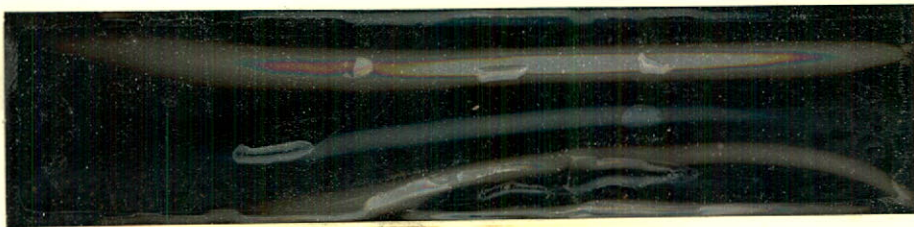


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Pour obtenir un exemplaire de ce rapport annuel en français, adressez-vous à Crown, compagnie d'assurance-vie.



Gatefold: The Expo Centre takes on a jewelled appearance after dark. The 17-storey geodesic dome, a focal point of Vancouver's 1986 world exposition, will house two theatres and an exhibit on future technology. Crown Life will be in Vancouver as "Official Insurer" and a corporate sponsor of Expo 86.



Founded in Canada in 1900, Crown Life is an international leader in the provision of personal and corporate financial services.

The Company offers a full range of life insurance, health insurance and pension programs to individuals and groups. In addition, reinsurance services are provided to other insurance companies.

Crown Life products are offered on both a participating and non-participating basis. Participating policies permit policyholders to share in the income of the participating business by receiving policy dividends.

Crown Life maintains 243 sales and service offices in Canada, the United States, the United Kingdom, the Atlantic and Caribbean Islands and Hong Kong. Subsidiary companies operate in the United States, the United Kingdom, Trinidad and Tobago, and Jamaica.

Crown Life is organized on a profit centre basis by geographical territory and product line. This decentralized structure has created a strong customer focus and an emphasis on service and innovation.

The Company maintains a diverse distribution system. Products are marketed through agents, general agents, group insurance and pension sales representatives, reinsurance sales representatives, financial planning consultants, brokers and by direct mail.

With assets of \$5.9 billion and \$76.5 billion of life insurance in force, the Company is in the top two percent of the more than 2,000 life companies operating in North America. The most recent industry surveys rank Crown Life as the sixth largest writer of new individual insurance and the fifth largest life reinsurer in North America.

The Company's soundness and financial strength are illustrated by its Standard and Poor's "AAA" rating for claims paying ability. This rating, the highest granted by Standard & Poor's, indicates "extremely strong capacity to meet contractual obligations". Crown Life continues to receive an A+ (Excellent) rating from the A.M. Best Company, the highest corporate rating attainable.

Crown Life's major shareholder, Crownx Inc., owns 94 percent of the common shares of the Company. Crownx is an integrated service company with operations in three growth areas: financial services, health care and information technology. Crown Life is the major business unit in the Crown Financial Group which also includes Crown Financial Services Inc., Coronet Trust Company, Private Ledger Financial Services, Inc., Caruscan Corporation, and a minority interest in Beutel, Goodman & Company Ltd. Association with this group of companies broadens the products and services available to Crown Life clients.

Inquiries about Crown Life and its affiliated companies are welcomed.

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Crown Life Insurance Company
120 Bloor Street East
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Telex: 06-22651

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Crown Life Insurance Company
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201 North Union Street
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22314 U.S.A.

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Telex: 85-7799



The architectural centrepiece of Expo 86 is the Canada Pavilion, extending three city blocks into Vancouver harbour. Resembling a ship in full sail, this extraordinary structure will house exhibits chronicling the Canadian experience in transportation and communications.



A spectacular world will be unveiled at Expo 86 in Vancouver — a world where imagination knows no bounds.

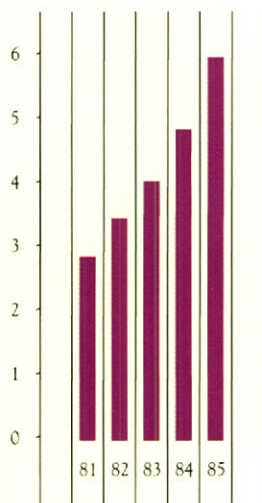
Expo 86 opens May 2nd in Vancouver. For five and one-half months, the exposition will celebrate man's achievements in transportation and communications.

Sanctioned by the International Bureau of Expositions, Expo will feature more than 80 international, provincial, state and corporate participants.

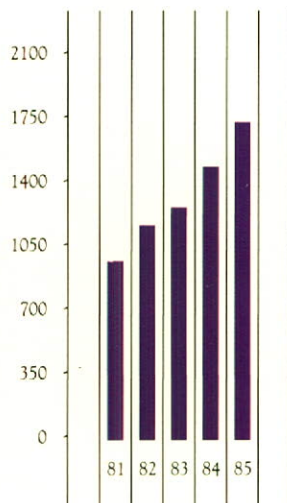
Crown Life is proud to be associated with Expo 86 as both a corporate sponsor and as "Official Insurer". All of the more than 15 million visitors to Expo will be insured while on site by special Crown Life coverage.

Expo 86 will be an international showcase of world cultures. Demonstrations, exhibits, symposia and lectures, plus the finest international visual and performing arts, will round out the program. The Expo spotlight will shine on 14,000 performances by outstanding artists from six continents.

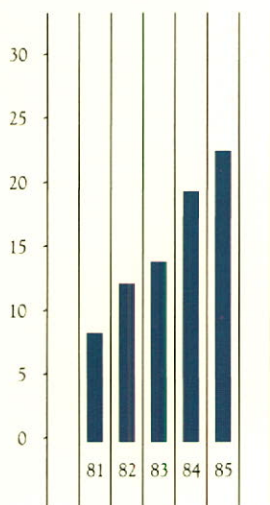
Catch the Expo spirit and join the celebration at this extraordinary world exposition. Crown Life takes pride in insuring your Expo experience.



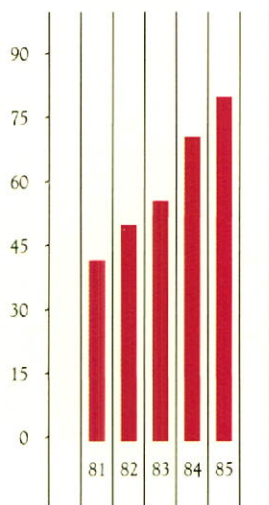
Assets
Billions of dollars



Premiums
Millions of dollars



New business
Billions of dollars



Business in force
Billions of dollars

New Business and Business in Force

New business	Life
	Health
	Annuity
Business in force	Life
	Health
	Annuity

Operating Results

Revenue	Premiums
	Investment income
	Other

Policy benefits

Income from operations

Participating policyholders	Dividends
	Share of income (loss)

Net income for the year	Preferred shareholders
	Common shareholders

Per Common Share Results (in dollars)

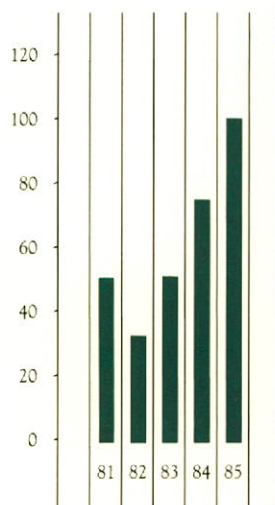
Net income
Shareholders' dividends

Financial Position

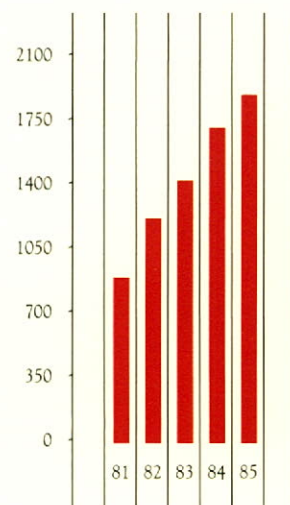
Assets	
Policyholders' and shareholders' equity	
	Participating policyholders
	Shareholders

FINANCIAL HIGHLIGHTS

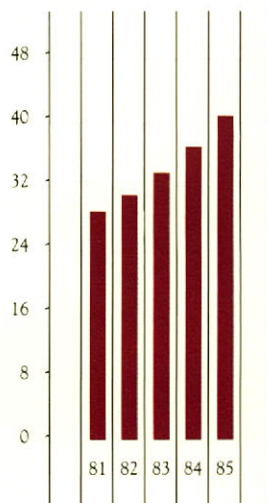
1985	1984
(thousands of dollars)	
21,795,524	19,014,331
110,037	117,538
615,465	404,157
76,479,732	67,645,378
465,276	486,475
2,788,190	2,059,250
1,734,978	1,457,989
548,181	417,331
61,671	252,499
2,344,830	2,127,819
1,868,788	1,711,978
99,712	74,667
40,368	36,024
(5,342)	1,390
11,406	3,224
60,267	39,331
71,673	42,555
30.13	19.67
5.00	3.60
5,936,742	4,846,127
149,748	155,090
460,912	410,645
610,660	565,735



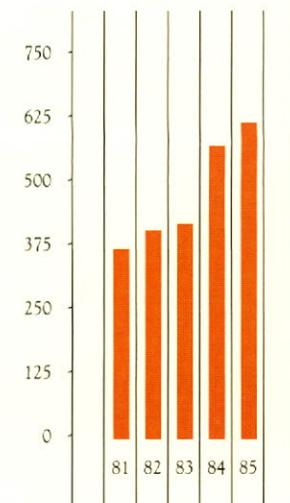
Income from operations
Millions of dollars



Benefits
Millions of dollars



Dividends to policyholders
Millions of dollars



Policyholders' and shareholders' equity
Millions of dollars



H. Michael Burns
Chairman and
Chief Executive Officer

Nineteen eighty-five was a year of notable achievement for Crown Life and its people. The improved economic environment and outstanding performances in many lines of business combined to produce the best year in the Company's history.

Records were established in key performance areas including earnings, revenue, new and in force business and policyholder benefits. These results are a tribute to the Company's dedicated and talented staff and sales organizations.

