

THE EMPIRE LIFE INSURANCE COMPANY



Balance Sheet December 31, 1969

| ASSETS | 1969 | 1968 (For Comparison) |
|---|------------|--------------------------|
| Cash - - - - - | \$ 1,175 | \$ 120,487 |
| Bonds and Debentures - - - - - | 18,397,093 | 19,386,249 |
| First Mortgages on Real Estate - - - - - | 50,887,136 | 47,454,567 |
| Preferred and Common Stocks - - - - - | 11,519,159 | 8,617,924 |
| Real Estate (less amounts written off for depreciation) | | |
| Held for the Production of Income - - - - - | 195,086 | 169,771 |
| Head Office and Branch Premises - - - - - | 538,165 | 556,238 |
| Loans on Policies - - - - - | 6,221,888 | 5,303,849 |
| Outstanding Premiums - - - - - | 580,824 | 643,311 |
| Interest, Due and Accrued - - - - - | 883,013 | 746,134 |
| Segregated Investment Fund - - - - - | 2,472,069 | 931,911 |
| All Other Assets - - - - - | 4,643 | 17,961 |

NOTES:

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 values.
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.

| | |
|--------------|--------------|
| \$91,700,251 | \$83,948,402 |
|--------------|--------------|

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

H. H. BLAKEMAN, *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, 1969 and the statements of revenue and expenditure, shareholders' surplus and unallotted 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, 1970.

(x) ARTHUR PEDOE. F.I.A., F.S.A., F.C.I.A.

- director since May, 1965; term expires February, 1972.
- former Life Manager for Canada, The Prudential Assurance Co. Ltd.
- Empire Life shares held, 500.

3. REMUNERATION OF MANAGEMENT AND OTHERS:

- (a) Aggregate direct remuneration paid by Empire Life, in 1969, to its directors and senior officers amounted to \$168,219.00.
- (b) Pension fund contributions made by Empire Life, in 1969, on behalf of the relevant persons mentioned in (a) preceding amounted to \$7,711.00.

4. APPOINTMENT OF AUDITORS:

It is proposed that the firm of Thorne, Gunn, Helliwell & Christenson be re-appointed as Auditors for the year 1970.

5. PROXY AND SOLICITATION THEREOF:

- (a) **Your proxy is being solicited by the management** of The Empire Life Insurance Company.
- (b) If management is selected by you as your proxy, **then your shares unless otherwise directed by you will be voted in favour of the items** set forth in this circular and in the Notice of Meeting accompanying same. In respect to item 4. in the Notice, and any amendments or variations relating to other listed items, your proxy will confer discretionary authority on the person named therein to vote in whatever manner said person believes will be in your best interest.
- (c) Your proxy may be revoked by you, at any time, providing such revocation is in writing and is received by the Company prior to the commencement of the Meeting.
- (d) You have the **right to appoint a person to act as proxy and attend the meeting** in your place **other than the names set out** in the enclosed proxy. If you wish to exercise that right, simply insert the name of your choice in the blank space provided in the proxy and strike out the printed names. If you prefer, you may submit a pen copy of a proxy in suitable form and such written proxy will be honoured.

If you are unable to attend the meeting, your proxy will be appreciated.

Dated at Kingston, Ontario, this 19th day of January, 1970.

E. W. KAITTING,
Vice-President and Secretary

- (ii) HONOURABLE LOUIS P. BEAUBIEN
— director since March, 1961; term expires February, 1970.
— Senator, Government of Canada.
— Empire Life shares held, 500.
- (iii) HERBERT H. BLAKEMAN, F.S.A., F.C.I.A.
— director since January, 1948; term expires February, 1972.
— President, The Empire Life Insurance Company.
— Empire Life shares held, 500.
- (iv) AIR MARSHAL WILFRED A. CURTIS, S.M., C.B., C.B.E., D.S.C., D.MIL.SC.
— director since February, 1953; term expires February, 1971.
— Chairman, W. A. Curtis & Company Limited, Insurance.
— Empire Life shares held, 500.
- (v) NEWMAN A. FAIRHEAD
— director since February, 1935; term expires February, 1972.
— President, Lake Simcoe Ice & Enterprises Limited.
— Empire Life shares held, 500.
- (vi) HENRY R. JACKMAN, Q.C.
— director since May, 1956; term expires February, 1972.
— Chairman, The Empire Life Insurance Company.
— President, Dominion and Anglo Investment Corporation Limited.
— Empire Life shares held, 500.
- (vii) HENRY N. R. JACKMAN
— director since February, 1965; term expires February, 1971.
— Financial Vice-President, The Empire Life Insurance Company.
— President, The Debenture and Securities Corporation of Canada.
— Empire Life shares held, 500.
- (viii) DR. WILLIAM A. MACKINTOSH, C.C., C.M.G., PH.D., LL.D.
— director since May, 1965; term expires February, 1971.
— former Vice-Chancellor, Queen's University.
— Empire Life shares held, 500.
- (ix) N. DONALD McDONALD, M.B.E., F.L.M.I.
— director since December, 1960; term expires February, 1971.
— Executive Vice-President, The Empire Life Insurance Company.
— Empire Life shares held, 500.

