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1975

HOWARD ST.
ST. JAMES ST.
ST. PATRICK ST.
ST. JOHN ST.

Washington Windsor Winnipeg

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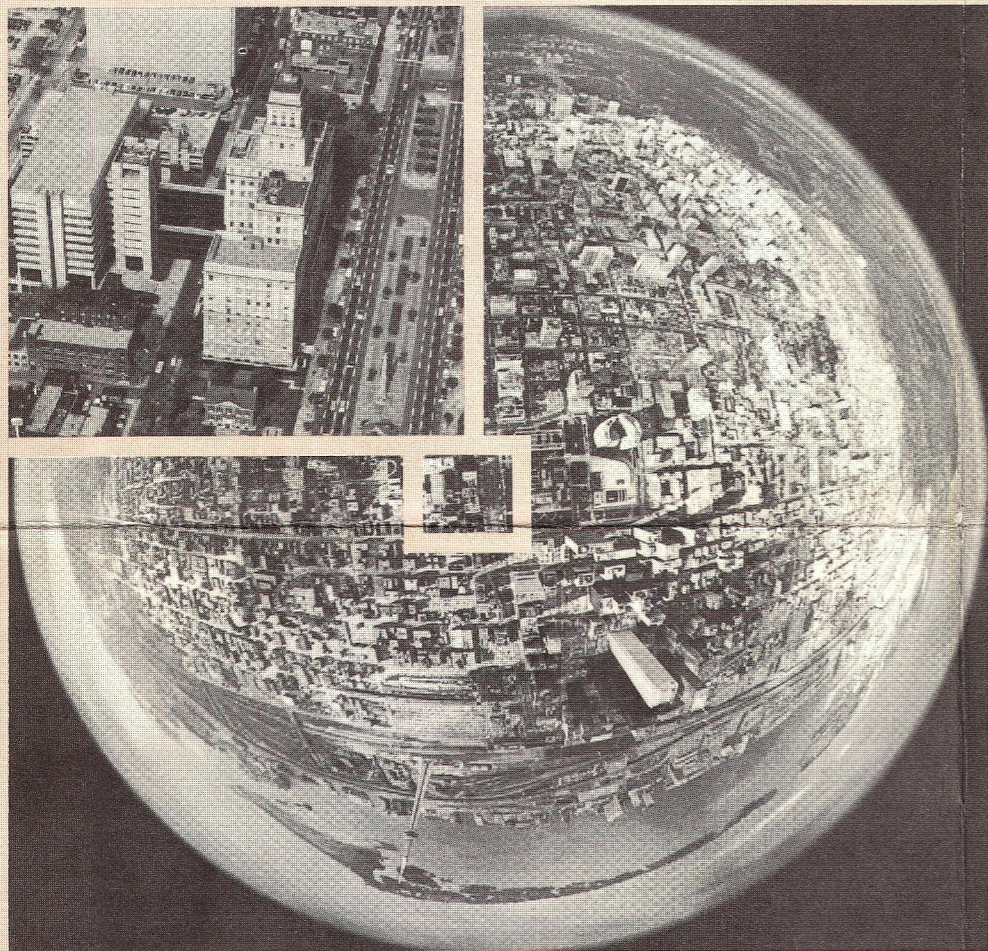
The 129th Annual Report of The Canada Life Assurance Company

From Canada Life's Home Office in Toronto our service radiates to our growing family of policyholders across Canada, the United States, the United Kingdom and Ireland.

Statements of assets and liabilities, premium income and benefit payments, and other financial measures are important in gauging progress, but the growth of Canada Life can also be seen from another perspective — the growing number of people in many different communities served by our branch offices.

It is through service to people that we have progressed steadily throughout our history. It is through this service that we shall continue our progress into the future.

E. H. Crawford
President



Inset: An aerial view of the Canada Life Home Office in Toronto taken from a different angle. The coloured photograph of Metropolitan Toronto was taken from directly above our building and shows a major portion of the downtown area, including the heart of the city's financial district.

