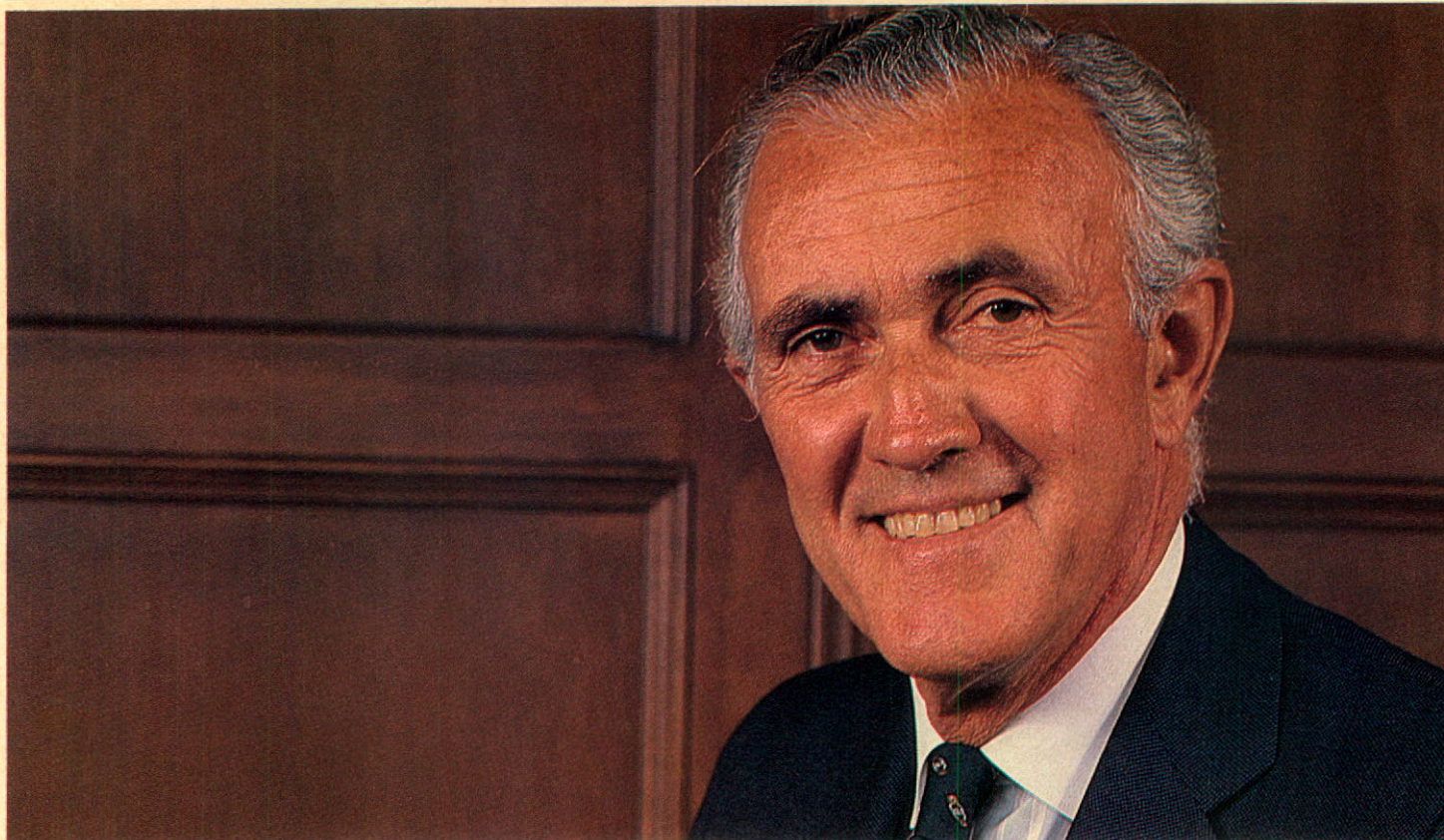
## NEW LIFE INSURANCE

(in millions of dollars)





## A word from the Chairman of the Board



The year 1984 registered, among other noteworthy events, a gradual decreasing tendency of the consumers' price index which has settled for now at a reasonable level. This was achieved through concerted efforts of the various economic and political agents and provides an excellent opportunity to create the necessary climate for economic development. However, for the recovery to be strong enough and reasonably long lasting, it is essential for governments to apply restraint in their fiscal and budgetary policies. It is also a prerequisite to a similar concertation of economic agents towards the creation of jobs needed to progressively improve the chronic state of unemployment plaguing our society.

In this area, we at Industrial Life are presently putting into place a youth employment program which, even though modest, will be in addition to the regular job opportunities offered by our Company and its subsidiaries. This program is intended for young people, graduates or not, who have been actively seeking employment for a certain period of time, without success, and its objective is to offer some of them a temporary exposure to our work environment in order to facilitate their continued search for employment and eventually their permanent integration to the work force of another employer.

Industrial Life, as a mutual life insurance company operating under a Québec provincial charter, favorably

welcomed the adoption in June 1984 of Bill 75. This Bill brings more flexibility to the investment powers and less constraint in their exercise to all companies under its jurisdiction; it also allows mutual companies, such as ours, the possibility of owning a downstream holding company as a tool towards greater diversification within the broad range of financial services.