Contributing significantly to the improved 1985 results were strong earnings in the Company's United States group health line, excellent investment results, favourable overall mortality experience and productivity gains achieved through improved systems and procedures. These results more than offset losses recorded in the United States pension operation, where margins came under severe competitive pressures.

Among the year's highlights was the official opening of the Company's new United States Headquarters in Alexandria, Virginia. The establishment of this office reflects Crown Life's substantial and rapidly growing U.S. business.

During the third quarter, Crown Life became a general partner with a number of other insurers in the United States to create a national network of managed health care delivery systems. This marks the first time that insurance companies have joined together to pursue health care cost control initiatives.

1985 marked the introduction of a wide range of innovative new products. Plan for Life provides a flexible combination of savings and protection unique in the Canadian marketplace. Partner, a new group insurance product, addresses the medium case market in the United States and Asset, marketed through Crown America, is a highly-competitive, single-premium variable life plan. These product developments underscore the Company's commitment to be a market-driven organization.

Other 1985 highlights included: the introduction of new systems to enhance policyholder service, such as the Inclaims and Fastrak claims systems introduced by the Canadian and U.S. Group Insurance Divisions; completion of a joint venture agreement enhancing the capital structure and local involvement in the Company's Jamaican subsidiary; and announcement of the Company's sponsorship of Expo 86 — the Vancouver world exposition which will celebrate man's achievements in transportation and communications.

During the past year, a number of initiatives strengthened Crown Life's Investment operations. The department was restructured under Alfred G. Wirth who was appointed Senior Vice-President, Investments



Alan E. Morson

Alan E. Morson
President

in April. Also, during 1985, Beutel, Goodman & Company Ltd. assumed responsibility for management of the Company's segregated funds and equity portfolio.

Early in 1986 a number of organizational changes were made to create a more effective corporate structure.

Michael A. Wadsworth, QC, was appointed Senior Vice-President, Administration with responsibility for the Corporate Relations, Human Resources, Law, Medical and Secretarial areas. Mr. Wadsworth joined Crown Life from Crownx Inc. where he has held the position of Executive Vice-President and Corporate Secretary. At the same time, Herbert N. Beiles was appointed Senior Vice-President, Canadian and International Operations. Mr. Beiles assumed responsibility for International and Reinsurance Operations, in addition to Canadian Insurance Operations.

Financial Highlights

Net income attributable to shareholders was a record \$71.7 million, up from \$42.6 million in 1984. Net income per common share, after payment of \$11.4 million to preferred shareholders, increased by 53 percent to \$30.13.

Income from operations totalled \$99.7 million, an increase of 34 percent over 1984.

Income from unusual items, resulting mainly from currency revaluation, amounted to \$7 million, compared to \$5.3 million in 1984.

Revenue grew by 10 percent to \$2.3 billion. Premium revenue was up 19 percent to \$1.7 billion and investment income increased by 31 percent to



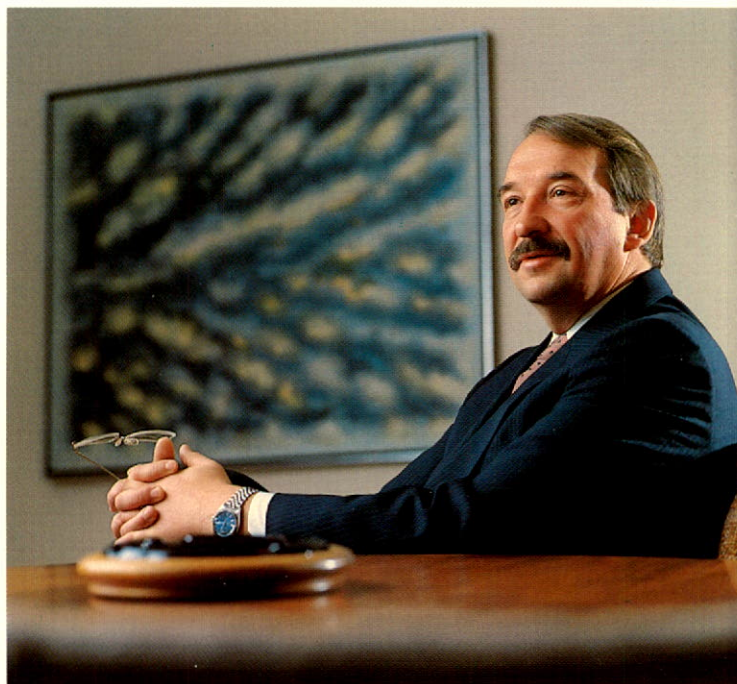
\$548 million. During the past year, assets grew by \$1.1 billion to \$5.9 billion.

Life insurance sales increased by 15 percent to \$21.8 billion, bringing total life business in force to \$76.5 billion.

Benefits paid or provided for future payments to policyholders increased by 9 percent to a record \$1.9 billion.

Income from operations in the participating line of business totalled \$32.6 million. Dividends paid to participating policyholders amounted to a record \$40.4 million, up from \$36 million in the previous year. After unusual income of \$2.4 million and payment of policyholder dividends, the participating policyholders' account showed a loss of \$5.3 million for the year, as compared to a profit of \$1.4 million in 1984.

The loss on participating business after dividends was caused primarily by a significant increase in new participating business written, particularly in the United States. Another contributing factor was



Robert W. Luba

Robert W. Luba
Executive Vice-President,
Corporate Finance and Investments

unfavourable mortality experience on participating policies during the past year.

Large increases in new business, such as those recorded in 1985 in the participating line, cause significant profit strain in the first year because of initial acquisition costs. This investment in new business is recovered over the life of the policies.

Operating Environment

The trend to deregulation, changing consumer attitudes and lifestyles, increased competitive pressures, and the rapid evolution of financial products have created an environment of dynamic change within the financial services industry.

The experiences of the past decade, which included high inflation and volatile interest rates followed by a severe recession, have created a new financial awareness on the part of today's sophisticated consumer and a demand for different products.

Technology has enabled financial services institutions to serve the emerging demands for a broader range of products and for substantially improved service.

Deregulation is occurring in the United States and there is a demand for similar change in Canada. The Canadian Federal Government has responded with a Green Paper outlining proposed changes to the regulation of Canadian financial institutions. Details of these proposals are currently under discussion. It is vitally important that this process of change lead quickly to the updating of the outmoded legislation governing the life insurance industry.

One of the issues facing life insurers is increased attention from governments seeking additional sources of tax revenue.

In the United States, for example, tax reform continues to be a prominent issue. The industry generally supports the latest version of a tax reform bill which eliminates proposals to tax annually the "investment" build-up on annuities and life policies, as well as the proceeds of policy loans. The bill, however, does contain provisions which would increase corporate taxes for insurance companies.

Following the recent Quebec provincial election, the new Liberal Government repealed provisions of an unpopular sales tax on premiums imposed earlier last year by the previous government. Individual life and health policies now are exempt, although group contracts remain taxable.

Acquired Immune Deficiency Syndrome (AIDS) is a growing public health problem which poses a major challenge to the industry. The cost to insurers is increasing rapidly and is expected to be substantial. Crown Life and the insurance industry are devoting careful attention to this development.

Another concern is the anticipated downturn in the business cycle for health insurance, particularly

in the United States. Strategies are in place to minimize the impact of this trend on profitability.

These and other environmental factors present both challenges and opportunities. Crown Life people are addressing these issues in order to adapt the Company's operations to its rapidly changing environment. Crown Life gains strength through its association with other companies in the Crown Financial Group.

Board of Directors

The past year saw a number of changes to the Board of Directors.

Robert A. Bandeen, Chairman and Chief Executive Officer, resigned to take early retirement on November 1, 1985. Mr. Bandeen, who joined Crown Life as a Director in 1979 and as Chairman in 1982, presided over the revitalization of the Company's business operations. His leadership was a major factor in the recent turnaround in the Company's fortunes.

H. Michael Burns succeeded Mr. Bandeen as Chairman and Chief Executive Officer. Mr. Burns, who also serves as President of Crown Life's parent company, Crownx Inc., has been a Crown Life Director since 1966 and formerly served as Chairman from 1979 to 1982. At the same time, David J. Hennigar was elected Vice-Chairman of the Company. Mr. Hennigar is Chairman of Crownx Inc.

Other Board changes during the past year included the election of J. Thomas MacQuarrie, QC, of Halifax, Nova Scotia, as a Policyholders' Director and the resignations of Dr. John R. Evans of Toronto and Johannes Ev. M. Lippmann of The Hague, The Netherlands.

Messrs. Bandeen, Evans and Lippmann served the Company with distinction. Their wise counsel will be missed.

On behalf of the Board of Directors, we extend thanks to all employees and sales associates whose outstanding efforts have made this past year our most successful ever.

Crown Life now has in place the business strategy, organization and staff to meet future challenges and to pursue growth opportunities as they emerge over the balance of this decade. The future looks very promising indeed.



Crown Life's 1986 Canadian television commercials view Expo's twin themes of transportation and communications through the eyes of children.

INSURANCE OPERATIONS

The Company's Insurance Operations continued to enjoy strong growth during 1985. Records were achieved for total revenue, earnings, new business and life insurance in force.

Building on its investment in market research and new product development, the Company continued to strengthen its position in a highly competitive marketplace.

Service to clients, one of the Company's core values, was enhanced by a substantial investment in data processing systems and other measures to improve responsiveness to customer needs.

United States Individual Insurance

Sales of Individual insurance products in the United States increased significantly during the past year. Participating sales increased about 60 percent over 1984 levels, while non-participating sales were up 30 percent. A consistent contributor to earnings, the division has a cost-effective distribution system and the capability to develop new products quickly.

The division conducted a detailed analysis of customer requirements, to assure quality service to its rapidly expanding customer base.

Located in major centres across the United States, general agents represent the division's primary distribution channel. During 1985, the input of the general agents was supplemented by market research to assure consumer acceptance of new products. Additional support by the Company strengthened the general agency system, resulting in increased sales and profitability. Crown Life's basic target market for individual insurance comprises affluent individuals and the owners of small businesses.

The Universal Life plan and a series of participating products, introduced in 1984, continued to receive widespread acceptance. Penetration of both traditional and new markets increased. During the past year, general agents were encouraged to recruit brokerage managers with expertise in specialty markets, and to provide support for life insurance brokers. These contacts should increase sales of products such as Individual Disability Income.

