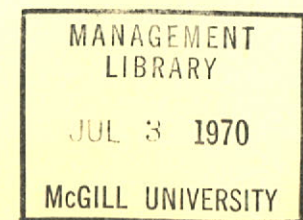


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The 123rd
Annual Report of
The Board of
Directors

The Canada
Life Assurance
Company

January 29, 1970





The Report

Your Directors have pleasure in submitting the 123rd annual report including the financial statement for the year ended December 31, 1969.

New business placed by our agency organization during the year totalled \$829,096,000 consisting of \$757,964,000 of life insurance and \$71,132,000 of annuities.

Business in force totals \$9,230,999,000 excluding reinsurance ceded to other companies. This amount includes \$8,090,658,000 of life insurance and \$1,140,341,000 of annuities.

The total income of the Company for the year from all sources was \$223,488,000 including \$23,831,000 in segregated annuity funds and after deducting \$19,791,000 premium reductions (policy dividends) allotted.

Payments to policyholders and beneficiaries totalled \$126,348,000.

The assets have been carefully valued and after making ample appropriations, their total is \$1,237,884,000.

Liabilities arising from insurance and annuity contracts amount to \$1,074,252,000 including \$26,680,000 premium reductions (policy dividends) to be allowed to policyholders in 1970 and subsequent years.

Surplus and reserve funds total \$85,798,000 of which \$1,224,000 is a health insurance reserve, \$24,000,000 is a general contingency reserve and \$60,574,000 is unassigned surplus.

Mr. Graham F. Towers resigned as Chairman of the Board in June having served in that capacity since 1961. The Company will continue to benefit from his experience and wise counsel as a Director.

Mr. J. G. Hungerford, who has served the Company with distinction as a Director since 1954 and as a Vice-President since May, 1968 was elected Chairman of the Board.

The Board, under the authority of the By-laws of the Company, increased the number of Directors by one to seventeen. To fill this newly created vacancy, The Lord McFadzean of London, England was elected a Director in October.

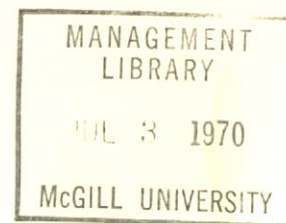
The Directors express their warm thanks to all members of the Company's organization who have contributed to the excellent results of the year.

On behalf of the Board,

J. G. HUNGERFORD, Q.C.
Chairman of the Board

A. H. LEMMON
President

Toronto, January 29, 1970



STATEMENT OF ASSETS AND LIABILITIES

AT DECEMBER 31, 1969

ASSETS			LIABILITIES AND SURPLUS		
	<u>1969</u>	<u>1968</u>		<u>1969</u>	<u>1968</u>
Bonds:			Amount required, in addition to future premiums and interest, to provide for payments guaranteed under insurance and annuity contracts . . .	\$949,811,000	\$933,186,000
Government	\$107,075,000		Benefits in course of payment or transfer to segregated annuity funds and provision for unreported claims . . .	31,916,000	17,714,000
Municipal	51,888,000		Amounts left on deposit with the Company	65,845,000	63,740,000
Public utility	38,772,000		Premium reductions (policy dividends) to be allowed in 1970 and subsequent years	26,680,000	28,067,000
Other corporation	<u>202,920,000</u>	\$417,318,000	Miscellaneous liabilities (including amounts in suspense and provision for outstanding taxes and expenses)	18,717,000	18,224,000
Mortgage loans	477,043,000	461,430,000	Health insurance reserve	1,224,000	1,104,000
Stocks:			General contingency reserve	24,000,000	24,000,000
Preferred	\$ 15,319,000		Unassigned surplus	60,574,000	58,585,000
Banks and trust companies	12,696,000			<u>\$1,178,767,000</u>	<u>\$1,144,620,000</u>
Other common	<u>78,670,000</u>	98,185,000	Segregated annuity funds	59,117,000	37,773,000
Properties held for investment	42,017,000	36,448,000		<u>\$1,237,884,000</u>	<u>\$1,182,393,000</u>
Loans on policies	109,002,000	91,224,000			
Office premises	8,963,000	6,418,000			
Cash	5,759,000	7,816,000			
Premiums in course of collection	9,561,000	9,061,000			
Interest and rents due and accrued	12,292,000	11,545,000			
Other assets	6,790,000	5,175,000			
	<u>\$1,178,767,000</u>	<u>\$1,144,620,000</u>			
Segregated annuity funds	59,117,000	37,773,000			
	<u>\$1,237,884,000</u>	<u>\$1,182,393,000</u>			

The values at which the bonds and stocks are shown are amortized cost or less, except for assets held for variable contracts which are valued at market. The valuations of these securities prescribed by the insurance law of Canada, in total, are greater than the book values converted at corresponding rates of exchange.