During the recent years, Industrial Life had been considering various real estate projects in order to emphasize its physical presence in Montréal; we are very proud to announce that two different such projects are presently under realization towards this end. The first one concerns a joint venture with a highly reputed real estate developer, First Québec Corporation, resulting in the construction of The Industrial Life Tower already under way at 2000 McGill College Avenue. This prestigious building will be 20 storeys high with 325 000 square feet of rentable space, most of which is available on the business market.

The second one concerns a new building also under construction at 1611 East, Crémazie Boulevard (corner of Papineau St.) and part of the new technological park being developed in the area. This office building will be jointly owned by our data processing subsidiary, IST, and Videoway, itself a subsidiary of Videotron. Both co-owners will move their offices during 1985 to this ten-storeyed building and

will soon offer rental space to smaller companies involved in the development of softwares and complementary data processing services.

Our Company has always been active in the search of solutions to problems common to its industry through participation of many members of its personnel to the activities of various trade associations. It is therefore with pleasure and great pride that we learned of the election in June 1984 of our President and Chief Executive Officer, Mr. Robert Bégin, to the Vice-Presidency of the Canadian Life and Health Insurance Association (CLHIA). This nomination leads in succession to the functions of President and of Chairman of the Association; we want to assure Mr. Bégin of our wholehearted support and cooperation while he assumes these demanding and important functions.

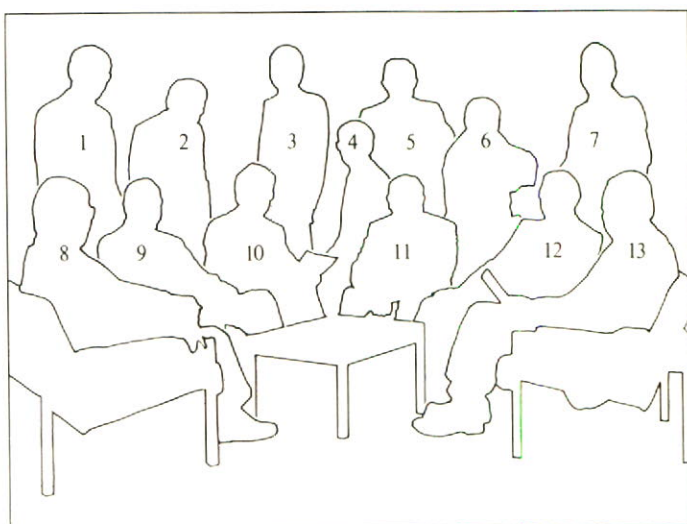
To conclude these few comments, I wish to reaffirm my conviction that Industrial Life is in a position of strength, even if economic perspectives suggest probable less generous results than in the past, and that its presence will be felt evermore strongly through its continuous search for excellence.

A handwritten signature in dark ink, which appears to read "André Charron". The signature is fluid and cursive.

André Charron  
Chairman of the Board



- 1 Marcel Dumas
- 2 Yvon Côté
- 3 Normand Pépin
- 4 Cyrille Jutras
- 5 Paul-E. Burelle
- 6 Simon Dompierre
- 7 Rémi Normand
- 8 Alex Langlois
- 9 Gilles Courteau
- 10 Robert Bégin
- 11 P.-Émile Reinhardt
- 12 Jean-Paul Pouliot
- 13 Georges Smith





# Report from the Management

With its rich heritage and a clear determination to shape its own future, Industrial Life has taken another giant step in 1984 to consolidate its status of leader in the Province of Québec and to strengthen its presence in the Canadian environment.

Through a rational and well-balanced use of the Company's multiple resources, our past year's performance was indeed remarkable! It is therefore with great satisfaction that we bring to your special attention in this page a few specific aspects of our results as evidenced by the financial statements and throughout this annual report.

Industrial Life relies first of all on its numerous personnel highly qualified each in his own sphere of activities. At the administrative level, 553 employees at Head Office and 199 others in more than 65 sales and service offices bring their total support to our sales personnel. This first group is skillfully managed by professionals recruited from various disciplines: actuarial, accounting, legal, medical, business administration, data processing, financial, marketing. Together, they devote their daily efforts to back up our sales and service staff now numbering 2 157, including directors and their assistants; 766 of them operate under a representative's contract and over 1 250 under a broker's contract.

The Company also relies on a well-balanced portfolio of products properly suited to current consumers' needs, resulting from the cooperation of those two groups of employees and from their common efforts to better serve the vast majority of consumers. Let us just mention a few of these products: the Modular plan in its various versions, the Ecoflex plan for the registered retirement savings market, the Single Premium Annuities and the different group life, health and pensions combinations.

