



Royal Insurance
Canada

10 Wellington Street East

HOWARD ROSS LIBRARY
OF MANAGEMENT
AUG 24 1981
MCGILL UNIVERSITY

Roins Holding Limited

comprising
Royal Insurance Company of
Canada
The Western Assurance Company
Quebec Assurance Company

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Royal
Insurance
Company
Limited

Royal Insurance
Canada

10 Wellington Street East

Royal Insurance Company Limited

Financial Highlights of 1980 (Expressed in \$'000)

	1980	1979
New Business Written	161,541	138,006
Net of Reinsurance	150,230	129,542
Business in Force	1,099,854	1,038,088
Net of Reinsurance	1,033,170	977,418
Premium Income	10,808	10,676
Assets in Canada	68,515	63,218

Operations

Total new sums insured written in 1980 amounted to \$161.5m compared to \$138.0m in 1979, an increase of 17%. New annual premiums generated from this business amounted to \$1.44m compared to \$1.34m in the previous year. During 1980 we significantly increased the volume of temporary life business written. This resulted in the increase in sums insured, but with a corresponding lower average rate of premium from the previous year. This change in the mix of our business reflects the trend within the market itself supported by significant revisions to our rates of premium charged for term insurance business and the introduction of a new product, the inflation linked family income policy. Continuing efforts to improve the competitive position of our products will support future planned growth.

Of the new business written in 1980 \$150.2m was retained for our own account, the balance of

\$11.3m, or 8% of the total, having been placed with our reinsurers. The total sums insured of all individual policies at the end of 1980 was \$952m compared to \$897m at the end of 1979. To this figure should be added the \$148m of group insurance in force, bringing the total to \$1.10 billion at the end of 1980.

Premium income from life insurance policies increased by only 4% over 1979. This is attributed to the uncertainty in the life insurance industry resulting in certain adverse trends, particularly early terminations by surrender. The deferred annuity portion of our business continues to decline in the face of extreme competition within the industry and from other financial institutions. However, total income during the year exceeded expenditures by \$5.3m. This compares to \$4.4m in 1979.

In 1980 we declared, for the two year period ending December 31, 1979, reversionary bonuses for our various series of participating policies at rates similar to the previous declaration in 1978. The cash value of the bonuses thus allotted to our participating

policyholders amounted to \$2.4m, the bulk of which has been retained in the form of increments to existing sums insured.

Payments to policyholders in respect to maturing endowment insurances, annuities and cash surrender values amounted to \$3.25m compared to \$2.55m in the previous year. We saw a significant increase in the number of policies which were surrendered for cash. There was a decline in the amount paid in death claims to \$1.95m from \$2.76m in 1979. In total the amount paid out to policyholders other than by dividends was \$5.20m against \$5.31m in 1979.

Strong market emphasis and improvement in our product portfolio will support plans to augment our future growth. Significant changes are planned in 1981 with a view to reducing the cost of operation to combat the current inflationary trend of operating our business. Direct efforts to meet the difficult

Life Branch Offices in Canada

challenges facing our industry will result in further opportunities to serve our existing and future policyholders.

Investments

The volatility of both the fixed interest securities market as well as the stock markets highlighted the importance of continuing our investment policy which emphasized the preservation of surplus.

However the relatively high returns available in the long bond market suggested that it would be appropriate to invest cautiously in these securities when suitable opportunities occurred. As a result of these activities the average term of bond and debenture holdings increased by approximately 1 year to 12 years 3 months.

Total investment income was \$6.4m compared to \$5.7m in 1979, an increase of 13%. The net rate of return realized in 1980 on invested assets was 10%, calculated on the basis of their book values.

At the end of the year the value of the assets was \$68.5m compared to \$63.2m in the previous year. Since liabilities, including an investment valuation reserve of \$.8m, amounted to \$63.0m, the excess of assets over liabilities was \$5.5m, or 8% of assets.

Investment policy for 1981 calls for a reduction in the average term of fixed interest holdings to less than 10 years. This shortening of term reflects the possibility of inflation continuing at high levels for the next few years and the need to conserve investment assets.

