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EXPORT CREDITS  
INSURANCE CORPORATION

ANNUAL REPORT  
AND  
FINANCIAL STATEMENTS

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MARCH 31, 1946



# EXPORT CREDITS INSURANCE CORPORATION

INCORPORATED UNDER THE EXPORT CREDITS INSURANCE ACT

HEAD OFFICE — OTTAWA

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## BOARD OF DIRECTORS

M. W. MACKENZIE, CHAIRMAN

*Deputy Minister of Trade  
and Commerce*

W. C. CLARK, C.M.G.

*Deputy Minister of Finance*

J. A. CHAPDELAINE

*Department of External Affairs*

G. F. TOWERS, C.M.G.

*Governor of the Bank of Canada*

H. T. AITKEN

*Chief Executive Officer*

## OFFICERS

H. T. AITKEN

*Chief Executive Officer*

A. W. THOMAS

*Chief Credit Officer*

T. CHASE-CASGRAIN

*Secretary*

Res: Direct, Oct. 29/48.

## EXPORT CREDITS INSURANCE CORPORATION

April 20, 1946

The Hon. James A. MacKinnon, M.P.,  
Minister of Trade and Commerce,  
OTTAWA.

Dear Sir:—

In accordance with Section 17 of The Export Credits Insurance Act, 8 George VI, Chapter 39, I have the honour to transmit to you the attached statement of accounts of the Export Credits Insurance Corporation for the fiscal year ended March 31, 1946.

During the year the preliminary organization of the Corporation was completed and it opened for business in the month of September. The year's activities, however, were devoted primarily to a consideration of the types of policies to be issued, the risks to be covered, and the principles on which the Corporation would operate, as well as to the selection of a nucleus of staff.

In the month of May Mr. H. L. E. Priestman, who had been acting as the Chief Executive Officer, was recalled by the Department of Trade and Commerce to his pre-war position, and by Order-in-Council P.C. 3964, of May 31, 1945, Mr. Hugh T. Aitken was appointed as his successor.

During the summer Mr. Aitken, accompanied by the Chief Credit Officer of the Corporation, visited the United Kingdom for the purpose of studying the methods of operation and the experience of the Export Credits Guarantee Department of the United Kingdom Board of Trade. That Department has operated successfully since 1919 and the consultation with its senior officers has proved to be of great value. In addition, the Directors have had the benefit of much helpful advice from Mr. C. C. Pineo, of Montreal, whose long experience in foreign credits has been made freely available to the Corporation in setting up the organization and in the initial development of policies and procedures.

Canadian exports during 1945 were at record levels, but for the most part the volume represented goods purchased by foreign governments and the United Nations Relief and Rehabilitation Administration, or by shipments financed under Mutual Aid and by direct Canadian Government loans. As a consequence of this situation, which will continue in decreasing measure through 1946 and into 1947, there has not as yet been an opportunity to assess the ultimate demand for the Corporation's services. It does mean, however, that the Corporation has a most useful period in which to canvass, study, and prepare to meet the situation that will be encountered with the return of more normal trading conditions.

Notwithstanding these conditions, and despite the fact that no extensive effort has been made to publicize its services, the Corporation has in the last six months of the fiscal year issued forty-five policies,

covering an estimated annual sales volume of over \$12,000,000. Policies have been issued to exporters in the Maritimes, central Canada and the West, and cover shipments, to some 60 different countries, of agricultural products, raw materials and manufactured goods. The classification of these policies by estimated export volume is as follows:—

| <i>Estimated Annual<br/>Export Volume</i> | <i>Number of<br/>Policies</i> | <i>Amount<br/>\$</i> |
|---|-------------------------------|----------------------|
| \$ 25,000 and under . . . . .             | 7                             | 62,000               |
| \$ 25,000 to \$ 100,000 . . . . .         | 15                            | 875,000              |
| \$ 100,000 to \$ 250,000 . . . . .        | 13                            | 2,075,500            |
| \$ 250,000 to \$1,000,000 . . . . .       | 7                             | 3,610,300            |
| \$1,000,000 and over . . . . .            | 3                             | 6,238,000            |
|   | <u>45</u>                     | <u>\$12,860,800</u>  |

All the policies issued to March 31, 1946, cover general commodities sold on short credit terms. Quotations have been made on a number of contracts covering capital goods sold on medium-term credit, some of which are pending at the present time.