BOARD OF DIRECTORS

E. H. CRAWFORD
President

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

BEVERLEY MATTHEWS, C.B.E., Q.C.
Vice-President
Partner
McCarthy and McCarthy

W.J. ADAMS
Formerly Senior Vice-President

E. JACQUES COURTOIS, Q.C.
Weldon, Courtois
Clarkson, Parsons & Tétraut
Montreal

GRAHAM R. DAWSON
Chairman and President
Dawson Construction Limited
Vancouver

E.C. GILL
Formerly Vice-Chairman
and a Past President

J.D. LEITCH
President
Upper Lakes Shipping Ltd.

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

C.E. RITCHIE
Chairman and President
The Bank of Nova Scotia

MANAGEMENT OFFICERS

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

J.C. MAYNARD, F.S.A., F.C.I.A.
Vice-President and Chief Actuary

R.D. RADFORD, F.L.M.I.
Vice-President and Treasurer

W.B. WAUGH, F.S.A., F.C.I.A.
Vice-President and Contoller

HONORARY DIRECTORS

A.C. ASHFORTH
J. ROY GORDON
S.M. WEDD

A.H. LEMMON
Chairman of the Board

JOHN L. McCARTHY
Vice-President

DAVID W. BARR
Vice-President
Chairman of the Board
Moore Corporation Limited

ARTHUR J.E. CHILD
President and Chief Executive Officer
Burns Foods Limited
Calgary

NATHANAE V. DAVIS
Chairman of the Board
and Chief Executive Officer
Alcan Aluminium Limited
Montreal

GÉRARD FILION, C.C.
Montreal

RUSSELL E. HARRISON
President and
Chief Operating Officer
Canadian Imperial Bank of Commerce

A.J. LITTLE, F.C.A.
Toronto

ELLMORE C. PATTERSON
Chairman of the Board
and Chief Executive Officer
J.P. Morgan & Co., Incorporated
New York

D.I. FRASER, F.L.M.I.
Vice-President Administration
and Secretary

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

J.B. WALKER, F.S.A., F.C.I.A.
Vice-President and Director,
United States Division

J. GORDON BEATTY, M.C.
R.A. LAIDLAW

THE YEAR AT A GLANCE

Highlights of the Consolidated Annual Report	1975	1974
Payments under Policy Contracts	\$ 164,714,000	\$ 150,704,000
First Year Premiums on New Business including —	65,294,000	62,873,000
Ordinary Insurance	15,198,000	13,344,000
Group Insurance	9,666,000	8,753,000
Guaranteed Annuities	31,765,000	27,280,000
Variable Insurances and Annuities	8,665,000	13,496,000
Life Insurance and Annuities in Force	19,412,270,000	16,315,059,000
Assets	1,887,429,000	1,705,931,000
Net Rate of Interest Earned	7.43%	7.18%