Alberta

Edmonton
1104 Oxford Tower
10235-101 Street
T4J 2G1
William A. Gibbard, CLU
Life Branch Manager

British Columbia

Vancouver
Suite 1773, Bentall Centre #3
595 Burrard Street
P.O. Box 49202
V7X 1K8
Peter H. Muc, CLU
Life Branch Manager

Manitoba

Winnipeg
Suite 610, 386 Broadway Ave.
R3C 3V7
Frank A. J. McClymont, CLU
Life Branch Manager

Nova Scotia

Halifax
Suite 406, Cogswell Tower
Scotia Square
P.O. Box 2050
B3J 3K1
James W. LeCaine
Life Branch Manager

Ontario

Ottawa
Suite 100, Killeany Place
460 O'Connor Street
K1S 5H3
Gabriel Erod
Life Branch Manager

Toronto
Suite 1703, 2300 Yonge Street
Toronto, Ontario
M4P 1E4
Harold Schaus, CLU
Life Branch Manager

Quebec

Granby
66, rue Court, bureau 210
C.P. 609
J2G 4Y5
Guy Boudreau
Life Branch Manager

Montreal
Bureau 201, Place Victoria
Tour de la Bourse
H4Z 1H5
Leon Gaudreault
Life Branch Manager

Montreal
765, rue Jarry, bureau 3
H3N 1G7
Roland Therrien, CLU
Life Branch Manager

Montreal
3300 boul. Cavendish
bureau 285
H4B 2M8
Claude Lambert
Life Branch Manager

Quebec
2535 Boulevard Laurier
C.P. 10200
Ste-Foy, Quebec
G1V 4M9
Marcel Michaud
Life Branch Manager

Financial Highlights 1980

(Expressed in millions of \$)

About Royal

As one of the largest international insurance companies in existence, Royal Insurance comprises over 60 subsidiary companies operating through more than 500 offices in over 80 countries around the world, producing policies in 16 languages and employing over 20,000 people. In Canada, the company's origins go back to 1833 when the British America Assurance Company was founded in York — later to become Toronto. An early patron of the company was Canada's first Prime Minister, Sir John A. Macdonald.

Royal Insurance Canada is the largest private insurer in Canada, employing over 3,400 staff in 63 Branch, District and Service offices across the country. The company uses the services of more than 2,800 independent insurance agents and brokers. During 1980, Royal Insurance Canada made loss payments and related costs to Canadians of over \$1.4 million each working day throughout the year.



Above: The Hon. John Black Aird, Q.C., Lieutenant-Governor of Ontario, unveils a commemorative plaque with President Jean Robitaille, F.I.I.C. at the official opening of the company's new Head Office Building, September 16, 1980.

On Our Cover: A view of the new front entrance at 10 Wellington Street East in downtown Toronto.

Operations	1980	1979
Net written premiums	\$470.8	\$481.8
Net premiums earned	464.4	486.7
Losses, claims and related costs	354.5	364.1
General expenses (including commission and taxes other than income taxes)	171.9	161.1
Underwriting loss	(62.0)	(38.5)
Insurance operations investment income	38.7	30.3
Total insurance operations result	(23.3)	(8.2)
Other income	21.3	20.0
Realized gain on disposal of investments	6.3	5.5
Net profit before taxes	4.3	17.3
Income taxes (Recovery)	(6.7)	(1.4)
Net income for the year	\$ 11.0	\$ 18.7
Assets and liabilities		
<i>Assets:</i>		
Cash	\$ 6.3	\$ 5.4
Investments		
Bonds	394.0	418.2
Preferred stocks	38.1	37.9
Common stocks	124.1	108.4
Mortgage loans on real estate	33.4	32.5
Real Estate	13.4	10.6
	603.0	607.6
Agents' balances	67.0	62.4
Fixed assets	14.9	14.8
Deferred premium acquisition costs	44.1	43.3
All other assets	32.9	26.9
	\$768.2	\$760.4
<i>Liabilities:</i>		
Losses under adjustment	356.9	352.5
Unearned premiums and other policy reserves	215.6	209.2
All other liabilities	22.1	23.5
Deferred income taxes	16.5	23.1
<i>Shareholders' Equity:</i>		
Capital and retained earnings	157.1	152.1
	\$768.2	\$760.4
Note: (1) Investments are carried at book value. Market values at December 31, 1980 exceeded book in the aggregate by \$66.3 m (1979 — \$43.9 m).		
(2) Operations and balance sheet for both years are presented in accordance with generally accepted accounting principles.		
(3) The Canadian and British Insurance Companies Act requires an appropriation of retained earnings in respect of assets not admitted, investment valuation reserve and other statutory requirements. These appropriations aggregated \$35.5 m (1979 — \$23.2 m).		



