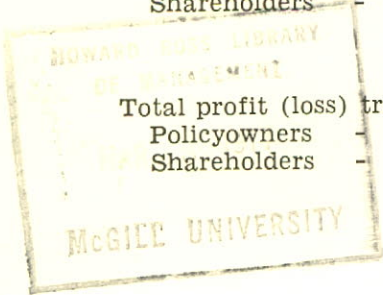




THE EMPIRE LIFE INSURANCE COMPANY
STATEMENT OF REVENUE AND EXPENDITURE

Year Ended December 31, 1975

	1975	1974 (for comparison)
Revenue		
Premium income - - - - -	\$25,516,250	\$24,589,156
Consideration for settlement annuities - - - - -	18,256	154,827
Investment income, less investment expenses - - - - -	10,320,926	9,169,841
Staff pension fund contributions and grants - - - - -	429,910	464,401
Miscellaneous income - - - - -	92,027	46,767
	<u>36,377,369</u>	<u>34,424,992</u>
This revenue was used for		
Death claims - - - - -	3,894,712	3,782,028
Matured endowments - - - - -	746,105	862,049
Disability claims - - - - -	908,270	871,793
Annuity payments - - - - -	1,091,554	917,423
Payments under settlement annuities - - - - -	105,748	143,163
Surrender values - - - - -	5,545,712	6,404,329
Interest credited to amounts on deposit - - - - -	282,658	255,243
Interest on claims - - - - -	86,537	74,239
Increase in actuarial reserve - - - - -	8,592,725	8,198,963
Taxes, excluding corporate income taxes - - - - -	386,434	352,597
Commissions - - - - -	2,991,079	2,345,198
Directors' fees - - - - -	21,826	22,317
Operating expenses - - - - -	6,605,409	5,749,611
Increase in segregated fund - - - - -	1,131,662	1,720,127
Increase in staff pension fund - - - - -	335,057	341,838
Payments from staff pension fund - - - - -	233,649	170,419
	<u>32,959,137</u>	<u>32,211,337</u>
Net revenue from insurance operations before undernoted items	<u>3,418,232</u>	<u>2,213,655</u>
Deduct		
Income taxes		
Policyowners - - - - -	(388,368)	(426,026)
Shareholders - - - - -	1,271,774	884,442
Dividends to policyowners - - - - -	1,670,737	1,333,630
Decrease in provision for future dividends - - - - -	(37,797)	(15,595)
	<u>2,516,346</u>	<u>1,776,451</u>
Profit (loss) from insurance operations		
Policyowners - - - - -	(602,435)	(1,329,675)
Shareholders - - - - -	1,504,321	1,766,879
	<u>901,886</u>	<u>437,204</u>
Profit on sale of investments		
Policyowners - - - - -	60,838	106,258
Shareholders - - - - -	87,210	150,955
	<u>148,048</u>	<u>257,213</u>
Total profit (loss) transferred to surplus		
Policyowners - - - - -	(541,597)	(1,223,417)
Shareholders - - - - -	1,591,531	1,917,834
	<u>\$ 1,049,934</u>	<u>\$ 694,417</u>



THE EMPIRE LIFE INSURANCE COMPANY

Balance Sheet, December 31, 1975

ASSETS

	<u>1975</u>	<u>1974</u> (for comparison)
Cash - - - - -	\$ 9,036	\$ 40,603
Short term investments - - - - -	950,000	
Bonds and debentures - - - - -	36,155,480	29,447,819
First mortgages on real estate - - - - -	71,460,916	71,692,148
Preferred and common stocks - - - - -	22,586,650	21,965,295
Real estate (less amounts written off for depreciation)		
Held for the production of income - - - - -	548,073	562,512
Held for Company use - - - - -	513,974	470,661
Loans on policies - - - - -	9,605,234	9,039,408
Outstanding premiums - - - - -	1,051,861	701,906
Investment income, due and accrued - - - - -	1,601,852	1,403,519
Segregated investment fund - - - - -	9,416,099	7,263,678
All other assets - - - - -	149,364	323,887
	<u>\$154,048,539</u>	<u>\$142,911,436</u>

H. N. R. JACKMAN, *Chairman of the Board*

J. S. M. WASON, *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, 1975, 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; the reserves and other liabilities under insurance and annuity contracts and staff pension and insurance plans were determined and certified by the Company's Actuary.