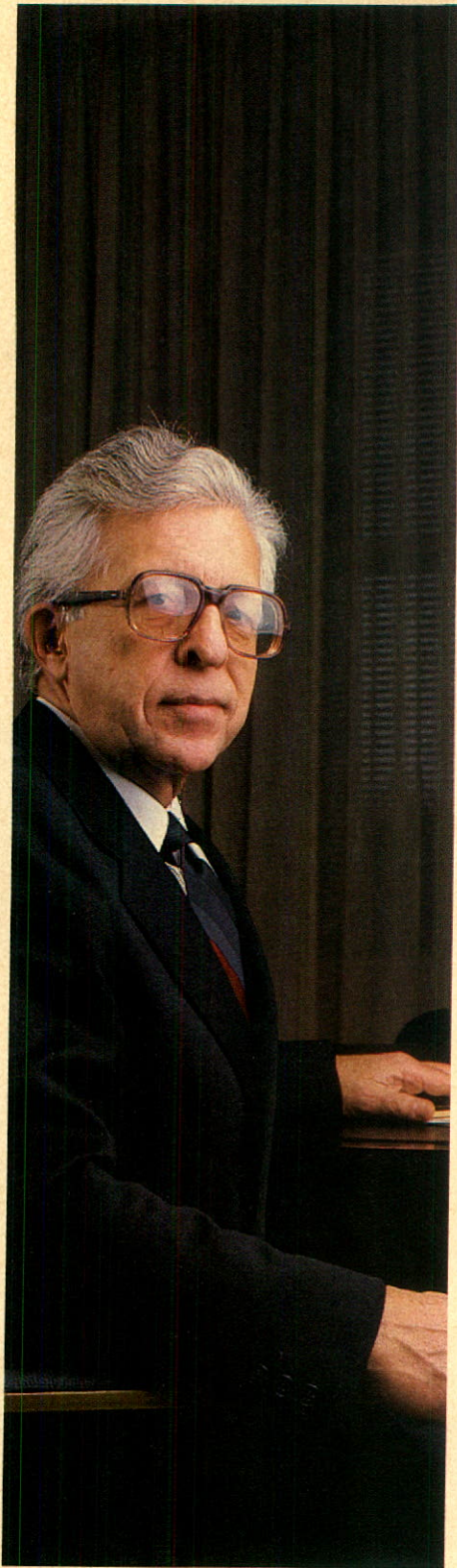
Finally, Industrial Life banks on its financial soundness coupled with the relative equity underlying each and all transactions to build up and retain consumers' total confidence in the efficient service provided to a continuously expanding number of our compatriots.

With such valuable resources judiciously at work, our 1984 sales in individual life insurance aggregated \$3 billion 921 million of nominal protection, a figure substantially higher than the 1983 record which we considered at the time almost impossible to equal in the immediate future. In the group life insurance field, the net increase of \$225 million brings the total amount in force to \$2 billion 586 million while such total in force under individual policies amounts to \$12 billion 101 million at the end of 1984.

The combined effect of these remarkable increases in our portfolio of business in force brought the premium income to \$266 259 824 from \$197 711 378 in 1983, for a total gain of 35 % which should normally satisfy us without reservations. However, the annuity business, both individual and group, registered by itself a gain of 70 % over a premium income of \$75 501 500 in 1983, reaching \$128 139 640 in 1984 thus leaving only an increase of 7.7 % for the individual life insurance. Moreover, sharper competition coupled with current buyers' preferences decreased first year's premiums despite the increased volume of new business. As a direct consequence of this, the aggregate remuneration of our sales force shows a reduction this year. While the flurry of justifiable replacements of older insurance contracts is soon coming to an end, the overall situation becomes the subject of our preoccupations; it is already clear that a renewed discipline is called for in order to rationalize the market in general and the distribution systems in particular.

We note with great satisfaction the rate of growth of our total assets at 15.7 % boosting them to \$1 billion 291 million at the end of 1984 and also the 13 % increase in the net surplus to \$154 845 704 which is, in fact, the policyholders' equity. This last item now represents 12 % of total assets. However, it must be noted that over the last few years including 1984, our Company benefited from a marginal income tax situation which will now be changed to a full burden in the coming years. This is the direct and fair result of the attained financial soundness of our Company and we are justly proud of it even if we are conscious of the ensuing slower rate of growth of the accumulated surplus. Moreover, we will surely benefit from a renewed confidence from our insured mutualists towards their Company, leaving no doubt whatsoever that all our financial obligations can be fully met at all times.

On the other hand, by adding the assets of our controlled or wholly-owned subsidiaries to the figure referred to previously, the total under our Company's control to service its members amounts to \$1 billion 631 million. The invested portion of this sum is diversified in portfolio components varying in relative size at different rates, highly influenced by the opportunities available in the money markets and by a constant attention to the careful matching of our investments with the non-cancellable commitments towards our policyholders.



*Robert Bégin  
President and Chief Executive Officer*

Such a rate of growth in total assets is the combined result of strong increases in revenues and efficient control of expenses. In fact, total revenues increased by 26.3% in 1984 to reach \$397 923 146.

Investment income for its part increased by 13.1% in spite of the gradual reduction in interest rates which did not prevent our average net yield on all investments to rise to 11.47% in 1984. However, these results were influenced downward when, one year before the legal requirement to do so, we decided to bring back the value of our life insurance subsidiary, The North West Life, from the cost of acquisition to its net equity value. The book depreciation thus produced was charged to investment income and almost wiped out the combined increase in equity value of all our subsidiaries, or \$5 601 714, otherwise credited to the same account. This, of course, is a non-repetitive operation that will prove advantageous in the future while allowing for a more realistic reporting of actual operating results.

On the disbursement side of our operations, death claims in total were approximately at the same level as last year, thus confirming once more the sufficiency of the mortality rates used in our premium structures and the validity of our policy underwriting criteria. Individual policy surrenders have slowed down as predicted and should confirm the possible return to a more stable market after a long period of rapid evolution in the nature of all insurance products.