Earnings from non-participating business during 1985 increased over the previous year. Losses, however, occurred in the participating segment because of the temporary profit strain from the significant increase in new business, unfavourable mortality experience and a higher rate of dividends to policyholders.

United States Group Insurance

Nineteen eighty-five produced exceptional results for the United States Group Insurance division.

Earnings were very strong, exceeding the record 1984 total by 19 percent.

New products were introduced in response to clients' financial needs. For example, The Partner, a group medical product, was launched in September 1985. This sophisticated and flexible plan provides the Company with a highly competitive entry into the 100 to 1,000 life medium-size group market.

During the past year, Crown Life became a general partner in Private Healthcare Systems Ltd. This company controls health care costs through a variety of means, including the negotiation of volume discounts from health care professionals and organizations. This arrangement enables the division to compete effectively with health maintenance organizations, integrated hospital corporations and other preferred provider organizations.

The division made significant investments in administrative and data processing systems in 1985, including implementation of the new Fastrak claims system. Automation will continue in 1986 with the introduction of an improved administration system.

During 1985, certain administrative functions were decentralized to the Regional Offices in Chicago, Sacramento and Tampa, to improve client service. Also, during the year, Tampa employees moved into new expanded offices.

New product introductions will enhance the traditional product base in 1986. Marketing of the Crown Plus medical case management product will be expanded. The division will compete effectively by providing highly differentiated value-driven products and top quality service.

In 1986, a participative management project called "Eye of the Client" will enable employees at each field office to help develop programs to improve effectiveness and client service.

The division's future plans call for increased emphasis on marketing financial services through payroll deduction, concentrating, initially, on the core medical insurance business.

United States Pensions

A substantial portion of the growth in Crown Life's pension business occurred in the United States during 1985. The U.S. Pension division was highly successful in its strategy of focusing on the non-qualified annuity market segment. Overall pension sales set a record for the year, exceeding the 1984 volume by 48 percent. New business was monitored carefully to ensure an appropriate matching of assets and liabilities.

Losses were incurred during 1985 as a result of some reserve strengthening and the impact of severe competitive pressures on margins.

During 1985, organizational changes enhanced data processing capabilities, and thus improved service





*Crown Life senior executives
from left to right:*

Herbert N. Beiles,
Senior Vice-President,
Canadian and International
Operations;
Robert G. Boeckner,
Senior Vice-President,
U.S. Insurance Operations;
Alfred G. Wirth,
Senior Vice-President,
Investments;
Michael A. Wadsworth,
Senior Vice-President,
Administration;
David R. Johnston,
Senior Vice-President
and Actuary.



Community involvement is an important element of corporate citizenship. Above, Crown Life employees participate in the American Red Cross food drive for the needy in Alexandria, Virginia.

levels and productivity. In 1986, financial underwriting capacity will be increased so that the division can expand in defined markets.

United States Subsidiaries

Crown America Life Insurance Company obtained approval from the Securities and Exchange Commission for Asset, its initial product, in the third quarter of 1985. Asset is a single premium variable life plan.

Variable life is a new insurance product which provides a choice of investment funds. Benefits payable depend on the performance of the funds. A minimum death benefit is guaranteed and cash values are tied to the value of the fund.

By year-end, 33 states had approved the product. State and National Association of Securities Dealers licensing of Crown Life and its general agents was completed in all target states.

Variable life is being marketed by general agents through stockbrokers and insurance brokers. Results by year-end confirmed that the nature, size and need of the market had been estimated correctly.

The division's main goal for 1986 is to broaden its distribution system.

In New York State, American Crown Life Insurance Company, another wholly-owned subsidiary, continued to increase its market share through emphasis on individual life and disability insurance products. Individual disability sales accounted for significant revenue growth because of the competitiveness of the product and strengthened marketing. A new universal life product, designed for the payroll deduction market, was introduced late in 1985.

Roger D. Roenfeldt, CLU, was elected President of American Crown, succeeding Raymond Dozell who retired. Mr. Dozell continues as a Director.

Canadian Individual Insurance

During 1985, the Canadian Individual Insurance division continued to build on the turnaround in earnings which began in 1983. Substantial increases in revenue were recorded as the sale of annuity products reached record levels.

Plan for Life, a unique and flexible financial service product, was introduced early in 1985. This plan combines life insurance, disability insurance and a savings plan under a single umbrella. Also during the year, two highly competitive term insurance plans were launched successfully. The combined sales of these three products represented 50 percent of new life insurance sales.

The career agency system continues as the division's primary distribution channel, accounting for 83 percent of the total sales volume. Sources of business are being developed in the brokerage market.

The past year marked the establishment of the Company's first two financial services offices. Salaried



financial service representatives in these offices provide financial counselling, life insurance, guaranteed investment certificates, retirement savings plans and mutual funds.

To enhance service and conserve existing business, the division has developed a new customer service facility in its branch offices.

Canadian Group Insurance and Pensions

The Canadian Group Insurance and Pension division experienced solid growth in premium income during the past year, with sales increases recorded for both life insurance and pensions.

Income from the Group Life and Health Insurance operations increased significantly over 1984 results. Group Pensions, which incurred losses during the previous year, produced a profit in 1985.

Substantial effort and investment were expended during 1985 on the installation of computer systems for both administration and claims, to increase productivity and to enhance the Company's reputation for service.

A strong marketing capacity has been developed in both the life and health operation and in the pension operation. This marketing capacity will provide Crown Life with competitive advantages in future years. One early result has been the launch during 1985 of the Company's Employee Assistance Program which is unique in the industry.

The focus on long-term disability operations continued in 1985. These efforts will culminate in the launch of a new product early in 1986.

Service levels for Group Pensions were improved dramatically during 1985 through the implementation of a team approach to client service and new information systems. The dedicated distribution system was expanded, and marketing materials were upgraded.

In 1986, a major marketing effort will be launched in support of the Canadian Pension division's pooled segregated funds.

Canadian Direct Marketing

Established in 1984, the Canadian Direct Marketing division mass markets products, primarily by direct mail. Several successful campaigns were completed in 1985, including mailings sponsored by provincial automobile associations and credit unions.

The Canadian Automobile Association Group Term program, offered in four provinces in 1985, generated substantial sales volumes. In addition, a special insurance offer was made to existing clients.

A national toll-free telephone service centre, staffed by trained representatives, has been established to handle customer enquiries.

International Operations

In the United Kingdom, Crown Financial Management Limited, in which Crown Life holds a 71 percent interest, is a holding company which owns Crown Life Assurance Company and its affiliated companies.

During 1985, a 22 percent increase in premium revenue was achieved despite a difficult tax environment. Total assets increased to \$653 million at year-end.

The U.K. Group of Companies has made a substantial investment in administrative and computer systems in order to improve productivity and service. These actions will allow the U.K. operations to handle the dramatic shift to pension sales following government withdrawal of tax relief for life insurance premiums. Improved financial results are anticipated for 1986 and subsequent years.

Crown Life (Caribbean) Limited, in Trinidad and Tobago, experienced excellent sales and profitability, despite difficult economic conditions in that country. The field force was upgraded through improved training and recruiting and a new home office building was opened in Port of Spain.

1985 was a milestone year for Crown Eagle Life Insurance Company Limited of Jamaica. Approval was received for a joint venture arrangement with the Eagle Merchant Bank of Jamaica Limited, which will increase the company's capital base and local involvement. A local executive group is in place; the sales force has been doubled; and most administrative functions have been transferred from Toronto.

Reinsurance Operations

The Reinsurance division continued to expand its operations during 1985. The Company ranks as the fifth largest life reinsurer in North America. There are three major reinsurance activities: Life Reinsurance, Financial Reinsurance and Special Risk Reinsurance.

Life reinsurance sales volumes totalled \$11.0 billion, net of amounts retroceded to other companies. This compares with \$10.1 billion in 1984.

The Company continues to be a leader in financial reinsurance. This operation allows client firms to reach their market potential while maintaining fiscal soundness.

The special risk operation doubled its premium income in 1985 and is expected to grow rapidly in 1986. This market includes such products as catastrophe reinsurance, abnormal stop loss, student accident, convention coverage and excess major medical reinsurance.

Earnings increased significantly in 1985, and profit margins are expected to improve further. Research into reinsurance markets in additional geographic locations will be undertaken in 1986.



Pictured above is an artist's rendering of Crown Life Place, a two-phase 600,000 square-foot office complex planned for development by the Company at Bloor and Church Streets in Toronto. Phase I, totalling 310,000 square feet, is scheduled for completion during 1988.



CORPORATE FINANCE AND INVESTMENTS

Corporate Finance

The Corporate Finance area provides financial and accounting services to the Company's profit centres, corporate departments and senior management. Its responsibilities include banking and audit services, tax reporting and statutory reporting. It also monitors the performance of divisions and subsidiaries relative to their strategic and operating objectives, and ensures that administrative systems are operating efficiently.

During 1985, the first phase of an advanced on-line financial information system was implemented. The new system provides each business unit with access to, and analysis of, pertinent financial data. It also will improve the timing and quality of management information.

Other plans include the implementation of a comprehensive banking study in order to improve cash flow information, achieve cost savings, and develop computer-assisted audit techniques. Additionally, the Company's taxation position will be monitored carefully in response to new legislation in Canada and the United States.

Investments

The Investment Department is responsible for managing the assets of Insurance Operations, and investing the corporate funds which represent the Company's capital and retained earnings.

The assets of Insurance Operations are primarily fixed rate, fixed term bonds and mortgages which match the liability structure of the profit centres. This is consistent with the nature of the obligations under Crown Life's policies.

The assets in Corporate funds are managed to maximize rates of return and have a large equity component.

Investments contributed significantly to earnings during 1985 and are expected to achieve even better results in 1986.

Total invested assets under management at December 31, 1985, were \$5.5 billion, up from \$4.4 billion at the end of the previous year. Approximately three-quarters of total assets are held in reserve for policy liabilities, one-eighth for other liabilities and the balance consists of participating policyholders' and shareholders' equity.