The practice of the Corporation is to require monthly declarations of shipments made and contracts entered into by policy holders. The aggregate of shipments made and contracts entered into to February 28 was \$2,470,323. Policy holders are required to retain 15% of the risk, so that the maximum liability of the Corporation in respect of these shipments and contracts was 85% of the total, or \$2,099,775. Premiums earned in respect of this business amounted to \$19,349.

The policies of the Corporation are issued to cover the estimated sales to be made in the succeeding twelve months, but by the terms of the policies the total liability of the Corporation to each policy holder is limited to 50% of his estimated sales volume. During the year policies were issued in respect of estimated sales of \$12,860,800, resulting in total potential liabilities of the Corporation of \$6,430,400.

During the year an additional 20,000 shares of the capital stock of the Corporation were issued against a payment from the Minister of Finance of \$4,000,000, increasing the issued Capital and Capital Surplus to \$5,000,000. These funds have been invested in Dominion Government Securities.

Yours faithfully,

M. W. MACKENZIE,  
*Chairman.*



# EXPORT CREDITS INSURANCE CORPORATION

Statement of Assets  
as at March 31, 1946

## ASSETS

|   |               |               |
|---|---------------|---------------|
| Cash on Hand and in Banks . . . . .   |               | \$ 122,474.78 |
| Accrued Interest on Investments . . . . .   |               | 47,266.66     |
| Investments – Dominion Government<br>Bonds at cost (Market value<br>\$5,039,086.25) . . . . . |               | 4,888,531.83  |
| Deferred Charges . . . . .  |               | 561.75        |
| Office Furnishings and Equipment at cost  | \$1,903.33    |               |
| Less: Reserve for Depreciation . . . . .  | <u>190.33</u> | 1,713.00      |

\$5,060,548.02

*Contingent Liabilities:*

|  |                |
|--|----------------|
| Liability of the Corporation in respect of<br>exports made and export contracts entered<br>into by policy holders to February 28, 1946 | \$2,099,775.32 |
| Potential liability of the Corporation in respect<br>of both actual and anticipated exports<br>under policies issued to March 31, 1946 | 6,430,400.00   |

Approved on behalf of the Board.

M. W. MACKENZIE,  
*Director*  
H. T. AITKEN,  
*Director*

# INSURANCE CORPORATION

Statement of Assets and Liabilities  
 as at  
 March 31, 1946

|  |    | LIABILITIES         |                              |
|--|----|---------------------|------------------------------|
| Premium Deposits . . . . .   |    | \$                  | 8,985.00                     |
| Underwriting Reserve, consisting of<br>excess of income over expendi-<br>tures for the years ended:                        |    |                     |                              |
| March 31, 1945 . . . . .   | \$ | 296.55              |                              |
| March 31, 1946   |    |                     |                              |
| (Schedule "A") . . .   |    | <u>51,266.47</u>    | 51,563.02                    |
| Capital—   |    |                     |                              |
| Capital Stock  |    |                     |                              |
| Authorized: 50,000 shares<br>par value \$100 each.   |    |                     |                              |
| Issued and fully paid:<br>25,000 shares, held in<br>trust for His Majesty<br>by the Minister of<br>Trade and Commerce      |    | 2,500,000.00        |                              |
| Capital Surplus: paid in by the<br>Minister of Finance, at the<br>rate of \$100 per share of<br>capital stock issued . . . |    | <u>2,500,000.00</u> | 5,000,000.00                 |
|  |    |                     | <u><u>\$5,060,548.02</u></u> |

I have examined the accounts of the Export Credits Insurance Corporation for the period from April 1, 1945 to March 31, 1946, and have obtained all the information and explanations I have required. In my opinion, the above Statement of Assets and Liabilities is properly drawn up so as to exhibit a true and correct view of the state of the Corporation's affairs as at March 31, 1946, according to the best of my information and the explanations given to me and as shown by the books of the Corporation.