General expenses, another important item on the disbursement side, have decreased in total due to a reduction in the allocations for expenses and commissions related to sales and service. Other administrative costs included in this item have increased by only 1.1% thanks to efficient control and a striking productivity improvement for which our entire staff must be commended and be ready to face this new challenge they set for themselves for the coming years.

In accordance with a preliminary agreement referred to in our 1983 annual report, Industrial Life released the ownership of The Northern Life at the beginning of 1984. This decision had been reached due to our failure to induce this company's management to move towards integration within our planned national network of life insurance companies. We have concluded this transaction without incurring significant financial losses and have then pursued successfully the fundamental objectives that motivated our prior acquisi-

tions with the full cooperation of The North West Life of Vancouver, a wholly-owned subsidiary we chose to retain. At the beginning of 1985, both companies operate in Canada with a common portfolio of products, similar networks of distribution and agency remuneration contracts, and data processing systems more and more common to our two companies.

During 1984, The North West Life moved forward in this environment and its total assets increased by 20.3% to reach \$312 392 529 producing a net income of \$1 789 907 from its regular operations. Those are more than satisfactory results and will allow this company to concentrate its resources to further test the American market and enlarge its already existing presence there.

Our wholly-owned subsidiaries operating in the general insurance field, while just maintaining their market share, are currently proving that the cycle theory prevalent in this industry under which one or two years of profit must alternate with years of losses is contestable. The Equitable in Montréal has shown a profit for a third consecutive year and reports a net income after tax of \$1 766 333 for 1984. Similarly, Industrial-General in Québec City did the same for a fifth consecutive year and reports a net income after tax of \$977 823 for 1984. These two companies are producing a very interesting return on investment and their future orientation in this field of financial services must soon be determined more precisely.

MICR Systems Ltd. in Toronto, operating in a field where technological developments are very rapid and markets constantly changing and narrowing due to acute competition, still shows a net income of \$144 435. This is a setback over 1983 but we remain confident that MICR shall develop specialized services suited to particular needs of this field and will return to the previous years' encouraging trend.

Industrial Life-Technical Services Inc. (IST) and its affiliated companies: Cogena, Healthcomp and Informatèque, continue together to enlarge their already leading position in Québec in the field of shared data processing services. It is very heartening to note the spectacular reversal of their financial results from a combined loss of \$1 621 145 in 1983 to a net profit of \$372 082 in 1984. Rationalization programs announced last year are being vigorously pursued so that we can be optimistic about their future in spite of the continuous technological evolution to which they will have to keep on adjusting promptly.

The positive performance of each and every company in our group is an additional reason for all of us to be proud of being part of the great institution that Industrial Life has become!

Two main reasons have prompted us to devote more space in this year's comments on the financial results to those of our subsidiaries. The first one is because readers must go through the detailed financial statements, notes and graphs to properly appreciate Industrial Life's achievements and the second one is that investments in these subsidiaries being in fact venture capital investments, our members must at times be reassured that those are sound and secure in the long term. They must also be made aware that we are in this way fulfilling in their name a required economic and social role.

To all of us working for either one of Industrial Life's group of companies, always seeking to do more in a better way is at the same time a very humane and exciting reaction. Together with the Management, I am convinced that every member of our team will respond with enthusiasm to the full measure of their proven competence. I also know that they wonder about the general tendency and the eventual format of our activities in the financial services' future environment. This is not the first nor the last challenge we face together and I am confident that the rich heritage received from our elders will continue to grow in our hands and those of our successors.

For the Management,



Robert Bégin  
President and Chief Executive  
Officer

# Board of Directors

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**Ernest G. Ayers**  
President  
Ayers Limited

**Robert Bégin, F.S.A.**  
President and Chief Executive Officer  
Industrial Life Insurance Company

**Ronald C. Brown, Q.C.**  
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 Stein, Monast, Pratte  
& Marseille, 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

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## 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

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**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, Control

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

**Simon Dompierre, F.S.A.**  
Vice-President,  
General Insurance

**Marcel Dumas, F.S.A.**  
Vice-President,  
Human Resources

**Cyrille Jutras, F.S.A.**  
Vice-President,  
Actuarial Division

**Rémi Normand, F.S.A.**  
Vice-President,  
Group Insurance and Pensions

**Normand Pépin, F.S.A.**  
Vice-President, Sales

**Georges Smith, LL.L.**  
Vice-President,  
Corporate Affairs

**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, Claims, 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, Individual Life Systems

**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, General and Group Insurance Systems

**Rodrigue Cloutier**  
Director, Special Projects

**Hervey Côté, C.L.U.**  
Superintendent, Sales

**Réjean Devin, B.Sc.Phys.**  
Director, Technical Services and Production Control

**Robert Dionne**  
Director, Québec Regional Administration Office

**Raymond Donnelly**  
Senior Director, Special Projects

**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, Contracts, General 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

**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.**  
Senior Director, Personnel

**René Paré, F.L.M.I.**  
Superintendent, Sales

**Laurent Perreault, F.L.M.I.**  
Director, Administration, Group Insurance

**Guy Pilote**  
Director, Policy Contracts, Individual Insurance

**Sheila Quinn, F.S.A.**  
Actuary, Individual Insurance

**Marcel Racine**  
Director, Supportive Administrative Services

**Marc Renaud**  
Senior Director, Office and Supportive Administrative Services

**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

**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 Pensions

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

# Service Network

PROVINCE OF QUÉBEC		DIRECTORS
Abitibi-Témiscamingue	20 Gamble St. W., Rouyn J9X 2R2	Benoit Côté
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
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	600 Casavant Blvd. W., St-Hyacinthe J2S 7S3	Roger Landry, C.L.U.
Beloil	535 Laurier Blvd., Beloil 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 1T1	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 St., Cap-de-la-Madeleine G8T 2A3	Michel Morrisette
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	Serge Aubry, C.L.U.
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 3M7	Michel Pelletier
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	Jean Joly, C.L.U.
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.