Kingston, Canada, January 21, 1976

THE EMPIRE LIFE INSURANCE COMPANY

(Incorporated under the laws of Ontario)

LIABILITIES

	<u>1975</u>	<u>1974</u>
		(for comparison)
Policy reserves - - - - -	\$116,989,909	\$108,397,184
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 - - - - -	2,521,678	1,944,583
Amounts left with the company at interest - - - - -	4,945,527	4,394,271
Policy proceeds, dividends, etc.		
Provision for profits to policyowners - - - - -	2,980,488	3,018,285
Outstanding cheques and bank advances - - - - -	176,924	2,772,229
Staff pension fund (note 2) - - - - -	3,196,730	2,861,673
Premium and other taxes payable - - - - -	548,012	109,955
Accounts payable, agents' credit balances and other amounts due and accrued - - - - -	481,679	392,303
Amounts received, not yet allocated - - - - -	845,119	590,704
Segregated investment fund (note 2) - - - - -	9,416,099	7,263,678
	<u>142,102,165</u>	<u>131,744,865</u>
 Policyowners' equity		
Surplus - - - - -	(446,414)	107,882
 Shareholders' equity		
Capital stock - - - - -	704,528	704,528
Authorized — 2,000,000 shares of \$1. par value. Issued and outstanding — 704,528 shares.		
Reserve for investments and contingencies - - - - -	3,000,000	3,000,000
Surplus (note 2) - - - - -	8,688,260	7,354,161
	<u>12,392,788</u>	<u>11,058,689</u>
	<u>\$154,048,539</u>	<u>\$142,911,436</u>

In our opinion, based on our examination and the certificate of the Actuary, these financial statements present fairly the financial position of the company as at December 31, 1975, and the results of its operations for the year then ended in accordance with accounting principles prescribed or permitted by the insurance laws of the Province of Ontario, as explained in note 1 to the financial statements which have been applied on a basis consistent with that of the preceding year.

THORNE RIDDELL & Co.,
Chartered Accountants

THE EMPIRE LIFE INSURANCE COMPANY
STATEMENT OF SURPLUS
Year Ended December 31, 1975

	1975			1974 (for comparison)
	Policyowners	Shareholders	Total	Total
Balance, beginning of year - - - -	\$ 107,882	\$ 7,354,161	\$ 7,462,043	\$ 5,707,128
Transferred from statement of revenue and expenditure - - - -	(541,597)	1,591,531	1,049,934	694,417
Transferred from policy reserves due to actuarial base change - - -				2,015,974
	<u>(433,715)</u>	<u>8,945,692</u>	<u>8,511,977</u>	<u>8,417,519</u>
Discretionary transfer to reserve for investments and contingencies - -				760,000
Transferred to staff pension fund - -		3,278	3,278	5,330
Income taxes, prior years - - - -	12,699	99,158	111,857	70,376
Dividends paid - - - - - - - -		154,996	154,996	119,770
	<u>12,699</u>	<u>257,432</u>	<u>270,131</u>	<u>955,476</u>
Balance, end of year - - - - - -	<u>\$ (446,414)</u>	<u>\$ 8,688,260</u>	<u>\$ 8,241,846</u>	<u>\$ 7,462,043</u>

NOTES TO FINANCIAL STATEMENTS — YEAR ENDED DECEMBER 31, 1975

1. The accompanying financial statements have been prepared in accordance with the requirements of the insurance laws of the Province of Ontario, which basis is used for reporting in annual statements filed with the Superintendent of Insurance. These requirements emphasize liquidity and solvency, and accordingly provide that:
 - (a) certain assets such as office furniture and other non-admitted assets, are written off as expenses in the year acquired.
 - (b) the costs of acquiring new business are written off as expenses in the year incurred.
 - (c) the income tax charge against operations and the related liability are determined using the "taxes payable" method.
 - (d) 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 liabilities of the segregated investment fund other than those in relation to Contracts issued are:
 - (1) \$1,169,323 (1974 - \$926,062) pertaining to staff pension fund.
 - (2) \$ 177,945 (1974 - \$149,797) pertaining to shareholders' surplus.
3. The company is subject to the Anti-Inflation Act which provides, as from October 14, 1975, for the restraint of profit margins, prices and compensation. In the opinion of management, the provisions of this act have no significant effect on the company's earnings for the year ended December 31, 1975.

The net rate of interest earned on the invested assets, after allowance for investment expenses, was 7.44% in 1975. Total business in force, after deducting reinsurance ceded, was \$1,645,121,000 as at 31 December, 1975.