WATSON SELLAR,  
*Auditor General.*

SCHEDULE "A"

EXPORT CREDITS INSURANCE CORPORATION

Statement of Income and Expenditure for the year  
ended March 31, 1946

INCOME:

|  |                 |             |
|--|-----------------|-------------|
| Premiums on exports made and export contracts entered into by policy holders, to February 28, 1946 . . . . . | \$19,349.00     |             |
| Interest on investments . . . . .  | 55,492.38       |             |
| Profit on sale of investments . . . . .  | <u>1,176.31</u> | \$76,017.69 |

EXPENDITURE:

|   |                 |                    |
|---|-----------------|--------------------|
| Salaries . . . . .                                    | 18,109.19       |                    |
| Travelling expenses . . . . .                         | 3,370.54        |                    |
| Other expenses . . . . .                              | <u>3,271.49</u> | <u>24,751.22</u>   |
| Balance transferred to Underwriting Reserve . . . . . |                 | <u>\$51,266.47</u> |



**Analysis of estimated annual export volume, by countries,  
covered by Export Credits Insurance Policies  
issued to March 31, 1946.**

| COUNTRY                       | VOLUME           | COUNTRY                      | VOLUME                     |
|-------------------------------|------------------|------------------------------|----------------------------|
| <b>BRITISH EMPIRE</b>         |                  |                              |                            |
| Australia . . . . .           | \$ 281,750       | Guatemala . . . . .          | \$ 52,250                  |
| Bermuda . . . . .             | 51,000           | Haiti . . . . .              | 24,500                     |
| British Guiana . . . . .      | 79,850           | Honduras . . . . .           | 15,600                     |
| British Honduras . . . . .    | 34,500           | Iceland . . . . .            | 73,500                     |
| British West Africa . . . . . | 25,000           | Iran . . . . .               | 36,700                     |
| British West Indies . . . . . | 956,250          | Iraq . . . . .               | 2,500                      |
| Eire . . . . .                | 30,500           | Mexico . . . . .             | 520,000                    |
| Fiji . . . . .                | 2,000            | Morocco . . . . .            | 6,500                      |
| Hong Kong . . . . .           | 3,000            | Netherlands . . . . .        | 30,500                     |
| India . . . . .               | 399,000          | Netherlands                  |                            |
| Malaya . . . . .              | 8,000            | East Indies . . . . .        | 15,000                     |
| Malta . . . . .               | 12,500           | Netherlands Guiana . . . . . | 14,750                     |
| Newfoundland . . . . .        | 163,000          | Netherlands                  |                            |
| New Zealand . . . . .         | 153,250          | West Indies . . . . .        | 67,750                     |
| Palestine . . . . .           | 25,500           | Nicaragua . . . . .          | 25,500                     |
| Rhodesia . . . . .            | 102,000          | Norway . . . . .             | 500                        |
| South Africa . . . . .        | 926,000          | Panama . . . . .             | 62,500                     |
| Trans Jordan . . . . .        | 50,000           | Paraguay . . . . .           | 14,300                     |
| United Kingdom . . . . .      | 2,233,000        | Peru . . . . .               | 191,550                    |
| Total British Empire          | <u>5,536,100</u> | Portugal . . . . .           | 25,000                     |
| <b>FOREIGN COUNTRIES</b>      |                  |                              |                            |
| Argentina . . . . .           | 733,000          | Portuguese Africa . . . . .  | 2,500                      |
| Belgium . . . . .             | 98,000           | Philippines . . . . .        | 2,500                      |
| Belgian Congo . . . . .       | 43,500           | Puerto Rico . . . . .        | 8,000                      |
| Bolivia . . . . .             | 63,850           | St. Pierre &                 |                            |
| Brazil . . . . .              | 2,226,750        | Miquelon . . . . .           | 8,000                      |
| Chile . . . . .               | 153,950          | Salvador . . . . .           | 16,000                     |
| China . . . . .               | 268,000          | Spain . . . . .              | 1,000                      |
| Colombia . . . . .            | 330,200          | Sweden . . . . .             | 49,000                     |
| Costa Rica . . . . .          | 118,000          | Switzerland . . . . .        | 17,000                     |
| Cuba . . . . .                | 149,500          | Syria . . . . .              | 14,000                     |
| Denmark . . . . .             | 500              | Turkey . . . . .             | 51,500                     |
| Dominican                     |                  | United States of             |                            |
| Republic . . . . .            | 29,000           | America . . . . .            | 855,000                    |
| Ecuador . . . . .             | 109,500          | Uruguay . . . . .            | 132,350                    |
| Egypt . . . . .               | 59,850           | Venezuela . . . . .          | <u>588,850</u>             |
| France . . . . .              | 1,500            | Total Foreign                |                            |
| French Africa . . . . .       | 1,000            | countries . . . . .          | <u>7,324,700</u>           |
| French Guiana . . . . .       | 8,000            | Grand total all              |                            |
| French West Indies . . . . .  | 6,000            | countries . . . . .          | <u><u>\$12,860,800</u></u> |