At December 31, 1969 assets included above held in trust in the United States for the protection of United States policyholders totalled more than \$217,000,000 which exceeded the net liabilities to United States policyholders at that date.

Throughout these statements, United States currency is included at the rate of \$1.00 Canadian to the U.S. dollar. Sterling is included at \$2.60 Canadian to the pound. If current rates of exchange had been used in the statement of assets and liabilities, rather than the bookkeeping rates referred to, the surplus as shown would have been increased.

REVENUE STATEMENT FOR 1969

WE RECEIVED

WE PAID OR SET ASIDE FOR FUTURE PAYMENT

	<u>1969</u>	<u>1968</u>		<u>1969</u>	<u>1968</u>
Gross premiums for insurances and annuities	\$150,643,000	\$151,982,000	To policyholders and beneficiaries:		
Less premium reductions (policy dividends) allotted	19,791,000	20,972,000	Death benefits	\$38,182,000	
Net premiums	\$130,852,000	\$131,010,000	Disability benefits	11,571,000	
Interest, dividends and rents, after deducting \$4,124,000 in 1969 and \$3,856,000 in 1968 for expenses related to investments	67,247,000	64,642,000	Matured endowments	8,725,000	
Profits on sale of assets and recovery of amounts previously written off	1,558,000	1,381,000	Annuities	14,903,000	
			Cash surrender options and transfers to segregated annuity funds	52,967,000	\$126,348,000
			Interest on amounts left on deposit with the Company and on short-term borrowings	3,877,000	\$104,580,000
			The increase in funds required for future payments guaranteed under insurance and annuity contracts (after deducting \$7,829,000 released in 1969 by revaluation of certain life insurance reserves at higher rates of interest)	16,625,000	19,500,000
			Transfer to trustees of the Canadian staff pension funds	—	29,454,000
			Expenses of administration, sales and service (excluding investment expenses)	30,542,000	28,527,000
			Income, premium and sundry taxes	*9,256,000	5,127,000
			Amount written off assets	10,900,000	1,049,000
			Result of health insurance business transferred to reserve	**120,000	(104,000)
			Addition to general contingency reserve	—	1,500,000
			Addition to unassigned surplus held as an additional protection for policyholders and beneficiaries	**1,989,000	4,053,000
			Balance at Dec. 31, 1969	\$60,574,000	
			Balance at Dec. 31, 1968	58,585,000	
	\$199,657,000	\$197,033,000		\$199,657,000	\$197,033,000

*Canadian income taxes of \$4,000,000 included as a 1969 expense is an estimate based on a preliminary interpretation of the Federal regulations issued in December 1969.

**The figures shown for result of health insurance business transferred to reserve and for addition to unassigned surplus are after reflecting a transfer of \$1,000,000 during 1969 from unassigned surplus to health insurance funds.

STATEMENT OF SEGREGATED ANNUITY FUNDS FOR 1969

	<u>1969</u>	<u>1968</u>
Balance of funds at January 1 . . .	\$37,773,000	\$20,364,000
Add:		
Amounts received from policyholders . . .	\$21,039,000	\$16,060,000
Investment income . . .	2,792,000	1,719,000
Increase in market values of assets . . .	—	470,000
	<u>23,831,000</u>	<u>18,249,000</u>
Deduct:		
Amounts transferred to fixed benefits contracts . . .	686,000	679,000
Withdrawals	41,000	85,000
Expenses and taxes . . .	160,000	76,000
Decrease in market values of assets . . .	1,600,000	—
	<u>2,487,000</u>	<u>840,000</u>
Increase in funds during year . . .	<u>21,344,000</u>	17,409,000
Balance of funds at December 31 . . .	<u>\$59,117,000</u>	<u>\$37,773,000</u>

Represented by net assets held at December 31 at market values:

Bonds	\$20,625,000	\$15,450,000
Stocks	25,514,000	13,061,000
Mortgage loans	12,468,000	8,196,000
Cash	2,040,000	710,000
Interest and dividends accrued . . .	491,000	356,000
	<u>\$61,138,000</u>	<u>\$37,773,000</u>

Deduct:

Amounts due for undelivered securities	1,159,000	—
Advances from non-segregated funds	862,000	—
	<u>\$59,117,000</u>	<u>\$37,773,000</u>

AUDITORS' REPORT TO THE POLICYHOLDERS

We have examined the statement of assets and liabilities of The Canada Life Assurance Company as at December 31, 1969 and the revenue statement and the statement of segregated annuity funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances; the amounts required to provide for payments guaranteed under insurance and annuity contracts were determined and certified by the Company's Vice-President and Chief Actuary.

