



**THE EMPIRE LIFE INSURANCE COMPANY**  
**STATEMENT OF REVENUE AND EXPENDITURE**  
 Year Ended December 31, 1970

	<u>1970</u>	<u>1969</u> (for comparison)
<b>Revenue</b>		
Premium income - - - - -	\$17,712,953	\$14,950,576
Consideration for settlement annuities - - - - -	58,080	37,398
Investment income, less investment expenses - - - - -	5,732,933	5,294,273
Staff pension fund contributions and grants - - - - -	97,292	89,454
Miscellaneous income - - - - -	7,325	9,935
	<u>23,608,583</u>	<u>20,381,636</u>
This revenue was used for		
Death claims - - - - -	3,084,539	2,879,127
Matured endowments - - - - -	499,601	464,725
Disability claims - - - - -	488,724	478,287
Annuity payments - - - - -	237,435	194,520
Payments under settlement annuities - - - - -	87,378	103,516
Surrender values - - - - -	3,155,952	3,298,053
Interest credited to amounts on deposit - - - - -	142,395	153,606
Interest on claims - - - - -	58,717	47,239
Increase in actuarial reserve - - - - -	7,549,844	4,233,014
Taxes, excluding corporate income taxes - - - - -	287,891	287,260
Commissions - - - - -	1,462,812	1,449,427
Directors' fees - - - - -	13,525	11,740
Operating expenses - - - - -	3,729,886	3,514,876
Premiums transferred to segregated fund - - - - -	1,018,678	1,413,915
Increase in staff pension fund - - - - -	114,158	124,318
Payments from staff pension fund - - - - -	107,075	69,206
	<u>22,038,610</u>	<u>18,722,829</u>
Net revenue before undernoted items - - - - -	<u>1,569,973</u>	<u>1,658,807</u>
<b>Deduct</b>		
Income taxes - - - - -	119,992	100,000
Dividends to policyowners - - - - -	1,017,507	777,054
Increase in provision for future dividends - - - - -	100,000	282,463
	<u>1,237,499</u>	<u>1,159,517</u>
	<u>332,474</u>	<u>499,290</u>
Profit from insurance operations		
Policyowners - - - - -	3,752	393,761
Shareholders - - - - -	328,722	105,529
	<u>332,474</u>	<u>499,290</u>
Profit (loss) on sale of securities		
Policyowners - - - - -	292,415	(115,259)
Shareholders - - - - -	316,900	(111,528)
	<u>609,315</u>	<u>(226,787)</u>
	<u>\$ 941,789</u>	<u>\$ 272,503</u>
<b>Total profit (loss) transferred to surplus</b>		
Policyowners - - - - -	296,167	278,502
Shareholders - - - - -	645,622	(5,999)
	<u>\$ 941,789</u>	<u>\$ 272,503</u>

# THE EMPIRE LIFE INSURANCE COMPANY

Balance Sheet, December 31, 1970

## ASSETS

	1970	1969 (for comparison)
Cash - - - - -	\$ 559,525	\$ 1,175
Short term investments - - - - -	342,111	
Bonds and debentures - - - - -	19,009,501	18,397,093
First mortgages on real estate - - - - -	53,636,188	50,887,136
Preferred and common stocks - - - - -	14,260,088	11,519,159
Real estate (less amounts written off for depreciation)		
Held for the production of income - - - - -	174,076	195,086
Head office and branch premises - - - - -	575,841	538,165
Loans on policies - - - - -	7,212,115	6,221,888
Outstanding premiums - - - - -	485,346	580,824
Interest, due and accrued - - - - -	1,001,499	883,013
Segregated investment fund - - - - -	3,234,344	2,472,069
All other assets - - - - -	37,084	4,643

\$100,527,718	\$91,700,251
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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, 1970 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 18, 1971

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LIABILITIES

	1970	1969 <i>(for comparison)</i>
Policy reserves - - - - - 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.	\$78,871,386	\$71,393,000
Provision for unpaid and unreported claims - - - - -	2,046,353	1,659,050
Amounts left with the company at interest - - - - - Policy proceeds, dividends, etc.	2,543,891	2,945,789
Provision for profits to policyowners - - - - -	2,884,973	2,784,973
Bank advances (secured) - - - - - Reflecting forward investment of new funds.		668,963
Staff pension fund (note 2) - - - - - See also segregated investment fund below.	1,984,321	1,858,180
Premium and other taxes payable - - - - -	80,027	79,660
Accounts payable, agents' credit balances and other amounts due and accrued - - - - -	218,451	143,945
Amounts received, not yet allocated - - - - -	459,465	334,490
Segregated investment fund (note 2) - - - - - Including \$508,059 (1969 - \$434,263) belonging to staff pension fund.	3,234,344	2,472,069
	<u>92,323,211</u>	<u>84,340,119</u>
Policyowners' equity		
Reserve for investments and contingencies - - - - -	794,190	507,952
Surplus - - - - -	644,757	641,005
	<u>1,438,947</u>	<u>1,148,957</u>
Shareholders' equity		
Capital stock, fully paid (note 3) - - - - -	704,528	704,528
Reserve for investments and contingencies - - - - -	1,205,810	892,048
Surplus (note 4) - - - - -	4,855,222	4,614,599
	<u>6,765,560</u>	<u>6,211,175</u>
	<u>8,204,507</u>	<u>7,360,132</u>
	<u>\$100,527,718</u>	<u>\$91,700,251</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, 1970 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, 1970

	1970			1969
	Policymakers	Shareholders	Total	(for comparison) Total
Balance, beginning of year				
Unallotted surplus - - - - -	\$ 641,005	\$ 4,605,429	\$ 5,246,434	\$ 4,973,931
Shareholders' surplus - - - - -		9,170	9,170	93,713
	<u>641,005</u>	<u>4,614,599</u>	<u>5,255,604</u>	<u>5,067,644</u>
Transferred from statement of revenue and expenditure - - - - -	296,167	645,622	941,789	272,503
Discretionary transfer from policy reserves - - - - -				400,000
	<u>937,172</u>	<u>5,260,221</u>	<u>6,197,393</u>	<u>5,740,147</u>
Discretionary transfer to reserve for investments and contingencies - - - - -	286,238	313,762	600,000	400,000
Transferred to staff pension fund - - - - -	6,177	6,694	12,871	
Dividends paid - - - - -		84,543	84,543	84,543
	<u>292,415</u>	<u>404,999</u>	<u>697,414</u>	<u>484,543</u>
Balance, end of year - - - - -	<u>\$ 644,757</u>	<u>\$ 4,855,222</u>	<u>\$ 5,499,979</u>	<u>\$ 5,255,604</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. Effective from July 1st, 1965, the Company grant portion of the staff pension fund is being invested in the segregated investment fund.
3. 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.
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.
5. The company is contingently liable for a guarantee of bank advances of \$118,000.
6. The 1969 figures have been reclassified on the basis of 1970 financial statement presentation.

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The net rate of interest earned on the invested assets, after allowance for investment expenses, was 6.37% in 1970.

Total business in force, after deducting reinsurance ceded, was \$1,017,000,000. as at 31 December, 1970.