Investment income, net of related expenses, increased to a record \$548 million in 1985, up from \$417 million in 1984.

Crown Life is active in all major investment markets in both Canada and the United States. In addition to transactions in public bonds and commercial mortgages, the Company rapidly is establishing a



Mortgage investments, such as the Reston Sunrise office building in Reston, Virginia, represent a growing segment of Crown Life's overall investment portfolio. In 1985 the Company committed over \$1 billion in commercial mortgages in the United States.

presence in private placement bonds. The Company has further increased its expertise in structuring complex investments through the use of interest rate swaps, currency swaps and financial futures.

In 1985, a number of changes were implemented to focus investment activity. Management was strengthened; Beutel, Goodman & Company Ltd. managed the Company's common stock portfolio and part of the segregated pension funds; additional staff was hired for special investments and private placements and the real estate organization was restructured for amalgamation with Caruscan Corporation.

At the end of 1985, approximately 60 percent of Crown Life's assets were invested in the United States. These investments consist primarily of commercial mortgage loans, public and private bonds, stocks, and loans to policyholders. In 1985, Crown Life committed over \$1 billion in commercial mortgages in the United States, up from \$700 million in 1984. Based on the Company's current activity in the commercial mortgage market, Crown Life is

the tenth largest lender among United States insurance companies and the largest among Canadian insurers. In Canada, over \$150 million was committed in mortgages during the year.

The Company successfully leased One-Sixty Bloor Street East, a modern office complex in Toronto which Crown Life developed and in which it retains a 50 percent interest. The major tenants are J. Walter Thompson Company Limited, an international advertising agency, and Thomas J. Lipton Inc., part of the Unilever Group. The building now is fully leased and will be a significant contributor to operating income for Crown Life in 1986 and succeeding years.

The Company also owns a 1.7 acre development site on the south-east corner of Bloor and Church Streets in Toronto. The original buildings on the site have been demolished in order to allow the development of two high-rise office towers. It is anticipated that arrangements for a lead tenant, local approvals, and construction contracts, will be finalized during 1986. To manage this development and its current portfolio of income producing properties, Crown Life has retained Caruscan Corporation, a subsidiary of Crownx Inc., on a fee basis.

Other Financial Services Activities

Crown Life is a member of the Crown Financial Group of Crownx Inc. The long-term goal of the Crown Financial Group is to achieve a strong market presence with a series of autonomous companies linked by shared management expertise, distribution systems, technology and investment activities. The objective is to increase the return on equity and earnings per share of Crownx and Crown Life. Development and acquisition projects focus on activities which will be immediately productive and, when combined with existing operations, will strengthen the group.

In addition to Crown Life, the Crown Financial Group comprises the following financial services companies:

Crown Financial Services Inc.

Crown Financial Services Inc., a wholly-owned subsidiary of Crownx Inc., is the vehicle used to diversify into other financial services. CFS currently owns a 75 percent interest in Coronet Trust Company and a 40 percent interest in Beutel, Goodman & Company Ltd.

Coronet Trust Company

Coronet Trust is a federally-licensed trust company with offices in Toronto, Edmonton, Calgary and Winnipeg. It is licensed in all provinces except Quebec, Newfoundland and Prince Edward Island, with Quebec pending. During 1985, Coronet Trust

Invested Assets

Bonds 34%

Mortgages 43%

Stocks & Segregated Funds 10%

Cash & Other Assets 5%

Policy Loans 6%

Real Estate 2%

Assets Managed by

Crown Life Investment Department 97%

Beutel, Goodman & Company Ltd. 3%

Invested Assets of \$5.5 Billion

moved its headquarters from Edmonton to Toronto and, early in 1986, opened a storefront office in Crown Life's Toronto Home Office building.

Products, including certificates of deposit, guaranteed investment certificates and various tax-sheltered products, are marketed by 750 agents across the country.

Assets more than doubled during 1985 to \$166 million. Funds are invested primarily in the residential and commercial mortgage markets. The mortgage portfolio currently exceeds \$110 million. Continued growth in assets and deposits is anticipated for 1986.

Private Ledger Financial Services, Inc.

Private Ledger Financial Services, Inc. was acquired in 1984 to broaden the financial services operations in the United States. Private Ledger, a broker-dealer, sells a broad range of investment related products through 627 registered representatives, located throughout the United States. These representatives, 33 percent of whom are Certified Financial Planners, sell mutual funds, stocks, bonds, tax-shelters and other investment products.

Beutel, Goodman & Company Ltd.

Founded in 1967, Beutel, Goodman provides counselling services to pension funds and to individuals. It also operates the Dynamic Group of mutual funds and has a rapidly growing investment counselling operation in the United States. The company recently established an investment counselling operation in the United Kingdom.

Beutel, Goodman manages approximately eight percent of the assets of Crown Life, comprising the segregated funds and the equity portion of Crown Life's portfolio.

Caruscan Corporation

Caruscan Corporation has real estate interests in Canada and the United States. Caruscan will provide real estate expertise in the areas of development, construction, marketing, leasing and property management to Crownx companies as well as to other clients.



CORPORATE OPERATIONS

Corporate Operations provide centralized administrative and technical support services for Insurance Operations and Investments.

Corporate Planning

Effective planning is a vital component of each business unit and a key strength of the Company. The Corporate Planning group is responsible for the co-ordination of Crown Life's strategic and annual business plans. This area works closely with management in each area of the Company to identify and resolve key strategic issues and to develop the overall corporate strategy.

Human Resources

Recognizing the vital importance of its people, the Company strengthened its human resources function during 1985. Employee development is being given the highest priority.

Activities during the year included the introduction of the Employee Assistance Program and the opening of a new fitness centre in the Company's Toronto Home Office.

Employees enthusiastically participated in Wellness Week, a comprehensive program designed to heighten employee awareness of health and lifestyle factors contributing to wellness.

A human resources function was established in the Company's United States headquarters in Alexandria, Virginia, in order to provide a wide range of services to U.S. employees.

Training and human resource development programs continued for all levels of staff. The General Management Development Program was held at Bishop's University in Lennoxville, Quebec for the third consecutive year. This intensive four-week course was attended by high-potential middle and senior managers of Crown Life and associated companies.

Plans for 1986 include a strong emphasis on management training at all levels, introduction of a comprehensive employee recognition program and implementation of a new human resources information system.

Information Systems

As a major player in a highly service-oriented industry, the strategic use of information is integral to the operating plans of all areas of the Company. Data processing costs are expected to increase by 17 percent in 1986, reflecting the significant commitment to the development of information systems by all areas of the Company.



Crown Life's support of the arts was illustrated by the Company's role as Corporate Patron of the Bach 300 Festival in Toronto. The 17-day celebration of the 300th anniversary of the birth of Johann Sebastian Bach was presented by CentreStage Music.

In computer operations, the range of services provided will be expanded significantly and service levels will be upgraded by the automation of production systems.

To improve the product delivery system, the Crown Life communications network will be completed, connecting the U.S. Headquarters and regional centres, general agents, sales and pension offices directly to the Toronto Home Office. This on-line network will be used for all data communications. In addition, the integrated office systems group will expand the electronic mail system from a base that was established in 1985.

Corporate Actuarial

The Corporate Actuarial department performs a number of important functions. The Company's liabilities under all insurance and annuity policies are valued in accordance with Recommendations of the Canadian Institute of Actuaries, taking into account requirements of the regulatory authorities in the various jurisdictions in which the Company operates. In addition, the department analyses the experience and expected future profitability of policies issued by the various insurance operations.

One of the responsibilities of the Corporate Actuarial area is to ensure equitable treatment of participating business relative to non-participating business.

While the Company maintains separate accounts for most items of revenue and disbursement in the participating and non-participating sections of the business, investment income and overhead expenses are allocated to the two sections according to formulae. The Corporate Actuarial department ensures the formulae used are in accordance with requirements of the Insurance Act and that they are based on objective measures. Investment income is allocated according to the proportionate size of the cash flows generated in each calendar year. Overhead expenses are allocated according to standard measures such as premium volume and numbers and amounts of policies.

Corporate Relations

Crown Life expanded its corporate relations activities during the past year.

Corporate advertising has heightened consumer awareness of Crown Life in Canada. A new series of television commercials has been developed to highlight Crown Life's involvement as a corporate sponsor of Expo 86.

The Crown Life Pro-Am, a benefit golf tournament in Canada and the United States, raised funds for various charities and amateur golf. The amount raised since the tournament's inception exceeds \$635,000.

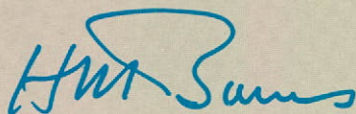
The Company was the exclusive corporate sponsor of The Great Canadian Participation Challenge, a coast-to-coast project to create national awareness of the benefits of regular physical activity. The event will be renamed "The Crown Life Participation Challenge" for 1986 and will involve an estimated three million Canadians.

Late in 1985, the Company signed an agreement to become principal corporate sponsor of the George Washington Parkway Classic 15K race which will be held on May 11, 1986, in Alexandria, Virginia.