St-Denis	1115 Louvain St. E., Montréal H2M 2E6	Charles E. Levesque
St-Lambert	475 Victoria St., St-Lambert J4P 2J1	Claude Dufresne
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	Jean Joly, C.L.U.

#### **METROPOLITAN QUÉBEC**

Chauveau	8500 Henri-Bourassa Blvd., Charlesbourg G1G 5X1	Doris Lachance
Lévis	91 St-Georges St. W., Lévis G6V 4K8	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	661 Mountain Road, Moncton E1C 2P4	Michel Migneault

#### **PROVINCE OF ONTARIO**

Niagara	206 Richmond St., Thorold L2V 4L8	Rick Smolak
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-West	90 Eglinton Ave. E., Toronto M4P 2Y3	John Nevins

#### **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	1080 St-Louis Road, Sillery G1K 7M3	Jean Trahan, C.App.

#### **REGIONAL ADMINISTRATION OFFICES**

Montréal	3170 Beaubien St. E., Montréal H1Y 1H4	Roland Bonenfant
Québec	1080 St-Louis Road, Sillery G1K 7M3	Robert Dionne
Toronto	90 Eglinton Ave. E., Toronto M4P 2Y3	Tom Tuck

#### **BRANCH OFFICE ADMINISTRATIVE SERVICES**

Montréal	7077 Beaubien St. E., Anjou H1M 2Y2	Bernard Bazinet
Québec	1080 St-Louis Road, Sillery G1K 7M3	Gaston Rivard







L'INDUSTRIELLE  
COMPAGNIE D'ASSURANCE SUR LA VIE

37464843	85431937	353273939	09748.00
36273003	86544652	436747462	8640012
03528252	76653454	642624160	4121000
98761005	74234328	309001523	7543000
73548202	74234328	989001523	7543000
47323598	74234328	309001523	7543000
52320204	74234398	509001523	7543000
75242983	74234365	019001390	7543000
35231200	74234331	729001523	7543000
37324105	74234359	309001523	7543000



# FINANCIAL STATEMENTS



# Income

**Year ended December 31, 1984**  
(in thousands of dollars)

	<b>1984</b>	<b>1983</b>
<b>INCOME</b>		
Premiums	\$ <b>266 260</b>	\$ 197 711
Net investment income (note 4)	<b>128 886</b>	113 974
Contributions to employees' pension fund	<b>2 777</b>	3 385
	<b>397 923</b>	315 070
<b>APPROPRIATION OF INCOME</b>		
Normal increase in actuarial reserve	<b>138 683</b>	65 958
Claims incurred	<b>135 434</b>	135 423
Dividends and group experience refunds	<b>6 749</b>	7 861
Interest credited to amounts on deposit	<b>1 675</b>	2 251
Commissions	<b>41 316</b>	45 315
Taxes, licences and fees	<b>2 926</b>	2 467
General expenses	<b>29 211</b>	31 457
Payments from and increase in employees' pension fund	<b>6 693</b>	6 810
Miscellaneous	<b>14 900</b>	10 051
	<b>377 587</b>	307 593
Net income before income taxes	<b>20 336</b>	7 477
Income taxes (credit)	<b>1 720</b>	(663)
<b>Net income for the year</b>	<b>18 616</b>	8 140

# Surplus

Year ended December 31, 1984  
(in thousands of dollars)

	1984	1983
<b>APPROPRIATED SURPLUS</b> (note 5)		
	\$	\$
Balance at beginning	28 662	20 385
Changes in additional reserves	(2 870)	(567)
Changes in valuation reserve for stocks and deferred capital gains and losses realized on bonds and stocks	237	8 844
<b>Balance at end</b>	<b>26 029</b>	<b>28 662</b>
<b>UNAPPROPRIATED SURPLUS</b>		
Balance at beginning	108 343	101 361
Net income for the year	18 616	8 140
Changes in valuation of actuarial reserve	(919)	(1 885)
Transfer from appropriated surplus for additional reserves	2 870	567
Non-amortizable capital gains (losses)	(93)	160
<b>Balance at end</b>	<b>128 817</b>	<b>108 343</b>

# Balance Sheet

As of December 31, 1984  
(in thousands of dollars)

Assets	1984	1983
<b>INVESTMENTS</b>		
Bonds (note 2)	\$ 446 470	\$ 329 454
Stocks (note 3)	50 078	50 177
Mortgage loans	560 561	529 855
Real estate (note 8)	43 211	42 215
Policy loans	23 798	27 793
Term deposits and cash	45 087	11 239
Subsidiaries (note 6)	54 668	75 398
	1 223 873	1 066 131
<b>OTHER ASSETS</b>		
Investment income due and accrued	19 196	15 396
Outstanding premiums	6 198	5 267
Amounts receivable	1 201	612
Miscellaneous (note 9)	2 296	2 703
Income taxes recoverable	—	677
Segregated funds	38 356	24 900
	67 247	49 555
	1 291 120	1 115 686
On behalf of the Board: André Charron, Director Robert Bégin, Director		