Jean Robitaille

The President's Remarks

The deterioration of the Canadian property-casualty insurance industry which affected the company's results in 1979 continued throughout 1980 and made the past year one of the most difficult in memory.

At the moment the market is in disarray; suffering from surplus capacity and chronically depressed price levels as insurers strive to increase their share of market. This turbulent arena has attracted a number of new companies which, supported by generous reinsurance facilities, have targeted themselves toward cash flow underwriting rather than the building of a sound and viable portfolio of profitable business.

The industry remains in the grip of relentless price-cutting for most classes of personal and commercial lines of business. This produced a sharp restriction in premium growth, severely affecting cash flow and resulting in industry-wide premium growth that failed to match the country's inflation rate of 10.1% by a wide margin.

Of serious concern is the fact that the gap between premium and outgo steadily widened during the past year. On an industry-wide basis this gap was 7.9% at the mid-point of 1980. By the end of September it had risen to 9.8 percentage points, and by year-end had risen to 11 percentage points.

In a period of consistently high investment yields some widening might be considered acceptable. However, the depressed price levels have reduced premium intake significantly in some classes. This in turn produces a shrinkage of investment income so that widening of this gap is an increasingly serious concern. Competitive and other considerations are such that this gap cannot be closed quickly or easily.

One result of the widespread price-cutting was some minor reduction in Royal's dominant share of the market because of our refusal to meet the worst excesses of price-cutting.

In this market the Royal took decisive steps to preserve its position as Canada's largest private insurer. Aggressive marketing campaigns were launched; corrective pricing was effected where possible; tighter cost controls were applied to internal expenses and loss and claims handling; and the company moved ahead in the development of its technical skills in support of its independent agents and brokers.

The company received a strong performance from its investment department. Income from insurance operations produced \$38.7 million; other income produced \$21.3 million. In combination this resulted in total investment income of \$60.0 million, yielding a profit, after taxes, of \$11.0 million compared to \$18.7 million in 1979, but only after attribution of some \$6.3 million capital gains on disposal of investments and a tax recovery of \$6.7 million.

On September 16, 1980, the company's enlarged new Head Office building was formally opened as the first official function of the province's Lieutenant-Governor, the Hon. John Black Aird, Q.C. This function was attended by several senior members of the world-wide executive from London, England, and by representatives from Canada's business and political community.

We are pleased with the addition of three new members to our Board of Directors: Messrs. John J. Howard, Group Chief General Manager, Royal Insurance Co. Ltd., London, England, Jack H. Warren, Vice-Chairman and Director of the Bank of Montreal, Montreal, and Marcel J. Bundock, President of Easterntube Inc. of Drummondville. The contribution made by those Directors who retired from the Board in 1980 — Messrs. Kenneth M. Bevins, C.B.E. T.D., G. Arnold Hart, M.B.E. — and former Secretary Kenneth S. Miller, B.A. (Hons.) A.I.C., is gratefully acknowledged.

Jean Robitaille
President and Chief Executive Officer

Royal Insurance Company of Canada

The Western Assurance Company
Roins Holding Limited

Chairman of the Board:

Donald M. Pringle, Q.C.*

Toronto, Ontario

Marcel J. Bundock

Drummondville, Quebec

Jacques de Billy, Q.C.*

Quebec, Quebec

Roy A. Elms, F.C.I.I.*

Toronto, Ontario

Jock K. Finlayson

Toronto, Ontario

Gordon C. Gray, F.C.A.

Toronto, Ontario

Russell E. Harrison*

Toronto, Ontario

Alexandre A. Labreque, Q.C.

Quebec, Quebec

Arthur H. Mingay*

Toronto, Ontario

J. Dean Muncaster

Toronto, Ontario

Derek Oland

Dartmouth, N.S.

Jean Robitaille, B.A., F.I.I.C.*

Toronto, Ontario

Ronald D. Southern

Calgary, Alberta

Jack H. Warren

Montreal, Quebec

Adam H. Zimmerman, F.C.A.