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Assets	December 31	1985	1984
		(thousands of dollars)	
Invested assets	Bonds	1,901,427	1,764,874
	Shares	397,565	336,145
	Mortgage loans	2,364,225	1,573,242
	Real estate	118,216	106,971
	Loans to policyholders	330,149	320,057
	Cash and short term deposits	212,135	200,210
	Other	59,405	39,744
	Segregated investment funds	135,259	103,635
		5,518,381	4,444,878
Other assets	Accrued investment income	82,655	73,782
	Premiums receivable	71,875	70,593
	Amounts receivable under financial reinsurance agreements	181,377	186,185
	Agents advances	27,395	26,757
	Other	55,059	43,932
		418,361	401,249
		5,936,742	4,846,127

On behalf of the Board



H.M. Burns
Chairman



A.E. Morson
President

Liabilities	December 31	1985	1984
		(thousands of dollars)	
Policy liabilities	Provision for future policy benefits	4,064,011	3,277,774
	Policyholders' funds on deposit	157,848	149,890
	Benefits payable and provision for unreported claims	167,946	156,233
	Provision for policyholders' dividends	29,060	27,587
	Segregated investment funds	135,259	103,635
		4,554,124	3,715,119
Other liabilities	Bank indebtedness	116,585	116,863
	Amounts payable under financial reinsurance agreements	394,004	288,703
	Other	258,245	156,165
		5,322,958	4,276,850
Minority interest		3,124	3,542
Policyholders' and shareholders' equity			
Share capital (note 3)		127,000	127,000
Retained earnings	Appropriated, primarily for statutory purposes (note 4)	298,253	295,512
	Unappropriated	185,407	143,223
		483,660	438,735
		610,660	565,735
		5,936,742	4,846,127

Year ended December 31		1985	1984
(thousands of dollars)			
Revenue	Premiums	1,734,978	1,457,989
	Investment income (note 5)	548,181	417,331
	Other	61,671	252,499
		2,344,830	2,127,819
Policy benefits	Policy benefits	1,091,375	968,307
	Provision for future policy benefits	777,413	743,671
		1,868,788	1,711,978
Expenses	Commissions, salaries and other operating costs	355,472	320,549
	Taxes – income, premium and other (note 6)	20,858	20,625
		2,245,118	2,053,152
Income from operations		99,712	74,667
Unusual items (note 7)		6,987	5,302
		106,699	79,969
Dividends to policyholders		40,368	36,024
Participating policyholders' share of income (loss)		(5,342)	1,390
Net income		71,673	42,555
Attributable to	Preferred shareholders	11,406	3,224
	Common shareholders	60,267	39,331
Earnings per common share (in dollars)	Income from operations	27.84	17.21
	Net income	30.13	19.67

Year ended December 31		1985			1984
		(thousands of dollars)			
		Participating policyholders	Shareholders	Total	Total
Appropriated	Balance, beginning of year	62,635	232,877	295,512	283,601
	Transfer (to) from unappropriated	(6,119)	8,860	2,741	11,911
	Balance, end of year	56,516	241,737	298,253	295,512
Unappropriated	Balance, beginning of year	92,455	50,768	143,223	125,834
	Net income (loss)	(5,342)	71,673	66,331	43,945
		87,113	122,441	209,554	169,779
	Preferred share issue expenses	—	—	—	4,221
	Dividends to shareholders	—	21,406	21,406	10,424
		87,113	101,035	188,148	155,134
	Transfer (to) from appropriated	6,119	(8,860)	(2,741)	(11,911)
Balance, end of year	93,232	92,175	185,407	143,223	
Retained earnings		149,748	333,912	483,660	438,735

Year ended December 31		1985	1984
(thousands of dollars)			
Sources of cash	From operations		
	Net income	71,673	42,555
	Non-cash items		
	Increase in policy liabilities	604,276	481,467
	Other	39,097	(7,469)
		715,046	516,553
	Preferred share issue	—	125,000
	Investment in non-consolidated subsidiaries	3,749	—
	Increase in other liabilities	85,663	924
		804,458	642,477
Uses of cash	Invested assets acquired, net of sales or maturities	759,453	588,931
	Investment in non-consolidated subsidiaries	3,108	16,069
	Dividends to shareholders	21,406	10,424
	Other	8,288	10,705
		792,255	626,129
Increase in cash		12,203	16,348
Cash, beginning of year		83,347	66,999
Cash, end of year		95,550	83,347
Represented by:	Cash and short term deposits	212,135	200,210
	Bank indebtedness	(116,585)	(116,863)
		95,550	83,347

1. Summary of Significant Accounting Policies and Practices

Basis of presentation

The accompanying consolidated financial statements have been prepared in accordance with accounting practices prescribed or permitted by the Department of Insurance of Canada. These accounting practices vary from generally accepted accounting principles primarily with respect to investment valuation, the translation of amounts denominated in foreign currencies and accounting for income taxes.

Principles of consolidation

These consolidated financial statements include the accounts of the Company and wholly owned Crown America Holding Company, Coronet Properties Limited, Clico Properties Limited, and 71% owned Crown Financial Management Limited.

The accounts of Private Ledger Financial Services, Inc., 50.1% owned Crown Eagle Life Insurance Company Limited (formerly Crown Life Insurance Company (Jamaica) Limited), and 49% owned Crown Life (Caribbean) Limited are included in these consolidated financial statements using the equity method of accounting.

Assets and liabilities of subsidiaries are valued in accordance with accounting practices prescribed or permitted by regulatory authorities of the jurisdictions in which the subsidiaries are domiciled.

Foreign currency

Amounts denominated in foreign currency are translated into Canadian dollars at rates of exchange which approximate current exchange rates. Translation gains and losses which arise from adjusting these rates of exchange are included in income in the year the adjustment is made.

Invested assets

The Company holds investments for both its life and health insurance business and these are accounted for as follows:

A. Life insurance business

- (i) Bonds are carried at cost and mortgage loans at outstanding principal balances, both of which are adjusted for unamortized discounts and gains and losses on disposal.
Realized gains and losses on sales of bonds and mortgage loans are deferred and amortized over the period to maturity of the asset sold.
- (ii) Shares are carried at cost, adjusted to include the unamortized portion of realized gains and losses.
Realized and unrealized gains and losses on investments in shares are taken into income on a 15% declining balance basis.
- (iii) Real estate is carried at cost less encumbrances and accumulated depreciation.
Realized gains and losses on disposal are taken into income in the year of disposal. Unrealized gains and losses are not recognized.

B. Health insurance business

- (i) Bonds are carried at amortized cost and mortgage loans at outstanding principal balances adjusted for unamortized discounts.
- (ii) Shares are carried at cost.
- (iii) Real estate is carried at cost less encumbrances and accumulated depreciation.
- (iv) Realized gains and losses on disposal are taken into income in the year of disposal. Unrealized gains and losses are not recognized.

Segregated investment funds

Certain policy contracts allow the policyholder to reinvest in separate investment funds managed by the Company for the benefit of these policyholders. In accordance with statutory requirements, the assets of these funds are carried at their year-end market values, and a corresponding amount is reported as a liability on the balance sheet. The investment income from these funds includes all realized and unrealized gains and losses and is reflected in investment income, net of related expenses. Any increase in segregated investment fund liabilities is reported as an expense in the year of change.

Policy liabilities

Policy liabilities are amounts required for the servicing of benefits under the Company's insurance and annuity policy contracts. The most significant item in this category is the provision for future policy benefits.

The provision for future policy benefits represents the amount which, in the judgment of the Valuation Actuary, is required, together with future premiums and investment income, to provide for benefits, administrative expenses and taxes on insurance and annuity policies. This amount is calculated using interest, mortality and other assumptions considered to be appropriate to the circumstances of the Company and recognizes the deferral of certain costs of acquiring policies. In formulating these assumptions, consideration is given to past experience of the Company and that of the life insurance industry. This experience is monitored on an on-going basis and, when appropriate, policy liabilities are adjusted to reflect changed circumstances. Such adjustments are included in income in the year of change.

Income taxes

Income taxes are calculated using the taxes payable method, whereby income taxes are provided on taxable income rather than on financial statement income.

2. Investment in Subsidiaries

- (i) On January 14, 1985, the Company sold Annapolis Life Insurance Company for net cash proceeds of \$4,598,000 resulting in a gain of \$833,000.
- (ii) The purchase price for the Company's investment in its subsidiary Private Ledger Financial Services, Inc. ("Private Ledger") is undetermined. The price will be based on market value as determined by an independent appraisal. Settlement will be made by the application of amounts originally loaned and paid to Private Ledger's former parent aggregating \$13,435,000. To the extent, if any, that the purchase price is less than this amount, the Company will be an unsecured creditor of the former parent, which is in receivership. The Company has provided for potential losses on the amounts advanced.

3. Share Capital

		1985	1984
		(thousands of dollars)	
Authorized	10,000,000 Class I preferred shares, par value of \$25		
	2,400,000 Class II preferred shares, par value of \$100		
	5,000,000 Class A shares, non-voting, par value of \$1		
	5,000,000 Common shares, par value of \$1		
Issued	5,000,000 \$2.28 Class I cumulative preferred shares, Series A retractable on September 30, 1989 at par	125,000	125,000
	2,000,000 Common shares	2,000	2,000
		127,000	127,000

4. Retained Earnings

The Company is required by the Department of Insurance of Canada to make certain appropriations of retained earnings. The Company makes additional appropriations for prudent business reasons.

		1985	1984
		(thousands of dollars)	
Appropriated retained earnings consist of:			
	Investment values and currency exchange	50,837	57,000
	Excess of cash surrender values over policy liabilities	126,465	120,141
	Non-Canadian additional statutory requirements	48,378	37,430
	Canadian additional statutory requirements	15,009	14,622
	Value of miscellaneous assets	42,784	51,539
	Specified contingencies	2,780	2,780
	General contingencies	12,000	12,000
		298,253	295,512

5. Investment Income

Investment income was derived from the following sources:

	1985	1984
	(thousands of dollars)	
Bonds	177,097	170,516
Shares	68,363	37,231
Mortgage loans	236,836	173,536
Real estate	6,928	4,400
Loans to policyholders	19,589	19,375
Short term deposits	9,018	14,586
Other	14,189	5,007
Segregated investment funds	28,023	5,240
	560,043	429,891
Expenses	11,862	12,560
	548,181	417,331

6. Taxes – income, premium and other

	1985	1984
	(thousands of dollars)	
Income taxes	434	757
Premium and other taxes	20,424	19,868
	20,858	20,625

7. Unusual Items

	1985	1984
	(thousands of dollars)	
Gain on sale of real estate	—	9,508
Gain on foreign currency translation	10,500	4,616
Provision for loss and write-down of asset values	(3,513)	(8,385)
Other	—	(437)
	6,987	5,302

8. Related Party Matters

During the year, the Company leased real estate to Crowntek Communications Inc., an affiliated company, for \$1,295,000 (1984; \$1,027,000) and paid Crowntek Communications Inc., \$13,776,000 (1984; \$9,202,000) for computer services.

Included in invested assets at December 31, 1985 and 1984 are 729,500 Class A shares of Crowntek Inc., at a cost of \$14,590,000 U.S.

9. Pension Plans

The present value of unfunded past service pension liabilities as at December 31, 1985 is estimated to be \$9,418,000 and is being amortized over ten years on a straight line basis.