# Liabilities

## ACTUARIAL LIABILITIES

	1984	1983
	\$	\$
Actuarial reserve (note 7)	986 806	845 670
Provision for dividends and group experience refunds	7 020	8 203
Provision for unreported claims	6 995	6 813
Employees' pension fund	35 796	31 808
	1 036 617	892 494

## OTHER LIABILITIES

Amounts on deposit	26 009	32 067
Premiums paid in advance	4 931	4 987
Other contractual liabilities	2 348	2 001
Unsettled claims	3 908	4 301
Accounts payable and accrued expenses	4 813	5 443
Bank overdrafts and loans	555	—
Income taxes payable	1 493	—
Miscellaneous	17 244	12 488
Segregated funds	38 356	24 900
	99 657	86 187

## POLICYHOLDERS' EQUITY

Surplus — appropriated (note 5)	26 029	28 662
— unappropriated	128 817	108 343
	154 846	137 005
	1 291 120	1 115 686

# 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.

	1984	1983
Market Value	\$ 50 078 531	\$ 50 176 845
Cost	32 110 742	31 971 332

## 4. NET INVESTMENT INCOME

Investment income is shown net of related expenses of \$ 10 464 727 (\$ 9 900 442 in 1983). Furthermore, it includes a variation of \$ 645 074 in the book value of subsidiaries' stocks (\$ 2 783 008 in 1983).

## 5. APPROPRIATED SURPLUS

	1984	1983
Reserve for mortality and morbidity fluctuations under group contracts	\$ 7 087 896	\$ 5 688 964
Additional reserve for negative reserves	10 643 431	9 377 592
Reserve for fluctuations in market value of investments	12 424 563	17 959 441
Valuation reserve for stocks and deferred capital gains and losses realized on bonds and stocks	(4 126 718)	(4 364 300)
Appropriated surplus	26 029 172	28 661 697

## 6. SUBSIDIARIES

Investments in subsidiaries are as follows:

	Value	Variation in book value of stocks
<b>At equity value</b>		
Industrial Life-Technical Services Inc.	\$ 14 677 737	\$ 317 740
Cogena (1980) Inc.	1 214 943	(23 046)
The Equitable General Insurance Company	8 235 836	1 766 333
M.I.C.R. Systems Ltd.	2 166 623	144 435
Industrial General Insurance Company	4 060 017	982 459
Industrial Life, Real Estate Services Inc.	46 086	4 011
Industrial Life, Management Company Inc.	16 604 840	(2 546 858)
<b>At cost</b>		
2170-5835 Québec Inc.	7 661 558	
	54 667 640	645 074

As provided for in the Québec Insurance Act, investments in Industrial Life, Management Company Inc. have been reduced to the net book value of that company as at December 31, 1984.

Through its subsidiary 2170-5835 Québec Inc., Industrial Life is committed in the construction of the "Industrial Life Tower", a co-ownership office building in Montréal. Work on the building should be completed in 1986.

## 7. ACTUARIAL RESERVE

As of January 1, 1984, the balance of the employees' insurance funds, totaling \$ 1 533 421 , has been transferred to the actuarial reserve.

As of December 31, 1984, the actuarial reserve, calculated under the net level premium method, amounts to \$ 1 045 232 611. Deferred acquisition expenses in the amount of \$ 58 426 486 have been deducted, leaving a net reserve of \$ 986 806 125.

## 8. REAL ESTATE

	Cost	Accumulated Depreciation	Net value 1984	Net value 1983
	\$	\$	\$	\$
Real estate held for investment	66 843 163	4 456 085	62 387 078	61 669 013
Related mortgage debts	(24 439 006)	—	(24 439 006)	(24 775 811)
	42 404 157	4 456 085	37 948 072	36 893 202
Repossessed properties	35 012	—	35 012	404 852
Head Office building	7 388 791	2 160 626	5 228 165	4 917 310
	49 827 960	6 616 711	43 211 249	42 215 364

Depreciation is principally computed on a sinking fund basis.

Depreciation for the year is \$ 749 304 (\$ 670 068 in 1983).

## 9. MISCELLANEOUS ASSETS

	Cost	Accumulated Depreciation	Net value 1984	Net value 1983
	\$	\$	\$	\$
Equipment for leasing	207 265	174 104	33 161	70 469
Furniture	2 630 928	1 431 647	1 199 281	973 242
	2 838 193	1 605 751	1 232 442	1 043 711
Advances to agents			1 063 779	1 659 098
			2 296 221	2 702 809

Depreciation is principally computed on a diminishing balance basis at annual rates of 20 % and 30 %.

Depreciation for the year is \$ 377 261 (\$ 282 862 in 1983).

## 10. RELATED PARTY TRANSACTIONS

In the normal course of business, the company entered into certain transactions with its subsidiaries. In 1984, such purchases of services amounted to \$ 4 405 864 (\$ 4 691 735 in 1983) while the sum of \$ 3 776 520 (\$ 2 952 158 in 1983) was recovered from the subsidiaries as their portion of the administrative and financial expenses.

# 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, 1984 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.

Cyrille Jutras, F.S.A., F.C.I.A.  
Valuation Actuary

Québec, February 4, 1985.