Based on our examination and the certificate of the Vice-President and Chief Actuary, we report that in our opinion the accompanying statement of assets and liabilities and the related revenue statement and the statement of segregated annuity funds present fairly the financial position of the Company as at December 31, 1969 and the results of its operations for the year then ended.

Toronto, Canada
January 21, 1970

CLARKSON, GORDON & Co.,
Chartered Accountants.

BOARD OF DIRECTORS

A. H. LEMMON
President

J. G. HUNGERFORD, Q.C.
Chairman of the Board

JOHN L. McCARTHY
Vice-President

E. C. GILL, LL.D., F.S.A., F.C.I.A.
Vice-Chairman of the Board

E. JACQUES COURTOIS, Q.C.
Smith, Anglin,
Laing, Weldon & Courtois
Montreal

NATHANAEL V. DAVIS
President
Alcan Aluminium Limited
Montreal

T. S. DUNCANSON
Director
Moore Corporation, Limited

RAYMOND DUPUIS, Q.C., LL.D.
Advocate and Company Director
Montreal

The Honourable
LESLIE M. FROST
P.C., C.C., Q.C., LL.D., D.C.L.
Lindsay, Ontario

J. ROY GORDON, LL.D.
Director and Member Executive Committee
The International Nickel Company
of Canada, Limited
New York

J. D. LEITCH
President
Upper Lakes Shipping Ltd.

BEVERLEY MATTHEWS, C.B.E., Q.C.
Partner
McCarthy & McCarthy

The Right Honourable
LORD McFADZEAN
Chairman
British Insulated Callender's Cables Limited
London, England