10. Contingent Liabilities

From time to time in connection with its operations, the Company is named as a defendant in a lawsuit. These actions generally have been resolved over a period of time with minimal damages in excess of policy reserves assessed against the Company. Accordingly, the Company does not make special provision for these and other lawsuits until final determination by the court or until it appears necessary in the opinion of counsel for the Company.

11. Comparative Figures

Certain 1984 amounts have been reclassified to conform with the financial statement presentation adopted in 1985.

Auditors' Report

To the Policyholders and Shareholders of Crown Life Insurance Company

We have examined the consolidated balance sheet of Crown Life Insurance Company as at December 31, 1985 and the consolidated statements of income, retained earnings and changes in cash for the year then ended. 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.

In our opinion, these consolidated financial statements present fairly the financial position of the Company as at December 31, 1985 and the results of its operations and the changes in its cash position for the year then ended in accordance with accounting practices described in note 1 to the financial statements applied on a basis consistent with that of the preceding year.



Toronto, Canada
February 4, 1986

THORNE RIDDELL
Chartered Accountants

Valuation Actuary's Report

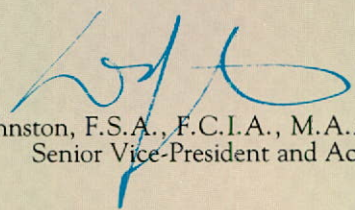
To the Policyholders and Shareholders of Crown Life Insurance Company

I have made the valuation of policy liabilities of Crown Life Insurance Company and its United States subsidiary insurance companies for its consolidated balance sheet as at December 31, 1985 and its consolidated statement of income for the year then ended. In my opinion, the valuation conforms to the Recommendations for Insurance Company Financial Reporting of the Canadian Institute of Actuaries.

In regard to the consolidated policy liabilities of the United Kingdom subsidiary companies, I have relied upon the valuation made by the Appointed Actuary of the subsidiary companies.

In my opinion, the amount held for policy liabilities makes proper provision for the obligations payable in the future under the companies' policies; a proper charge on account of those liabilities has been made in the statement of income; and the amount of retained earnings reserved for the excess of cash surrender values over policy liabilities is proper.

Toronto, Canada
February 4, 1986



D.R. Johnston, F.S.A., F.C.I.A., M.A.A.A.
Senior Vice-President and Actuary

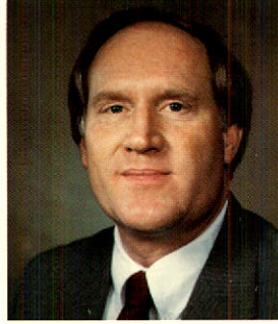
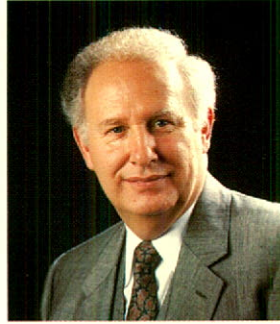
	1985	1984	1983	1982	1981
	(thousands of dollars)				
Operating Results					
Revenue					
Premiums	1,734,978	1,457,989	1,246,451	1,145,169	945,808
Investment income	548,181	417,331	366,969	330,418	210,838
Other	61,671	252,499	140,633	38,633	3,240
	2,344,830	2,127,819	1,754,053	1,514,220	1,159,886
Policy benefits					
Policy benefits	1,091,375	968,307	813,487	744,522	625,423
Provision for future policy benefits	777,413	743,671	598,969	467,888	258,131
	1,868,788	1,711,978	1,412,456	1,212,410	883,554
Expenses					
Commissions, salaries and other operating costs	355,472	320,549	273,730	255,315	209,549
Income, premium and other taxes	20,858	20,625	16,671	14,868	15,820
	376,330	341,174	290,401	270,183	225,369
Income from operations	99,712	74,667	51,196	31,627	50,963
Unusual items	6,987	5,302	9,601	29,101	24,673
	106,699	79,969	60,797	60,728	75,636
Dividends to policyholders	40,368	36,024	32,530	30,468	28,256
Participating policyholders' share of income (loss)	(5,342)	1,390	5,472	15,652	21,789
Net income	71,673	42,555	22,795	14,608	25,591
Earnings per common share (in dollars)	30.13	19.67	11.40	7.30	12.80
Financial Position					
Assets	5,936,742	4,846,127	3,954,603	3,414,943	2,826,434
Policyholders' and shareholders' equity					
Participating policyholders	149,748	155,090	153,700	148,228	132,576
Shareholders	460,912	410,645	257,735	241,190	232,783
	610,660	565,735	411,435	389,418	365,359
Dividends to shareholders					
Preferred	11,406	3,224			
Common	10,000	7,200	6,250	6,200	5,600
New Business and Business in Force					
New business					
Life	21,795,524	19,014,331	13,817,933	11,969,452	7,578,194
Health	110,037	117,538	130,118	86,242	85,720
Annuity	615,465	404,157	336,581	302,384	166,977
Business in force					
Life	76,479,732	67,645,378	53,279,043	47,753,477	40,886,895
Health	465,276	486,475	435,703	368,429	345,454
Annuity	2,788,190	2,059,250	1,670,707	1,320,705	1,016,045

Year ended December 31	1985					1984
Consolidated Summary of Premiums, New Business and Business in Force	(thousands of dollars)					
	Canada	United States	Inter- national	Reinsurance	Total	Total
Individual life						
New business	933,570	5,020,690	1,091,183	10,950,804	17,996,247	16,490,049
In force at end of year	6,355,147	17,581,383	4,502,278	26,517,195	54,956,003	43,897,590
Premium income	66,820	227,084	110,127	48,556	452,587	400,574
Individual health						
New business	450	3,325	25	210	4,010	4,501
In force at end of year	5,220	13,353	213	2,053	20,839	19,811
Premium income	4,388	10,383	1,228	14,411	30,410	22,654
Individual annuity						
New business	81,676	2,408	30,429	—	114,513	73,768
In force at end of year	348,500	151,420	106,082	41	606,043	512,382
Premium income	85,291	3,738	46,925	2	135,956	94,760
Group life						
New business	1,999,942	1,368,115	431,220	—	3,799,277	2,524,282
In force at end of year	9,121,754	9,791,461	2,610,514	—	21,523,729	23,747,788
Premium income	40,086	43,391	3,472	2,717	89,666	84,197
Group health						
New business	12,065	93,420	542	—	106,027	113,037
In force at end of year	74,136	368,011	2,056	234	444,437	466,664
Premium income	80,085	359,703	5,612	4,338	449,738	456,766
Group annuity						
New business	34,029	453,269	13,654	—	500,952	330,389
In force at end of year	386,190	1,627,099	168,858	—	2,182,147	1,546,868
Premium income	80,802	472,728	23,091	—	576,621	399,038
Total						
Premium income	357,472	1,117,027	190,455	70,024	1,734,978	1,457,989
Percentage of total premiums	20.6	64.4	11.0	4.0	100.0	100.0

New business and business in force amounts are comprised of amounts written directly by the Company and amounts reinsured from other companies, net of reinsurance amounts retroceded to other companies, but do not reflect certain reinsurance agreements.

New business and business in force are based on insurance amounts for life and annualized premiums for health. For annuities, new business is gross first year and single premium income and business in force is the actuarial liability held to provide for future policy payments.

Year ended December 31	1985	1984	1985	1984	1985	1984
Analysis of Consolidated Net Income	(thousands of dollars)					
	Participating policyholders		Shareholders		Total	
Revenue	277,915	269,504	2,066,915	1,858,315	2,344,830	2,127,819
Policy benefits	149,288	148,319	1,719,500	1,563,659	1,868,788	1,711,978
Expenses	93,867	82,292	282,463	258,882	376,330	341,174
Transfer from participating account to shareholders' account	(2,125)	(1,869)	2,125	1,869	—	—
Income from operations	32,635	37,024	67,077	37,643	99,712	74,667
Unusual items	2,391	390	4,596	4,912	6,987	5,302
	35,026	37,414	71,673	42,555	106,699	79,969
Dividends to policyholders	40,368	36,024	—	—	40,368	36,024
Net income (loss)	(5,342)	1,390	71,673	42,555	66,331	43,945



United States Operations

Left to right

Robert L. Affronti
Regional Pension Director
Los Angeles Regional Pension Office

Robert E. Lee
General Agent
Seattle, Washington

Jon T. Niblock
Marketing Manager
St. Louis Missouri Group Office



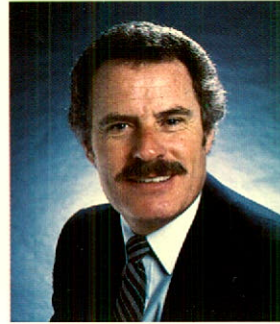
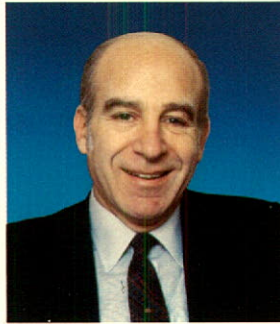
Canadian Operations

Left to right

James G. Botterill
Regional Pension Manager
Toronto Group Pension Office

Domenic Lomuti
Sales Representative
Toronto Parkway

Michel Poulos
Senior Group Sales Representative
Montreal Group Office



International and Reinsurance

Left to right

Michael D. Green
Senior Manager
Finchley Branch

Gordon Harry
Sales Superintendent
Reinsurance

Joy E. Richards
Sales Representative
Crown Eagle
Kingston, Jamaica

ATLANTIC AND CARIBBEAN

Nassau, Bahamas	T.V. NEWTON
Freeport, Bahamas	A.K. WALLACE
Hamilton, Bermuda	KITSON & COMPANY LTD.
Aruba, Curacao	V. GIBBS L. TAVERNIER
Hato Rey, Puerto Rico	J. ARGOMANIZ AND ASSOC. INC.
Hato Rey, Puerto Rico (Group)	
Grand Cayman, Cayman Islands, B.W.I.	R.E. LEE (CAYMAN) LTD.