CONSOLIDATED REVENUE STATEMENT FOR 1975

We Received	1975	1974
Gross premiums for insurances and guaranteed annuities	\$246,903,000	\$221,797,000
Less premium reductions (policy dividends) allotted	28,776,000	28,450,000
Net premiums	218,127,000	193,347,000
Amounts received for segregated annuity funds including group transfers	36,997,000	36,104,000
Interest, dividends and rents, less investment expenses	128,406,000	114,604,000
Profits on sale of assets and recovery in 1975 of \$1,250,000 previously written off	2,053,000	3,402,000
Increase in market value of assets held for variable insurances and segregated annuity funds	21,750,000	—
	<u>\$407,333,000</u>	<u>\$347,457,000</u>
We Paid or Set Aside for Future Payment		
To policyholders and beneficiaries:		
Death benefits	\$ 56,901,000	\$ 51,072,000
Disability benefits	18,945,000	15,234,000
Matured endowments	11,922,000	10,066,000
Annuities	27,581,000	23,568,000
Cash surrender options	39,896,000	42,548,000
Payments under segregated annuity funds	164,714,000	150,704,000
Interest on amounts left on deposit	3,740,000	3,581,000
Increase in actuarial reserves required for future payments under insurances and guaranteed annuities (after allowing for the change in market value of assets held for variable insurances, and including in 1975 \$3,500,000 for contingent payments)	113,350,000	73,497,000
Expenses of administration, sales and service (excluding investment expenses)	58,671,000	53,089,000
Income, premium and sundry taxes	8,749,000	9,231,000
Amount written off assets	803,000	3,368,000
Decrease in market value of assets held for variable insurances and segregated annuity funds	—	41,980,000
Net increase in segregated annuity funds	51,180,000	7,583,000
Addition to general contingency reserve	3,000,000	2,000,000
Addition to surplus held as an additional protection for policyholders and beneficiaries	3,126,000	2,424,000
Balance at Dec. 31, 1975	\$74,484,000	
Balance at Dec. 31, 1974	\$71,358,000	
	<u>\$407,333,000</u>	<u>\$347,457,000</u>

(See accompanying notes)

CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES at December 31, 1975

Assets	1975	1974
Bonds:		
Government	\$ 145,979,000	\$ 146,650,000
Corporate	384,110,000	324,694,000
	<u>530,089,000</u>	<u>471,344,000</u>
Mortgage loans	593,634,000	565,024,000
Stocks:		
Preferred	28,052,000	30,214,000
Common	146,458,000	126,481,000
	<u>174,510,000</u>	<u>156,695,000</u>
Real Estate:		
Company premises	27,483,000	27,448,000
Held for investment	74,674,000	70,021,000
	<u>102,157,000</u>	<u>97,469,000</u>
Loans on policies	173,410,000	163,980,000
Cash and interest bearing deposits	21,119,000	21,800,000
Premiums in course of collection	15,172,000	12,051,000
Interest and rents due and accrued	23,000,000	19,774,000
Other assets	12,015,000	6,651,000
	<u>1,645,106,000</u>	<u>1,514,788,000</u>
Net assets of segregated annuity funds (see note 2.)	242,323,000	191,143,000
	<u>\$1,887,429,000</u>	<u>\$1,705,931,000</u>
Liabilities and Surplus		
Actuarial reserves, being the amount required, in addition to future premiums and interest, to provide for future payments under insurances and guaranteed annuities	\$1,395,461,000	\$1,282,111,000
Benefits in course of payment and provision for unreported claims	34,150,000	28,949,000
Policyholders' amounts left on deposit at interest	42,960,000	40,249,000
Provision for future premium reductions (policy dividends)	38,603,000	35,955,000
Miscellaneous liabilities (including unallocated amounts and provision for outstanding taxes and expenses)	27,448,000	27,166,000
General contingency reserve	32,000,000	29,000,000
Surplus held as an additional protection for policyholders and beneficiaries	74,484,000	71,358,000
	<u>1,645,106,000</u>	<u>1,514,788,000</u>
Funds held for segregated annuities	242,323,000	191,143,000
	<u>\$1,887,429,000</u>	<u>\$1,705,931,000</u>

(see accompanying notes)

THE CANADA LIFE ASSURANCE COMPANY AND ITS SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS December 31, 1975

1. These financial statements consolidate the operating results and financial position of the Company's two wholly owned life insurance subsidiaries, The Canada Life Assurance Company of Great Britain Limited and Canada Life Insurance Company of New York.