Toronto, Ontario

Roins Holding Limited (Only)

J. Norman H. Hay*

London, England

Alan A. Horsford

London, England

John J. Howard

London, England

Daniel Meinertzhagen

London, England

Secretary:

Vernon G. Lamberton

*Members of the Executive Committee

Quebec Assurance Company

Chairman of the Board:

Alexandre A. Labreque, Q.C.

Quebec, Quebec

Sebastien Allard, A.I.I.C.†

Montreal, Quebec

Marcel J. Bundock

Drummondville, Quebec

Bernard G. Cote, B.Comm., M.B.A.

Montreal, Quebec

Jacques de Billy, Q.C.

Quebec, Quebec

Henri Deslauriers

Sillery, Quebec

Roy A. Elms, F.C.I.I.

Toronto, Ontario

Gabriel Gilbert

Quebec, Quebec

Jean-Louis Lachance

Quebec, Quebec

Jean Robitaille, B.A., F.I.I.C.

Toronto, Ontario

Jacques Taschereau, LL.L.

Quebec, Quebec

Jeannine Guillevin-Wood

Montreal, Quebec

†Secretary



Executive Vice-Presidents Roy A. Elms (left) and William Campbell

As the first year of our new decade, 1980 was both unsatisfactory and unsettling from the company's standpoint.

The Canadian property-casualty insurance market plunged deeper into unprofitable operation and produced the largest underwriting loss in history — a fact which gives some dimension to the industry's mounting problems.

The gravity of what is happening in the industry cannot be over-emphasized. The unprecedented underwriting losses of the past year may yet be only the forerunner to more serious losses in 1981.

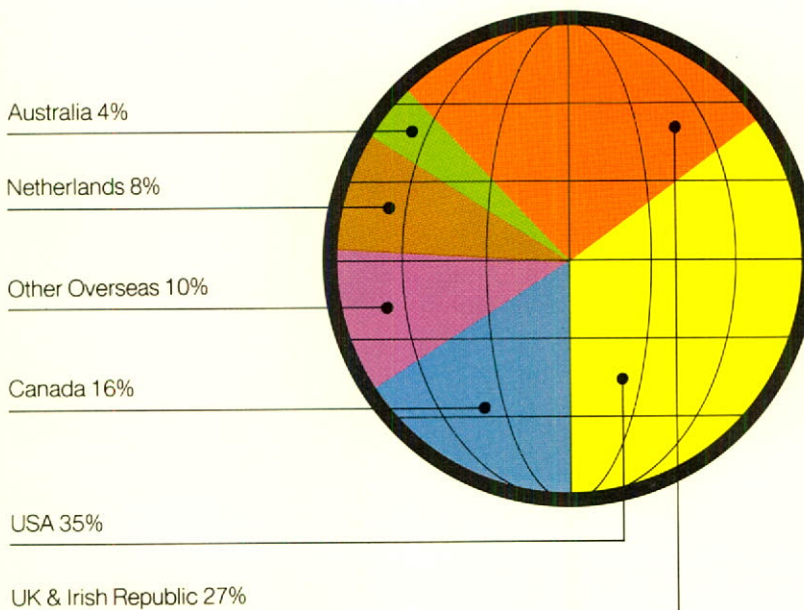
The Canadian market is caught up in the turmoil of a classic soft insurance market. There is a vast surplus of insurance capacity — probably sufficient to accommodate more than twice the amount of business currently available. New insurers, and reinsurers, have been attracted to the Canadian market by our weak dollar, the long-term attractiveness of our economy, our high interest rates, and the generally easy market entry requirements. Propped up by the high yields on investments and the availability of almost unlimited reinsurance capacity, these elements have touched off an intensely competitive battle for available business.

This type of market has favoured the so-called "cash flow" philosophy which high interest rates continue to fuel. Investment income for all insurers is at a record high; these realized and unrealized investment gains have created an illusion of satisfactory profitability and have — as a consequence — relegated sound underwriting principles to a secondary role.

While it may be viewed as yet another competitive element of the Canadian property-casualty insurance market, there is some disturbing evidence that excessive retrocession to reinsurers may lead to delays in loss payments, since in some cases the primary insurer does not have the financial ability to meet its obligations and is dependent on the security of far-flung reinsurers to respond to its liabilities.