Crown Life (Caribbean) Limited

Port of Spain, Trinidad	G. HOLDER
San Fernando, Trinidad	A. STANLEY

Crown Eagle Life Insurance Company Limited

Kingston, Jamaica	L. WEDDERBURN, CLU
Mandeville, Jamaica	E. BOVELL

CANADA

Calgary, Alberta	L. RAINE
Calgary, Alberta (Group)	W. AULD
Edmonton, Alberta	R.K. BROWN
Halifax, Nova Scotia	R.P. CHOMA
Halifax, Nova Scotia (Group)	R.V. DOUCETTE
Halifax, Nova Scotia (Pensions)	L. TOMPKINS
Hamilton, Ontario	W. JOHNSTONE
Kingston, Ontario	L. LAWSON
Kitchener, Ontario	J. STAN
London, Ontario	T.A. STEWART
London, Ontario (Group)	G. McCLELLAND
Moncton, New Brunswick	A.D. WILLISTON
Montreal, Quebec	A. DiFRUSCIA J.G. DUPLESSIS, CLU P. MOREAU, CLU C. MORIN, CLU S. LECLERC, CLU C. WALKER T.P. SHEWCHUK C.A. PERREAULT, CLU P. BOYER C. ROBITAILLE
Montreal, Quebec (Branch)	
Montreal, Quebec (Group)	
Montreal, Quebec (Pensions)	
Noranda, Quebec	
Ottawa, Ontario	
Quebec, Quebec	
Regina, Saskatchewan	
Saskatoon, Saskatchewan	F. CLUFF, CLU
Sault Ste. Marie, Ontario	
Sherbrooke, Quebec	R. BELANGER
St. Catharines, Ontario	
Toronto, Ontario	E.J. BLACK, CLU A. BURDI V. CHANADY K. GALBRAITH L. STIMSON R.S. TAYLOR, CLU S. SMITH G. McCLELLAND J. BOTTERRILL
Toronto, Ontario (Branch)	
Toronto, Ontario (Group)	
Toronto, Ontario (Pensions)	

Toronto, Ontario
(Reinsurance-International)

A. McDONALD
J. COOK
G. HARRY
R. HODGDON

Toronto, Ontario
(Special Risk Reinsurance)

D. BURRY

Toronto, Ontario (Financial Reinsurance)

G. DOWSLEY

Vancouver, British Columbia

L. CANAVAN

E. LUK

Vancouver, British Columbia
(Branch)

P. HOLLINGSHEAD

Vancouver, British Columbia (Group)

D. FINLAY

Vancouver, British Columbia (Pensions)

Victoria, British Columbia

Windsor, Ontario

Winnipeg, Manitoba

Winnipeg, Manitoba (Group)

R. SOUTHALL

UNITED KINGDOM

Basingstoke	C.B. HORDER
Bournemouth	D. CARROLL
Birmingham (Broker)	N. DAVIES
Bristol (Broker)	A. WEILAND
Bristol	M.R. KILMINSTER
Cardiff	R. COLLIER
Cardiff City	C. MORGAN
Croydon	N.V. ALLMARK
East Anglia	R. MORGAN
Edinburgh	J.J. CAPALDI
Exeter	S. HOWE
Glasgow (Broker)	F. MORRISON
Halesowen	P. LOCKYER
Leamington Spa	R. STEELE
Leeds (Broker)	J.A. STEELE
Lichfield	R. STOKES
London, City (Broker)	G. ARENDT
London, West End (Broker)	J. ELLAMS
London, Finchley	M.D. GREEN B. FREEMAN
London, Langham	D. GREENBERG
London, Thames Bank	R. CONWAY
Manchester (Broker)	I. ROBERTSON
Manchester	C. MULLANEY
Merseyside	R. APPLEBY
Newcastle	A. RICHARDSON
Nottingham (Broker)	W. SCOTT
Reigate (Broker)	M. PEYRE
Shrewsbury	A. GOODY
Southampton	M. BALLOQUI
Sough Downs	J. WILLETTS
Swansea	R. WARNER
Taunton	S. HOWE
Telford	D. HARVEY
Woking	HEAD OFFICE

UNITED STATES

Akron, Ohio (Group)	R. SCHOELER
Albuquerque, New Mexico	C.B. THORNDYKE AND ASSOCIATES
Allentown, Pennsylvania	D.P. LANDGRAF, CLU
Alexandria, Virginia (Pensions)	J. MULLIS (NATIONAL CENTER)
Anchorage, Alaska	ROBERT E. LEE (ALASKA)
Annapolis, Maryland (Pensions)	K. HUTCHINSON
Atlanta, Georgia	CROWN ASSOCIATES, INC.
Atlanta, Georgia (Group)	L.W. ULVILA (REGIONAL MARKETING)
Austin, Texas	R. WILLIAMS
Austin, Texas (Group)	ROBERT N. HICKS & ASSOCIATES OF AUSTIN, INC.
Baltimore, Maryland	S. KITCHENS
Billings, Montana	THE JACOBSON AGENCY
Birmingham, Alabama	J.L. DuBOIS & ASSOCIATES, INC.
Boise, Idaho	HEALD INSURANCE ASSOCIATES INC.
Boston, Massachusetts	GANNON & ASSOCIATES INC.
Boston, Massachusetts (Group)	C. SMITH
Cary, North Carolina	J. VAN OFFEREN
Casper, Wyoming	JAY LIVINGSTON ASSOCIATES, LTD.
Cross Lanes, West Virginia	R.L. SURANYI
Charlotte, North Carolina	CROWN ASSOCIATES OF WEST VIRGINIA, INC.
Charlotte, North Carolina (Group)	JAY LIVINGSTON ASSOCIATES, LTD.
Chicago, Illinois	L. GOODGAME
Chicago, Illinois (Group)	CRAIG/ASSOCIATES INC.
Chicago, Illinois (Pensions)	R.M. BREESE (REGIONAL MARKETING)
Cincinnati, Ohio	N.K. ROCHWICK (REGIONAL ADMINISTRATION)
Cincinnati, Ohio (Group)	M. MANSO
Cleveland, Ohio	R. McDERMOTT
Columbia, South Carolina	WILLIAM C. RIFFLE ASSOCIATES, INC.
Columbus, Ohio	R.C. OGLEVEE AGENCY, INC.
Concord, New Hampshire	JAY LIVINGSTON ASSOCIATES, LTD.
Corpus Christi, Texas	ASSOCIATES, LTD.
Cranford, New Jersey	JAY LIVINGSTON ASSOCIATES, LTD.
Dallas, Texas	DAVID F. SHAMA & ASSOCIATES, INC.
Dallas, Texas (Group)	CROWN LIFE NORTH EAST, INC.
Davenport, Iowa	ROGER W. WILSON
Dayton, Ohio	CROWN BROKERAGE SERVICES, INC.
Denver, Colorado	CROWN BROKERAGE SERVICES, INC.
Denver, Colorado (Group)	JOE SIMS & ASSOCIATES, INC.
Denver, Colorado (Pensions)	J. DEAN
Des Moines, Iowa	DON CAROTHERS & ASSOCIATES
Detroit, Michigan	WILLIAM C. RIFFLE ASSOC. INC.
Detroit, Michigan (Group)	CROWN BROKERAGE LTD.
Detroit, Michigan (Pensions)	S. TEETS
El Cerrito, California (Reinsurance-Western Region)	M. SANDLER
Erie, Pennsylvania	CROWN LIFE AGENCY, INC.
Fargo, North Dakota	ASSURED MARKETING SERVICES, INC.
Farmington, Connecticut	DETROIT CENTER AGENCY, INC.
Fresno, California	R. HOUTHUYSEN
Fresno, California (Group)	M. VORHEES
Grand Rapids, Michigan	J.B. CHRISTOPHER
Grand Rapids, Michigan (Group)	CROWN LIFE ASSOCIATES, INC.
Hartford, Connecticut (Group)	CROWN LIFE BROKERAGE, INC.
Honolulu, Hawaii	ROBERT E. LEE OF HAWAII, INC.
Hopkinsville, Kentucky	A.K. YOUNG
Houston, Texas	CROWN LIFE AGENCY WEST, INC.
Houston, Texas (Group)	R.E. LEE OF HOUSTON, INC.
Indianapolis, Indiana	R. BERG
Indianapolis, Indiana (Group)	CROWN LIFE ASSOCIATES, INC.
Jacksonville, Florida	A. SPRUNK
Kansas City, Kansas	CROWN LIFE BROKERAGE, INC.
Kansas City, Kansas (Group)	THE BLAIR AGENCY INC.
Knoxville, Tennessee	R. NORD
Lanham, Maryland	CROWN BROKERAGE SERVICES, INC.
Las Vegas, Nevada	DON RIZZO ASSOCIATES, INC.
Lexington, Kentucky	MICHAEL D. CAROTHERS
Lexington, Kentucky (Group)	INSURANCE AGENCY, INC.
Little Rock, Arkansas	C.L.A., INC.
Little Rock, Arkansas (Group)	J. McDOWELL
Los Angeles, California	G.M. JOHNSTON & ASSOCIATES
Los Angeles, California (Group)	S. BALL
Los Angeles, California (Pensions)	ROBERT E. LEE OF LOS ANGELES, INC.
Louisville, Kentucky	I.J. WEINROT & SON, INC.
Lubbock, Texas	H. DUREE
Memphis, Tennessee	R. AFFRONTI
Memphis, Tennessee (Group)	CROWN LIFE INSURANCE ASSOCIATES, INC.
Memphis, Tennessee (Pensions)	J.P. HARRIS
Miami, Florida	P.J. ROBB, INC.
Miami, Florida (Group)	L. TRIPP
Milwaukee, Wisconsin	T.C. KING
Milwaukee, Wisconsin (Group)	ANTONIO M. SIERRA
Minneapolis, Minnesota	G. CHAPMAN
Minneapolis, Minnesota (Group)	THE O'BRIEN FINANCIAL GROUP INC.
Mobile, Alabama	ROBERT E.A. SMITH ASSOCIATES, INC.
Nashville, Tennessee	KEITH BANGERT
Nashville, Tennessee (Group)	T. PAWLK
New Orleans, Louisiana	JERRY WILLIAMS & ASSOCIATES INC.
New Orleans, Louisiana (Group)	CROWN LIFE AGENCIES, INC.
North Palm Beach, Florida	G. BASS
Oklahoma City, Oklahoma	RAY ARTIGUES & ASSOCIATES, INC.
Oklahoma City, Oklahoma (Group)	A. PIERCE
Omaha, Nebraska	JOHN E. HAMM Jr. & ASSOCIATES, INC.
Orlando, Florida	JOHN M. DALY & ASSOCIATES, INC.
Orlando, Florida (Group)	J. HILL
Oxnard, California	GEORGE B. SCHMICK & CO.
Peoria, Illinois	WITTNER & CO.
	F. ROTH
	SHIPLEY-HOFFMAN ASSOCIATES INC.
	KERRY P. CRAIG & ASSOCIATES