LIABILITIES

| | 1969 | 1968 (For Comparison) |
|--|---------------------|--------------------------|
| Policy Reserves - - - - - | \$71,393,000 | \$67,559,644 |
| 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 - - - - | 1,659,050 | 1,111,276 |
| Amounts Left with the Company at Interest - - - - | 2,945,789 | 2,804,203 |
| Policy proceeds, dividends, etc. | | |
| Provision for Profits to Policyowners - - - - - | 2,784,973 | 2,502,510 |
| Bank Advances (Secured) - - - - - | 668,963 | |
| Reflecting forward investment of new funds. | | |
| Staff Pension Fund (note 2) - - - - - | 1,858,180 | 1,733,862 |
| See also segregated investment fund below. | | |
| Premium and Other Taxes Payable - - - - - | 79,660 | 78,283 |
| Accounts Payable, Agents' Credit Balances and Other | | |
| Amounts Due and Accrued - - - - - | 143,945 | 175,381 |
| Amounts Received, Not Yet Allocated - - - - - | 334,490 | 279,160 |
| Segregated Investment Fund (note 2) - - - - - | 2,472,069 | 931,911 |
| Including \$434,263 (1968 - \$323,088) belonging to Staff Pension Fund. | | |
| | <u>\$84,340,119</u> | <u>\$77,176,230</u> |
| Surplus, Special Reserves and Shareholders' Funds: | | |
| Capital stock, fully paid (note 3) - - - - - | 704,528 | 704,528 |
| Shareholders' surplus - - - - - | 9,170 | 93,713 |
| General reserve for investments and contingencies - | 1,400,000 | 1,000,000 |
| Unallotted surplus - - - - - | 5,246,434 | 4,973,931 |
| | <u>\$ 7,360,132</u> | <u>\$ 6,772,172</u> |
| | <u>\$91,700,251</u> | <u>\$83,948,402</u> |

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, 1969 and the results of its operations for the year then ended.

THORNE, GUNN, HELLIWELL & CHRISTENSON,
Chartered Accountants

Statement of Revenue and Expenditure YEAR ENDED DECEMBER 31, 1969

| | 1969 | 1968 (For Comparison) |
|--|---------------------|--------------------------|
| REVENUE: | | |
| Premium income - - - - - | \$14,950,576 | \$14,046,475 |
| Consideration for settlement annuities - - - - - | 37,398 | 80,911 |
| Investment income, less investment expenses - - - - - | 5,294,273 | 4,728,363 |
| Staff pension fund contributions and grants - - - - - | 89,454 | 84,814 |
| Miscellaneous income - - - - - | 9,935 | 7,644 |
| | <u>\$20,381,636</u> | <u>\$18,948,207</u> |
| THIS REVENUE WAS USED FOR: | | |
| Death Claims - - - - - | \$ 2,879,127 | \$ 2,143,807 |
| Matured endowments - - - - - | 464,725 | 445,800 |
| Disability claims - - - - - | 478,287 | 221,064 |
| Annuity payments - - - - - | 194,520 | 149,818 |
| Payments under settlement annuities - - - - - | 103,516 | 90,937 |
| Surrender values - - - - - | 3,298,053 | 2,554,526 |
| Interest credited to amounts on deposit - - - - - | 153,606 | 131,973 |
| Interest on claims - - - - - | 47,239 | 41,004 |
| Dividends to policyowners - - - - - | 777,054 | 697,894 |
| Increase in provision for future dividends - - - - - | 282,463 | 300,000 |
| Increase in actuarial reserve - - - - - | 4,233,014 | 6,292,780 |
| Total paid or credited to policyowners and beneficiaries - | <u>\$12,911,604</u> | <u>\$13,069,603</u> |
| Taxes, excluding corporation and investment taxes - - - | 287,260 | 260,217 |
| Commissions - - - - - | 1,449,427 | 1,360,998 |
| Directors' fees - - - - - | 11,740 | 15,590 |
| Operating expenses - - - - - | 3,514,876 | 3,304,921 |
| Premiums transferred to segregated fund - - - - - | 1,413,915 | 333,647 |
| Increase in staff pension fund - - - - - | 124,318 | 126,467 |
| Payments from staff pension fund - - - - - | 69,206 | 76,230 |
| | <u>\$19,782,346</u> | <u>\$18,547,673</u> |
| NET REVENUE FOR YEAR BEFORE UNDERNOTED ITEMS - - - | \$ 599,290 | \$ 400,534 |
| Profit (loss) on sale of securities - - - - - | (226,787) | 437,650 |
| | 372,503 | 838,184 |
| Income taxes - - - - - | 100,000 | |
| TRANSFERRED TO UNALLOTTED SURPLUS - - - - - | <u>\$ 272,503</u> | <u>\$ 838,184</u> |