This current underwriting cycle cannot end until the supply of available

Where Royal's business comes from around the world



insurance capacity shrinks to more closely match demand. Only then will it be possible for prices to rise to economic levels; only then will it be possible for insurers to secure a reasonable profit on invested capital.

Faced with this turbulent and uncertain market, Royal has developed a strong plan of action: to protect our share of market wherever possible within the limits of responsible pricing; to employ our considerable marketing and technical skills in support of our independent agency force; to maintain our high standards of service; to monitor and closely control our costs of operation; and to continue our pioneering development of more cost-effective means of transacting business via our computer-based processing systems in co-operation with our agents and brokers.

In 1980 the Royal recorded an underwriting loss of \$62.0 million, a significant deterioration from the company's underwriting loss of \$38.5 million in 1979, and the \$6.5 million loss in 1978. Thanks to the strength of the company's invested assets, which yielded \$66.3 million in 1980, the Royal was able to report a modest net profit before taxes, of \$4.3 million for the year.

The combined operating ratio last year totalled 113.3%, a significant increase from the 107.9% combined ratio in 1979. This gap between premium income and claims costs and expenses has been widening steadily over the past two years, and is a direct reflection of the market in which we compete.

Although the year began poorly with a first quarter loss of \$13.8 million (\$13.1 million in the similar period of 1979) the second quarter showed a marked improvement and the underwriting loss stood at \$14.7 million at the half-year (\$12.6 million in 1979). Partly due to an absence of major catastrophes or weather losses, the loss ratio at the 1980 mid-point stood at 71.7%, marginally better than the 72.5% in the comparable 1979 period.

However, the key signs of the relentless price war in the Canadian market became evident in the company's premium income which by mid-year had fallen 8.1% below figures for the same period of last year, from \$260.2 million to \$239.0 million.

To counteract this, the company launched two aggressive sales and marketing campaigns during the past year. Both our "Let's Play Ball!" and our "Homecoming" campaigns were

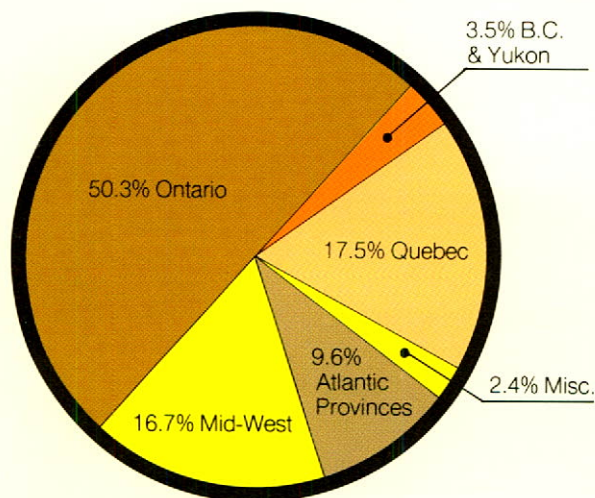
staged over a period of nine weeks. The latter campaign was particularly effective and during October and November branches across the country wrote almost \$87 million worth of business, or almost \$9 million more than in the same period in 1979. These campaigns proved to be a great boost to staff morale, but more importantly, played a leading role in checking the run-off from the company's book of business.

Despite these efforts, the third and fourth quarter of the year remained difficult, and the company was unable to completely close the gap in premium writings from the previous year's totals. Total premium income at the end of September rose to \$353.0 million, 6.2% below the 1979 total, and the year-end premium income of \$470.8 million was 2.3% under the total in 1979.

Over the year, the sharpest drop was suffered in the Company's Personal Lines portfolio of automobile and homeowner insurance, where unrealistic pricing by insurers willing to obtain market at virtually any cost, cut into Royal's dominant market share. Personal Lines written premium income fell from \$260.5 million to \$243.5 million, a drop of 6.5%.

However, the most serious impact on

Where Royal's business comes from in Canada



*Note: In 1980, for each dollar of earned premium, losses and expenses totalled \$1.13.