# Auditors' Report

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

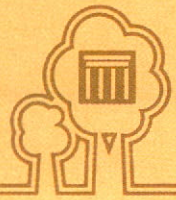
Chartered Accountants

Québec, February 4, 1985.



	<b>The North West Life</b> ASSURANCE COMPANY OF CANADA	
	<b>THE EQUITABLE</b> GENERAL INSURANCE COMPANY	
	<b>INDUSTRIAL</b> GENERAL INSURANCE COMPANY	
	<b>Industrial Life Technical Services Inc.</b>	
	<b>COGENA (1980) INC.</b>	
	<b>M.I.C.R. SYSTEMS LTD</b>	

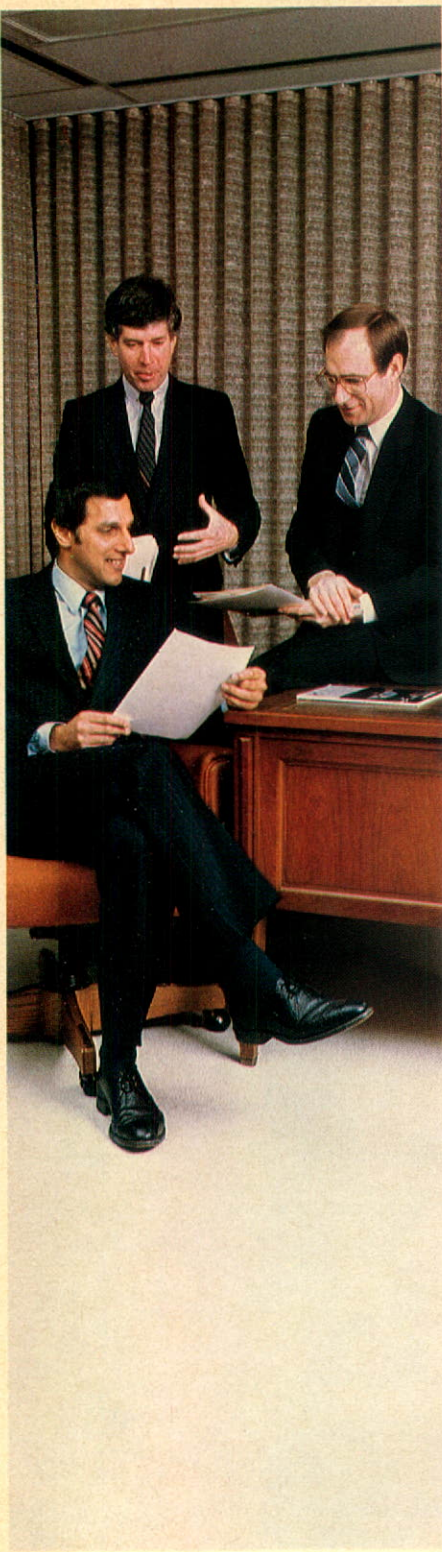
# SUBSIDIARIES





# The North West Life

## Condensed Financial Statements As of December 31, 1984



*John B. Gill  
President and Chief Executive Officer*

*Donald R. Francis  
Executive Vice-President and  
Chief Actuary*

*Ronald W. Pepper  
Senior Vice-President, Marketing*

### INCOME

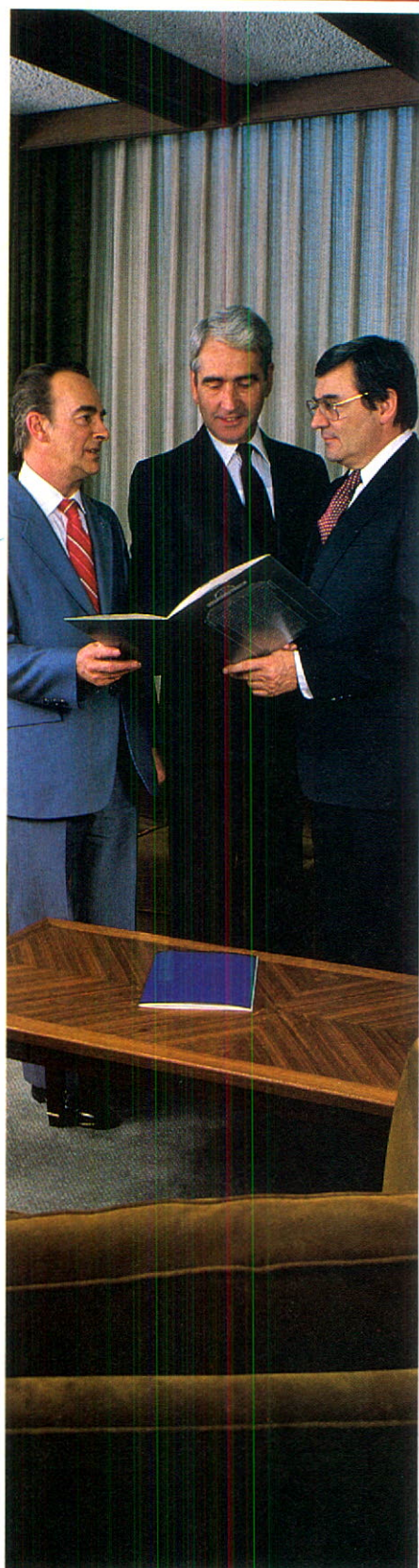
	\$
Premiums	27 070 326
Net investment income	32 981 230
	60 051 556
Claims incurred	27 718 195
Increase in actuarial reserve	21 014 667
Commissions	3 428 633
Administrative expenses and taxes	5 106 843
Income taxes	193 557
	57 461 895
Net profit before extraordinary items	2 589 661
Write down and losses on sales of investments	(799 754)
Net income	1 789 907

