



THE EMPIRE LIFE INSURANCE COMPANY  
STATEMENT OF REVENUE AND EXPENDITURE

Year Ended December 31, 1971

	1971	1970 (for comparison)
Revenue		
Premium income - - - - -	\$17,733,570	\$17,712,953
Consideration for settlement annuities - - - - -	57,652	58,080
Investment income, less investment expenses - - - - -	6,389,578	5,732,933
Staff pension fund contributions and grants - - - - -	103,473	97,292
Miscellaneous income - - - - -	1,281	7,325
	<u>24,285,554</u>	<u>23,608,583</u>
This revenue was used for		
Death claims - - - - -	2,886,688	3,084,539
Matured endowments - - - - -	520,056	499,601
Disability claims - - - - -	619,970	488,724
Annuity payments - - - - -	339,595	237,435
Payments under settlement annuities - - - - -	103,819	87,378
Surrender values - - - - -	3,101,572	3,155,952
Interest credited to amounts on deposit - - - - -	163,629	142,395
Interest on claims - - - - -	62,418	58,717
Increase in actuarial reserve - - - - -	8,453,108	7,549,844
Taxes, excluding corporate income taxes - - - - -	302,502	287,891
Commissions - - - - -	1,515,953	1,462,812
Directors' fees - - - - -	15,200	13,525
Operating expenses - - - - -	3,818,869	3,729,886
Premiums transferred to segregated fund - - - - -	1,005,520	1,018,678
Increase in staff pension fund - - - - -	103,331	114,158
Payments from staff pension fund - - - - -	125,732	107,075
	<u>23,137,962</u>	<u>22,038,610</u>
Net revenue before undernoted items - - - - -	1,147,592	1,569,973
Deduct		
Income taxes - - - - -	504,000	119,992
Dividends to policyowners - - - - -	1,037,660	1,017,507
Increase in provision for future dividends - - - - -	100,000	100,000
	<u>1,641,660</u>	<u>1,237,499</u>
	(494,068)	332,474
Profit (loss) from insurance operations		
Policyowners - - - - -	(290,714)	3,752
Shareholders - - - - -	(203,354)	328,722
	<u>(494,068)</u>	<u>332,474</u>
Profit (loss) on sale of securities		
Policyowners - - - - -	(904)	292,415
Shareholders - - - - -	(1,073)	316,900
	<u>(1,977)</u>	<u>609,315</u>
Profit (loss) before undernoted extraordinary item - - - - -	(496,045)	941,789
Net realization on sale of Jamaican Agency		
Shareholders - - - - -	300,000	
	<u>\$ (196,045)</u>	<u>\$ 941,789</u>
Total profit (loss) transferred to surplus		
Policyowners - - - - -	(291,618)	296,167
Shareholders - - - - -	95,573	645,622
	<u>\$ (196,045)</u>	<u>\$ 941,789</u>

# THE EMPIRE LIFE INSURANCE COMPANY

Balance Sheet, December 31, 1971

ASSETS	<u>1971</u>	<u>1970</u> (for comparison)
Cash - - - - -	\$ 1,215	\$ 559,525
Short term investments - - - - -	280,495	342,111
Bonds and debentures - - - - -	22,908,548	19,009,501
First mortgages on real estate - - - - -	55,919,536	53,636,188
Preferred and common stocks - - - - -	16,445,941	14,260,088
Real estate (less amounts written off for depreciation)		
Held for the production of income - - - - -	200,965	174,076
Head office and branch premises - - - - -	579,217	575,841
Loans on policies - - - - -	7,126,820	7,212,115
Outstanding premiums - - - - -	455,153	485,346
Interest, due and accrued - - - - -	1,012,413	1,001,499
Segregated investment fund - - - - -	4,613,544	3,234,344
All other assets - - - - -	1,904	37,084

<u>\$109,545,751</u>	<u>\$100,527,718</u>
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H. N. R. JACKMAN, *Chairman of the Board*

N. D. McDONALD, *President*

## Auditors' Report

To the Shareholders of  
The Empire Life Insurance Company:

We have examined the balance sheet of The Empire Life Insurance Company as at December 31, 1971, and the statements of revenue and expenditure and surplus 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.