NEIL J. McKINNON, LL.D.
Chairman
Canadian Imperial Bank of Commerce

F. WILLIAM NICKS, D.C.L.
Chairman of the Board and President
The Bank of Nova Scotia

ELLMORE C. PATTERSON
President
Morgan Guaranty Trust
Company of New York

GRAHAM F. TOWERS, C.C., C.M.G., LL.D., D.C.L.
Formerly Chairman of the Board

MANAGEMENT OFFICERS

W. J. ADAMS, F.S.A., F.C.I.A.
Vice-President and Secretary

E. H. CRAWFORD
Vice-President and Treasurer

D. M. ELLIS, F.S.A., F.C.I.A.
Vice-President and Chief Actuary

J. M. MUNRO
Vice-President and Director of Agencies

J. B. WALKER, F.S.A., F.C.I.A.
Vice-President and Director of Group

BRITISH ISLES OFFICERS

D. D. DENNIS, O.B.E.
Vice-President and Manager, U.K. and Ireland

D. C. H. POTTER, F.I.A.
Vice-President and Actuary, U.K. and Ireland

DIVISIONAL OFFICERS

ACTUARIAL DIVISION

***J. R. Gray, F.S.A., F.C.I.A.**

Actuarial Vice-President

***J. C. Maynard, F.S.A., F.C.I.A.**

*Actuarial Vice-President
Secretary to Management Committee*

G. M. Brown, F.S.A., F.C.I.A.

H. W. McCubbin, F.S.A., F.C.I.A.
Actuaries

J. R. Boyd, F.S.A., F.C.I.A.

R. A. Haslegrave, F.I.A., F.C.I.A.

W. P. McCrossan, F.S.A., F.C.I.A.
Assistant Actuaries

W. H. Macklem, F.L.M.I.
Statements and Tax Officer

ADMINISTRATIVE DIVISION

***J. D. Milne, F.S.A., F.C.I.A.**

Administrative Vice-President

***T. R. Walsh, Q.C.**

Vice-President and General Counsel

***W. B. Waugh, F.S.A., F.C.I.A.**

Data Processing Vice-President

Accounting

***D. I. Fraser, F.L.M.I.**
*Comptroller
Secretary to Executive Committee*

J. E. Bond, F.L.M.I.

R. G. Day, F.L.M.I.
Accounting Officers

Miss I. Massey
Executive Assistant, Accounting Control

Audit

R. C. Baird, C.A.
Internal Auditor

Benefits

J. W. Rintoul, F.L.M.I.
Policy Benefits Officer

E. B. Patton, F.L.M.I.
Assistant Policy Benefits Officer

Branches

L. D. Evans, F.L.M.I.
Branch Administrative Officer

Electronics and Planning

G. C. Adams, F.L.M.I.
Senior Data Processing Officer

J. L. Thomson, F.L.M.I.
Data Processing Officer

W. L. Antler, F.L.M.I.

B. S. Brewer, F.L.M.I.
Assistant Data Processing Officers

Legal

D. Norwood
Executive Officer, Legal

W. D. Shales
Assistant Secretary

Personnel

J. Lemon
Director of Personnel

G. H. L. Brydon, F.L.M.I.

J. G. Smalley, F.L.M.I.
Personnel Officers

W. M. Ostrom
Assistant Personnel Officer

Services

G. R. Maddock, F.L.M.I.
Administrator of General Services

AGENCY DIVISION

***N. A. Daly, C.L.U.**

Agency Vice-President, Canada

***P. R. Pepper, C.L.U.**

Agency Vice-President, United States

***G. C. Tompkins, C.L.U.**

Marketing Vice-President

Administration

W. R. Armstrong
Agency Superintendent, Administration

R. H. Lyall, F.L.M.I.
*Assistant Agency Superintendent,
Administration*

Conservation

E. K. Dawson, C.L.U.
Quality Business Control Officer

Estate Service

C. P. Glover
Superintendent of Estate Service Division

C. W. J. Harper
*Associate Superintendent of Estate
Service Division*

Field Service

R. W. Johnston, C.L.U., F.L.M.I.
Field Service Officer

Public Relations

J. A. Morrow
Advertising Executive

Research

C. Acton
Agency Research Officer

Sales

F. A. Hale, C.L.U.

M. P. Miziolek, C.L.U.
Superintendents of Agencies

W. A. Davis

T. A. Fairbrother

J. D. Gray, C.L.U.

W. P. Hair, C.L.U.

N. C. McFarland, C.L.U.
Assistant Superintendents of Agencies

Training

W. M. Jacobi, C.L.U., F.L.M.I.
Agency Superintendent, Training