Philadelphia, Pennsylvania JOHN RIDGE INSURANCE, INC.
 Philadelphia, Pennsylvania (Group) P. HOPKINSON
 Phoenix, Arizona CROWN BROKER SERVICES OF ARIZONA INC.
 Phoenix, Arizona (Group)
 Pittsburgh, Pennsylvania R.C. OGLEVEE & ASSOCIATES, INC.
 Pittsburgh, Pennsylvania (Group) D. MATTA
 Portland, Oregon A.M. WHITAKER COMPANY
 Princeton, New Jersey (Pensions) R. AULETTA
 Newport, Rhode Island J.A. O'NEIL
 Richmond, Virginia L. ALLEN JACKSON, INC.
 Sacramento, California ROBERT E. LEE OF
 NORTHERN CALIFORNIA, INC.
 Sacramento, California (Group) J.J. WATTS
 (REGIONAL MARKETING)
 R.E. THEW (REGIONAL ADMINISTRATION)
 K. MITCHELL
 Salt Lake City, Utah L. RAY DRAKE
 San Antonio, Texas ROBERT N. HICKS & ASSOCIATES OF
 SAN ANTONIO, INC.
 San Diego, California ROBERT E. LEE OF SAN DIEGO, INC.
 San Diego, California (Group) S. PIERATT
 San Francisco, California R.E. LEE (CALIFORNIA) INC.
 San Francisco, California (Group) J. DURST
 San Jose, California (Group) U. FEUSI
 Santa Ana, California ORANGE COUNTY
 INSURANCE ASSOCIATES

Santa Ana, California (Group) F. BIANE
 Seattle, Washington ROBERT E. LEE OF WASHINGTON, INC.
 Seattle, Washington (Group) C. TRAUTMANN
 Seattle, Washington (Pensions) A. ANDERSON
 Short Hills, New Jersey (Special Risk Reinsurance)
 W.F. TALLMADGE
 Springfield, New Jersey (Group) S. DEMAS
 St. Louis, Missouri JAMES T. BLAIR III, INC.
 St. Louis, Missouri (Group) J. NIBLOCK
 St. Petersburg, Florida WITTNER & CO.
 State College, Pennsylvania A.F. WILLIAMS, CLU
 Tampa, Florida (Group) J.H. BARKER
 (REGIONAL MARKETING)
 S.E. AUSTIN (REGIONAL ADMINISTRATION)
 M. PLYMALE
 Tampa, Florida (Pensions) L. KNECHT
 Toledo, Ohio CROWN AGENCY, INC.
 Tulsa, Oklahoma JOHN DALY & ASSOCIATES, INC.
 Washington, D.C. (Group) M. GOWEN

HONG KONG

Hong Kong ROBERT E. LEE OF HONG KONG

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 † President, Crownx Inc.
 Toronto, Ontario
- **David J. Hennigar**, M.B.A.
 ° Vice-Chairman;
 †† Chairman, Crownx Inc.;
 Atlantic Regional Director
 Burns Fry Limited
 Halifax, Nova Scotia
- **Alan E. Morson**, F.S.A., F.C.I.A., M.A.A.A.
 President
 Toronto, Ontario
- † **John J. Jodrey**
 Vice-President;
 Chairman and Chief Executive Officer
 Minas Basin Pulp and Power Company Limited
 Hantsport, Nova Scotia
- ° **Marsh A. Cooper**
 †† President
 M.A. Cooper Consultants Inc.
 Toronto, Ontario
- W. Harvey Cruickshank**, M.D., D.Psych., D.P.H.
 Toronto, Ontario
- **John H. Devlin**
 † Corporate Director and Consultant
 Toronto, Ontario
- Gordon C. Donley**, QC
 Consultant
 Toronto, Ontario
- †† **Peter C. Godsoe**
 † Vice-Chairman
 The Bank of Nova Scotia
 Toronto, Ontario

- †† **Alvin G. Libin**
 † Chairman
 Carcuscan Corporation
 Calgary, Alberta
- ° **Harold L. Livergant**
 Vice-Chairman
 Crownx Inc.
 Toronto, Ontario
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 Partner
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 Calgary, Alberta
- ° **Raymond Primeau**, B.A., B.Sc.A.,
 LL.L., D.B.A., D.E.S.
 Professor
 Ecole Polytechnique
 University of Montreal
 Montreal, Quebec
- †† **David T. Schiff**
 Managing Partner
 KLS Enterprises
 New York, N.Y.
- Frank H. Sherman**
 Chairman and Chief Executive Officer
 Dofasco Inc.
 Hamilton, Ontario
- The Earl of Westmorland**, K.C.V.O.
 Director
 Sotheby Holdings Inc.
 London, England
- **Donald G. Willmot**
 †† Honorary Chairman of the Board
 The Molson Companies Limited
 Toronto, Ontario

Honorary Directors

- J-Ubald Boyer
- R.C. Dowsett
- J.H. Mowbray Jones

- Executive Committee Member
- ° Audit Committee Member
- †† Investment Committee Member
- † Human Resources Committee Member

as of February 5, 1986

OFFICERS

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Chairman and Chief
Executive Officer

David J. Hennigar, M.B.A.
Vice-Chairman

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F.C.I.A., M.A.A.A.**
President

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Executive Vice-President
Corporate Finance and Investments

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M.A.A.A., E.A.**
Senior Vice-President
Canadian and International
Operations

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F.C.I.A., M.A.A.A.**
Senior Vice-President
U.S. Insurance Operations

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

Michael A. Wadsworth, QC
Senior Vice-President, Administration

Alfred G. Wirth
Senior Vice-President, Investments

INSURANCE OPERATIONS

Canadian Insurance Operations

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F.C.I.A., M.A.A.A.**
Vice-President, Direct Marketing
Canadian Insurance Operations

Canadian Group Insurance

Gabor G. Kalmar, FLMI
Vice-President
Canadian Group Insurance

Canadian Individual Insurance

**Arnold J. Shell, F.S.A., F.C.I.A.,
M.A.A.A., E.A.**
Vice-President
Canadian Individual Insurance

Robert G. Reynolds
Vice-President, Marketing
Canadian Individual Insurance

**Brock L. Stackhouse, F.S.A.,
F.C.I.A., M.A.A.A.**
Vice-President, Operations
Canadian Individual Insurance

Canadian Group Pensions

David G. Mather
Vice-President
Canadian Group Pensions

Reinsurance & International Operations

**Robert L. Williamson, F.S.A.,
F.C.I.A., M.A.A.A.**
Vice-President,
Reinsurance and
International Operations

**Remi H. Houle, F.S.A.,
F.C.I.A., M.A.A.A.**
Vice-President, Actuarial Services
Reinsurance and International
Operations

W. Jack Willins
Vice-President, Reinsurance

U.S. Insurance Operations

**Elaine Mandrish, F.S.A.,
F.C.I.A., M.A.A.A.**
Vice-President
Planning and Services
U.S. Insurance Operations

U.S. Group Insurance

Robert L. Laszewski, CLU
Vice-President, U.S. Group Insurance

Stephen A. McCorquodale, M.B.A.
Vice-President, Administration
U.S. Group Insurance

James N. Roberts, F.S.A., M.A.A.A.
Vice-President
Products and Marketing
U.S. Group Insurance

Robert F. Skrok
Vice-President, Sales
U.S. Group Insurance

U.S. Individual Insurance

J. David Ferguson, M.B.A., FLMI
Vice-President, Marketing
U.S. Individual Insurance

J. Duff Shaw
Marketing Services Vice-President
U.S. Individual Insurance

Arthur W. Thomas, FLMI
Vice-President, Agencies
U.S. Individual Insurance

Colin G. Willows
Vice-President, Administration
U.S. Individual Insurance

U.S. Pensions

**Oscar Zimmerman, F.S.A.,
F.C.I.A., M.A.A.A.**
Vice-President
U.S. Pension Operations

United Kingdom

Allan J. Duggin, F.I.A.
General Manager for the
United Kingdom

CORPORATE FINANCE AND INVESTMENTS

Corporate Finance

Robert W. Chisholm, C.A.
Vice-President, Finance

Investments

Nigel A. Howard
Vice-President, Mortgages

Carl J. MacCallum
Vice-President, Special Investments

Peter V. Tuters, CFA
Vice-President, Bonds

CORPORATE OPERATIONS

Corporate Planning

**Gareth W. Evans, F.S.A.,
F.C.I.A., M.A.A.A.**
Vice-President, Corporate Planning

Information Systems and Administration

Geoffrey T. Wood, C.M.A.
Vice-President
Information Services

Louis J. Dziedzic
Vice-President, Information Systems

Law

Hugh D. Wainwright, LL.B.
Vice-President and General Counsel

Medical

Ross C. MacKay, M.D., F.R.C.P. (C)
Vice-President and
Chief Medical Director

LIFE INSURANCE SUBSIDIARIES

Crown Life Group of Companies/ United Kingdom

Allan J. Duggin, F.I.A.
Managing Director and Chief
Executive

Crown Life (Caribbean) Limited

Gordon P. Deane, F.C.I.I.
Managing Director

Crown Eagle Life Insurance Company Limited

Marjorie St.C. Stephenson, FLMI
President

American Crown Life Insurance Company

Roger Roenfeldt, CLU
President

Crown America Life Insurance Company

**Robert G. Boeckner, F.S.A.,
F.C.I.A., M.A.A.A.**
President