### BALANCE SHEET

Bonds	95 500 239
Stocks	1 259 366
Mortgage loans	124 932 668
Policy loans	31 680 697
Term deposits	43 440 111
Other assets	15 579 448
Total assets	312 392 529
Actuarial liabilities	255 842 494
Other liabilities	39 808 332
Capital stocks	5 767 082
Retained earnings	10 974 621
Total liabilities and equity	312 392 529

**Head Office**  
595 Howe Street, 12th Floor  
Vancouver, B.C.  
V6C 2T5

# The Equitable



*Réal Payette  
Vice-President, Marketing*

*Jacques Chabot  
Vice-President and Controller*

*Simon Dompierre  
Vice-President and  
Chief Operating Officer*

## Condensed Financial Statements As of December 31, 1984

### INCOME

	\$
Net earned premiums	17 305 555
Net investment income	1 681 789
	18 987 344
Claims and expenses	10 560 528
Commissions	2 908 559
Administrative expenses and taxes	2 912 026
Income taxes	839 898
	17 221 011
Net income	1 766 333

### BALANCE SHEET

Bonds	5 588 941
Stocks	8 609 795
Term deposits	3 971 080
Other assets	3 183 597
Total assets	21 353 413
Unsettled claims	4 112 220
Unearned premiums	7 737 427
Other liabilities	1 267 930
Capital stocks	1 000 000
Retained earnings	7 235 836
Total liabilities and equity	21 353 413

*Head Office*  
200 St-Jacques Street  
Montréal, Québec  
H2Y 1M2

# Industrial General

## Condensed Financial Statements As of December 31, 1984



### INCOME

	\$
Net earned premiums	10 074 446
Net investment income	933 061
	11 007 507
Claims and expenses	5 985 129
Commissions	1 739 966
Administrative expenses and taxes	1 809 602
Income taxes	494 987
	10 029 684
Net income	977 823

### BALANCE SHEET

Bonds	3 523 702
Stocks	4 817 950
Term deposits	692 657
Other assets	1 820 164
Total assets	10 854 473
Unsettled claims	1 754 297
Unearned premiums	4 303 273
Other liabilities	736 886
Capital stocks	1 000 000
Retained earnings	3 060 017
Total liabilities and equity	10 854 473

*Head Office*  
1080 St-Louis Road  
Sillery, Québec  
G1K 7M3

*Jean-Paul Pouliot*  
Senior Vice-President, Marketing

*Gilles Duchesneau*  
Senior Director

*Simon Dompierre*  
Vice-President

# I.S.T. and Cogna



*Maurice Martel  
President and Chief Executive Officer*

*André Thompson  
Executive Vice-President*

## Condensed Financial Statements As of November 30, 1984

	I.S.T.	Cogna
<b>INCOME</b>		
	\$	\$
Data processing services	31 384 230	5 926 780
Management and consulting fees	5 618 552	1 399 181
Other income	218 730	134 138
	37 221 512	7 460 099
Operation	31 411 789	7 343 906
Depreciation	5 412 515	141 319
	36 824 304	7 485 225
Net income	397 208	(25 126)
<b>BALANCE SHEET</b>		
Current assets	11 765 901	1 898 668
Fixed assets	12 799 950	294 384
Investments	1 793 676	5 400 323
Other assets	12 082 095	214 751
Total assets	38 441 622	7 808 126
Current liabilities	9 135 473	1 984 896
Current portion of long-term debt	2 361 281	375 000
Long-term liabilities	17 660 582	3 929 551
Capital stocks	14 476 873	2 000 100
Deficit	(5 192 587)	(481 421)
Total liabilities and equity	38 441 622	7 808 126

*I.S.T. Head Office  
2 Complexe Desjardins  
13th Floor, Tour de l'Est  
Montréal, Québec  
H5B 1B3*

*Cogna Head Office  
333 St-Antoine Street East  
Montréal, Québec  
H2X 1R9*

**Condensed Financial Statements  
As of November 30, 1984**



*Ted Shym  
President*

*George D. Oyagi  
Executive Vice-President*

---

**INCOME**


---

	\$
Data processing services	3 577 265
Sales of data processing supplies	4 366 112
Other income	44 386
	<hr/> 7 987 763 <hr/>
Operation	7 711 926
Depreciation	241 794
	<hr/> 7 953 720 <hr/>
Net profit before extraordinary item	34 043
Gain on disposal of investments	110 392
Net income	<hr/> 144 435 <hr/>

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**BALANCE SHEET**


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Current assets	2 639 539
Fixed assets	517 145
Investments	40 000
Other assets	310 898
Total assets	<hr/> 3 507 582 <hr/>
Current liabilities	1 139 260
Current portion of long-term debt	155 875
Long-term liabilities	1 851 682
Capital stocks	476 582
Deficit	(115 817)
Total liabilities and equity	<hr/> 3 507 582 <hr/>

**Head Office**  
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