***Member, Executive Committee**

BRITISH ISLES DIVISION

Actuarial

P. L. Grainge, F.I.A.
Actuary

V. P. Knowles, F.I.A.
Assistant Actuary

Administration

F. L. Strevens, F.L.M.I.
Secretary

A. C. Wilson, A.C.I.I.
Assistant Secretary

Agency

J. Dixon
R. S. Jackson
Agency Superintendents

W. P. McGrath
Superintendent, Marketing Development

Electronics

A. E. Ljungstrom
Resident Data Processing Officer

Investment

W. MacKenzie
Resident Treasurer

Underwriting

E. P. Roney, F.C.I.I.
Chief Underwriter

GROUP DIVISION

***H. Schermann, F.F.A., F.C.I.A.**
Actuarial Vice-President, Group

Actuarial & Pension Administration

H. D. Lee, F.S.A., F.C.I.A.
Group Actuary

J. N. Laing, F.S.A., F.C.I.A.
Group Actuary, Research

I. A. D. Holden, F.S.A., F.C.I.A.
D. A. Nield, F.S.A., F.C.I.A.
Associate Group Actuaries

B. A. P. FitzGerald, F.I.A., F.C.I.A.
D. S. Williams, F.S.A., F.C.I.A.
Assistant Actuaries

D. A. Jack, F.L.M.I.
Group Pension Officer

Group Insurance Administration

D. J. McCordic, F.L.M.I.
Administrative Executive, Group Insurance

J. Y. Cartmell, F.L.M.I.
Underwriting Officer, Group Insurance

W. E. Atkins, F.L.M.I.
C. L. Cooper, F.L.M.I.
Executive Assistants, Group Insurance

Sales

R. J. Trevelyan
Superintendent of Group Sales

E. W. Sharpe
Associate Superintendent of Group Sales

D. E. Barton
A. P. Symons
Assistant Superintendents of Group Sales

INVESTMENT DIVISION

***M. T. Gerecke**
Real Estate Vice-President

Mortgages and Real Estate

L. G. Robertson
Associate Superintendent, Real Estate

A. R. Dymond

F. W. C. Irwin

R. J. G. Johnson

L. W. Matheson
Assistant Superintendents, Real Estate

W. E. Sheets, B.Arch., M.Sc.
Architectural Officer

Securities

J. G. Fleming, F.L.M.I.

A. F. Lindsay

R. D. Radford, F.L.M.I.
Associate Treasurers

D. M. Cooper, F.L.M.I.
R. H. MacGregor, F.L.M.I.
Assistant Treasurers

J. G. Montgomery
Accounting Officer, Securities

UNDERWRITING DIVISION

***A. E. Parks, M.D., F.R.C.P. (C)**
Medical Vice-President

***F. E. Rooke, F.S.A., F.C.I.A.**
Underwriting Vice-President

Medical

R. S. Purkis, M.D., C.R.C.P. (C)
Associate Medical Director

R. W. Graham, M.D., F.A.C.P.,
C.R.C.P. (C)

W. H. Spittel, M.D.
Assistant Medical Directors

Underwriting

F. A. Benneyworth
Underwriting Officer

J. W. Blakely
New Business Administrative Officer

HIGHLIGHTS OF 1969

1

NEW BUSINESS PLACED BY AGENCY ORGANIZATION

(Excluding reinsurance received)

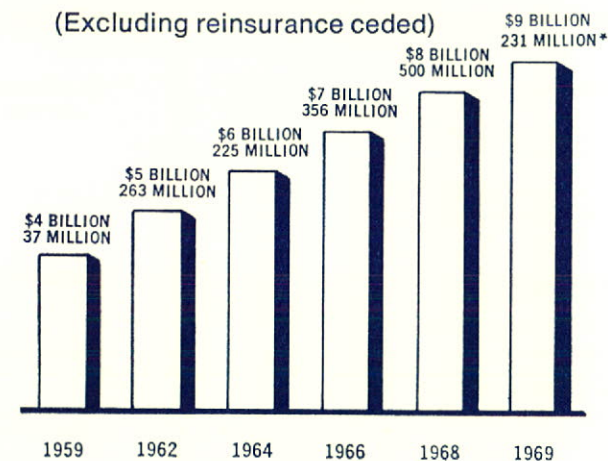
	in millions	
	1969	1968
Life Insurance	\$758.0	\$669.2
Annuities	71.1	67.6
Total	\$829.1	\$736.8

Ordinary and group combined

2

LIFE INSURANCE AND ANNUITIES IN FORCE

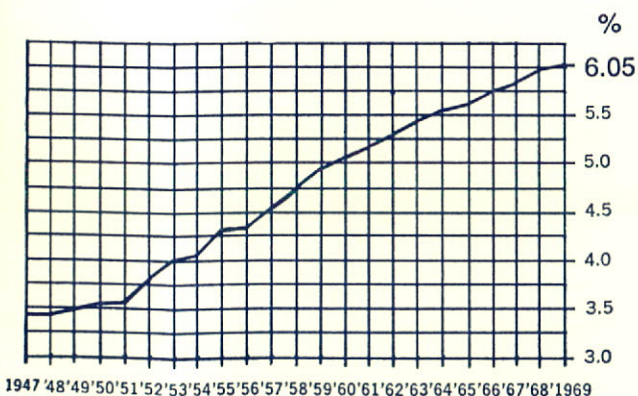
(Excluding reinsurance ceded)



*Life insurance — \$8 billion, 91 million
Annuities — \$1 billion, 140 million

3

NET RATE OF INTEREST EARNED 1947-1969



4

PAYMENTS UNDER POLICY CONTRACTS

	in millions	
	1969	1968
Death and Disability Benefits	\$ 49.7	\$ 45.7
Endowments	8.7	8.7
Annuities	14.9	14.5
Cash Values and Group Transfers to Segregated Annuity Funds	53.0	35.6
Total	\$126.3	\$104.5

5

DIVERSIFICATION OF INVESTED ASSETS

	%
Government Bonds	9.0
Municipal Bonds	4.4
Public Utility Bonds	3.5
Other Corporation Bonds	17.9
Preferred and Common Stocks	10.9
Mortgage Loans	40.4
Properties Held for Investment	3.5
Policy Loans	9.0
Miscellaneous	1.4
(Office Premises, Cash etc.)	
Total	100.0