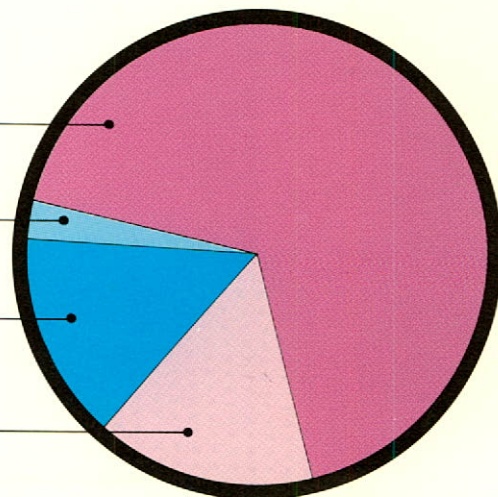
Policy Holders' Claims 76.3¢

Premium Taxes 2.8¢

Agents' Commissions 16.6¢

Operating Costs 17.6¢

Distribution of our income dollar*



1980 performance came as the result of unusually poor experience in December — a combination of high automobile loss frequency and a rash of major property losses. These circumstances helped produce an underwriting loss in the fourth quarter of \$31.6 million — the single worst outcome in our history in this country.

Competition for business was keenly felt in the Province of Ontario, where Royal derives approximately 50% of annual premium income. This was especially prevalent in the Personal Lines of business — automobile and home insurance — where many buyers tend to value the incentive of the lowest price above other criteria in their decision to buy. The company's Commercial Lines of insurance were generally strong performers, although the Commercial Property account suffered from a combination of low rate levels and a higher-than-normal incidence of major losses.

In the Province of Quebec the property-casualty insurance market was especially difficult during the past year as companies attempted to replace the significant portion of their automobile insurance portfolio lost to the government by often unrealistic and uneconomic pricing.

Growth in the British Columbia

market, where Royal no longer competes with the government automobile insurance monopoly, was slow. In the Mid-West Provinces of Alberta, Saskatchewan and Manitoba, the previously buoyant market perceptibly slowed down, but the company continues to gain a worthwhile share of the commercial business related to the expanding energy-related industries.

In the Atlantic Provinces where Royal's share-of-market has been highest in recent years, business activity suffered from the nation's flat economic growth, and this in turn produced an 8.7% reduction in Personal Lines business and almost zero growth in Commercial Lines business.

While all classes of business have been under intense competitive pressure, the most severe under-pricing occurred in the Personal Lines classes — notably homeowners and automobile insurance from which Royal derives approximately half its premium income.

Premium increases in this under-priced Personal Property line are inevitable, since price levels have failed to keep pace with rising building material and labour costs, plus a noticeable rise in theft losses. Canada's

rising incidence of arson has contributed to the very unsatisfactory situation and is a source of concern for the year ahead.

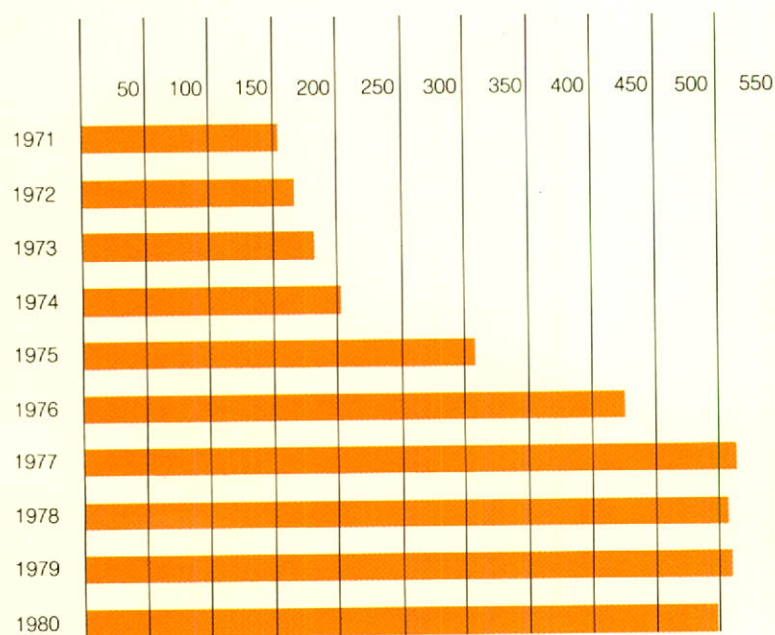
The Private Passenger Automobile insurance market operated at equally unrealistic premium levels during 1980, and Royal's portfolio of business at all levels was under continuous attack by lower-price competitors throughout the year. Inflationary pressures are very much in evidence in the automobile class, with all insurers feeling the bite of sharply higher vandalism and theft losses, plus rising repair costs which increased 21.9% in the first six months of the year over the corresponding period of 1979.