Shareholders' Surplus YEAR ENDED DECEMBER 31, 1969

| | 1969 | 1968 (For Comparison) |
|---|------------------|--------------------------|
| Balance, beginning of year - - - - - | \$ 93,713 | \$ 75,063 |
| Transferred from unallotted surplus - - - - - | | 100,000 |
| | <u>\$ 93,713</u> | <u>\$ 175,063</u> |
| Dividends paid - - - - - | 84,543 | 42,272 |
| Income taxes - - - - - | | 39,078 |
| | <u>\$ 84,543</u> | <u>\$ 81,350</u> |
| Balance, end of year - - - - - | <u>\$ 9,170</u> | <u>\$ 93,713</u> |

Unallotted Surplus YEAR ENDED DECEMBER 31, 1969

| | 1969 | 1968 (For Comparison) |
|--|---------------------|--------------------------|
| Balance, beginning of year - - - - - | \$ 4,973,931 | \$ 4,735,747 |
| Transferred from statement of revenue and expenditure | 272,503 | 838,184 |
| Discretionary transfer from policy reserves - - - - - | 400,000 | |
| | <u>\$ 5,646,434</u> | <u>\$ 5,573,931</u> |
| Transferred to shareholders' surplus - - - - - | | 100,000 |
| Discretionary transfer to policy reserves - - - - - | | 500,000 |
| Discretionary transfer to general reserve for investments and contingencies - - - - - | 400,000 | |
| | <u>\$ 400,000</u> | <u>\$ 600,000</u> |
| Balance, end of year - - - - - | <u>\$ 5,246,434</u> | <u>\$ 4,973,931</u> |



INFORMATION CIRCULAR

This Information Circular is furnished in connection with the Annual Meeting of the Shareholders of the Company to be held at the Head Office of the Company in the City of Kingston, Province of Ontario, on Thursday, 26th February, 1970.

1. VOTING SHARES AND PRINCIPAL HOLDERS THEREOF:

- (a) The Capital Stock of this Company, presently issued and outstanding, consists of 704,528 fully paid-up shares, with a par value of \$1.00 per share. Each share carries one (1) vote at shareholders' meetings.
- (b) Shareholders of record as at the close of business on Friday, 30th January, 1970, are eligible to vote at the Annual Meeting.
- (c) Holdings in excess of 10% of the total outstanding shares are listed below:
 - (i) E-L Financial Corporation Limited
— Shares held, 658,901; being 93.5% of total outstanding shares.

2. ELECTION OF DIRECTORS:

- (a) The Shareholders have the right to elect 4 Directors at the forthcoming Annual Meeting in February, 1970. Proposed nominees for a 3 year term are:
 - (i) T. Oakley
 - (ii) L. P. Beaubien
- (b) Particulars with respect to the above-mentioned nominees and with respect to the continuing directors are set out below:
 - (i) THOMAS OAKLEY
 - director since February, 1952; term expires February, 1970.
 - Vice-President, Canadian China & Glass Co. Ltd.
 - Empire Life shares held, 500.