2. Bonds are carried at amortized cost and stocks at cost, with three basic exceptions:

- (1) Bonds held for the health insurance business are carried at market value which at December 31, 1975 was \$1,342,000 less than cost (1974 — \$1,686,000 less than cost).
- (2) Assets held for variable insurance contracts are included at market value as follows:

	1975	1974
Bonds:		
Government	\$ 1,309,000	\$ 508,000
Corporate	2,713,000	1,371,000
Common stocks	26,064,000	10,504,000
	<u>\$30,086,000</u>	<u>\$12,383,000</u>

- (3) The carrying value of bonds at December 31, 1975 has been reduced by an investment valuation allowance of \$35,553,000. At December 31, 1974, the corresponding amount of \$37,148,000 was applied to reduce the carrying values of mortgages; the 1974 comparative figures have been restated to correspond with the 1975 form of presentation. The net reduction of \$1,595,000 in the investment valuation allowance is due in part to the release of \$1,250,000 to actuarial reserves for contingent payments.

Net assets held for variable segregated annuity contracts are carried at market value and are analyzed in the following schedule:

	1975	1974
Bonds:		
Government	\$ 4,443,000	\$ 6,741,000
Corporate	95,919,000	74,921,000
Mortgage loans	46,180,000	40,858,000
Stocks:		
Preferred	434,000	2,991,000
Common	90,818,000	60,927,000
Cash and interest bearing deposits net of sundry liabilities	1,112,000	1,944,000
Interest due and accrued	3,417,000	2,761,000
	<u>\$242,323,000</u>	<u>\$191,143,000</u>

Mortgage loans are carried at their unpaid principal balance.

Real estate is shown at cost less accumulated depreciation provided on the sinking fund basis.

The book values of all invested assets, in total, are greater than the values prescribed by the insurance law of Canada by \$1,100,000, provision for which is included in the general contingency reserve of \$32,000,000.

3. Throughout these statements, United States currency is included at the rate of \$1.00 Canadian to the U.S. dollar. Sterling is included at \$2.40 Canadian to the pound. If current rates of exchange had been used in the statement of assets and liabilities, the surplus as shown would have been increased.

4. At December 31, 1975, assets included in the accompanying consolidated statement of assets and liabilities held in trust by The Canada Life Assurance Company (exclusive of its subsidiaries) for the protection of its United States policyholders totalled more than \$236,000,000 which exceeded net liabilities to its United States policyholders at that date.

ACTUARY'S REPORT

To the Policyholders and Directors of The Canada Life Assurance Company:

I have certified that the actuarial reserves exceed the reserves required by the Canadian and British Insurance Companies Act, and in my opinion, these reserves together with the other liabilities shown in the consolidated Statement of Assets and Liabilities at December 31, 1975, make good and sufficient provision for all unmatured obligations of the Companies under the terms of their policies.

Toronto, Canada
February 11, 1976.

J.C. Maynard, F.S.A., F.C.I.A.
Vice-President and Chief Actuary

AUDITORS' REPORT

To the Policyholders and Directors of The Canada Life Assurance Company:

We have examined the consolidated statement of assets and liabilities of The Canada Life Assurance Company and its subsidiaries as at December 31, 1975, and the consolidated revenue statement 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 actuarial reserves were determined and certified by the Company's Vice-President and Chief Actuary.

In our opinion, based on our examination and the certificate of the Vice-President and Chief Actuary, these consolidated financial statements present fairly the financial position of the Companies as at December 31, 1975, and the results of their operations for the year then ended in accordance with accounting practices prescribed or permitted by the Department of Insurance, Canada.

Toronto, Canada
February 11, 1976.

Clarkson, Gordon & Co.
Chartered Accountants

Every holder of a Canada Life participating policy under which no premiums are due and unpaid is entitled to attend General Meetings of the Company and to vote in person or by proxy. The person named as proxy must himself be a policyholder entitled to vote at meetings of the Company, and to be valid proxy forms must be filed with the Secretary at the Head Office at least ten days before a meeting at which the proxy is to be used. A policyholder may revoke his proxy at any time. The Annual Meeting of The Canada Life Assurance Company is held at the Head Office of the Company on the first Thursday of March in each year.

You may receive more than one copy of this report if there are additional policies in force on members of your household. The cost of sorting out all duplications would far exceed material and postage costs.

 **CANADA LIFE**
Head Office, Toronto, Canada