Toronto, Canada, January 20, 1972

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LIABILITIES

	1971	1970 (for comparison)
Policy reserves - - - - -	\$86,137,845	\$78,871,386
This is the amount which with interest and future premiums is actuarially calculated to be sufficient to provide for all payments under insurance and annuity contracts.		
Provision for unpaid and unreported claims - - - - -	2,092,469	2,046,353
Amounts left with the company at interest - - - - -	2,915,956	2,543,891
Policy proceeds, dividends, etc.		
Provision for profits to policyowners - - - - -	2,915,973	2,884,973
Bank advances (secured) - - - - -	58,708	
Staff pension fund - - - - -	2,087,652	1,984,321
See also segregated investment fund below.		
Premium and other taxes payable - - - - -	203,253	80,027
Accounts payable, agents' credit balances and other amounts due and accrued - - - - -	194,848	218,451
Amounts received, not yet allocated - - - - -	598,811	459,465
Segregated investment fund - - - - -	4,613,544	3,234,344
Including \$711,020 (1970 - \$508,059) belonging to staff pension fund.		
	<u>101,819,059</u>	<u>92,323,211</u>
 Policyowners' equity		
Reserve for investments and contingencies - - - - -	734,190	794,190
Surplus - - - - -	251,139	644,757
	<u>985,329</u>	<u>1,438,947</u>
 Shareholders' equity		
Capital stock, fully paid (note 2) - - - - -	704,528	704,528
Reserve for investments and contingencies - - - - -	1,505,810	1,205,810
Surplus (note 4) - - - - -	4,531,025	4,855,222
	<u>6,741,363</u>	<u>6,765,560</u>
	7,726,692	8,204,507
	<u>\$109,545,751</u>	<u>\$100,527,718</u>

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Accepting the certificate of the Company's Actuary for the actuarial liability under insurance and annuity contracts and certain other liabilities to policyowners, we report that, in our opinion, these financial statements present fairly the financial position of the company as at December 31, 1971, and the results of its operations for the year then ended.

THORNE, GUNN, HELLIWELL & CHRISTENSON,  
Chartered Accountants

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THE EMPIRE LIFE INSURANCE COMPANY  
STATEMENT OF SURPLUS  
YEAR ENDED DECEMBER 31, 1971

	1971			1970 (for comparison)
	Policyowners	Shareholders	Total	Total
Balance, beginning of year - - - - -	\$ 644,757	\$ 4,855,222	\$ 5,499,979	\$ 5,255,604
Transferred from statement of revenue and expenditure - - - - -	(291,618)	95,573	(196,045)	941,789
Adjustment re sale of Jamaican Agency (note 3) - - - - -	(102,000)		(102,000)	
	<u>251,139</u>	<u>4,950,795</u>	<u>5,201,934</u>	<u>6,197,393</u>
Discretionary transfer to reserve for investment and contingencies - - - - -		300,000	300,000	600,000
Transferred to staff pension fund - - - -				12,871
Dividends paid - - - - -		119,770	119,770	84,543
		<u>419,770</u>	<u>419,770</u>	<u>697,414</u>
Balance, end of year - - - - -	<u>\$ 251,139</u>	<u>\$ 4,531,025</u>	<u>\$ 4,782,164</u>	<u>\$ 5,499,979</u>

NOTES TO FINANCIAL STATEMENTS

1. The basis of valuation of invested assets, other than the segregated investment fund, is cost or amortized value, less amounts written off from time to time, and the resulting book values are not in excess of the values authorized by the Association of Superintendents of Insurance of the Provinces of Canada. The segregated investment fund is shown at quoted market value.
2. The authorized capital stock consists of 2,000,000 shares of a par value of \$1.00 each of which 704,528 shares are outstanding and fully paid up.
3. The Jamaican Agency was sold to the Life of Jamaica Ltd. as at June 30, 1971, and the balance sheet for 1971 reflects the post sale condition (policy reserves of \$1,186,649, provision for profits to Jamaican policyowners of \$69,000 and additional surplus for protection of Jamaican policyowners of \$102,000 have been deleted).
4. Included in shareholders' surplus is an amount of approximately \$4,300,000 which would be subject to corporate income taxes if distributed to shareholders.

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The net rate of interest earned on the invested assets, after allowance for investment expenses, was 6.56% in 1971.

Total business in force, after deducting Jamaica business of \$9,000,000 and reinsurance ceded, was \$1,063,600,000 as at 31 December, 1971.