Tighter cost controls were brought about during the year in the company's loss and claim service. The introduction of an innovative guaranteed repair service from approved garages and a new windshield replacement program offer significant cost savings for 1981 and the future.

Loss of business remains a real concern, and our Personal Automobile Insurance portfolio suffered an erosion of 5.7%. This resulted in written premium income for the year falling to \$173.9 million from the previous year's \$184.6 million.

Our commercial insurance lines

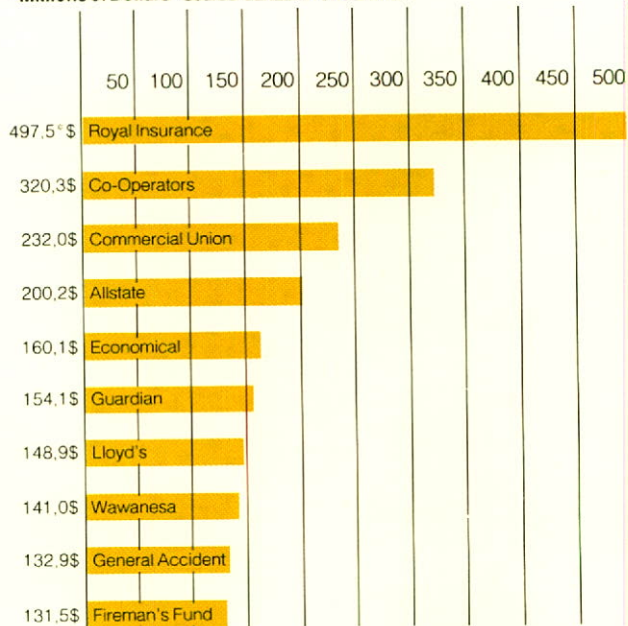
Direct written premium income 1971-1980 (millions \$)



The Top 10 Private Insurers (Total Business)* 1980

(On direct written business — excluding accident & sickness insurance)

*Millions of Dollars Source: Canadian Underwriter



reflected the generally slow conditions experienced throughout Canadian business and industry, where real growth in the Gross National Product was generally estimated at under 1%. This had a dampening effect on the growth of most commercial lines of insurance. However, strong marketing efforts and the Royal's reputation as a leader in this area, resulted in a modest increase in premium income of 2.7%, to \$227.3 million, from 1979's figure of \$221.3 million. A good performance was turned in by the company's specialty Boiler & Machinery Department.

A source of satisfaction during the past year was the rapid and successful integration of the Royal's advanced electronic data processing system within our Branch and District office network. At year-end a total of 22 offices were officially "on-line". The Royal's pioneering work in the ongoing conversion to a teleprocessing environment shows every hope of yielding valuable rewards in the future.

A highlight of the year was the official opening of the company's greatly expanded new Head Office building at 10 Wellington Street East in downtown Toronto. This major project was successfully completed on schedule at

a cost of \$14 million and the new facility has made possible the integration of the Royal's administrative operations under one roof. In addition, the company moved into new and improved offices in Ottawa, Windsor, Thunder Bay, Dryden, Calgary, Cornwall, Sarnia and Val d'or. The company's network of service offices expanded with the opening of premises in New Glasgow, N.S. and Edmunston, N.B. and Sept Iles, Quebec.

The company's 32 operational Consumer Information Service units in Branch and District offices across Canada handled a total of almost 100,000 telephone calls and personal visits during the past year — an indication of the important role this service offers to consumers, and to Royal's independent agency force.

Indications are that the year ahead will be as demanding and challenging as was 1980. We feel confident however, the strong initiatives we have taken and the corrective policies we have instituted will serve us well, and enable the Royal to maintain its service capabilities, its strength, its productivity and its leadership.

Generally depressed rate levels resulted in a continued deterioration in the Commercial Property class. An increase of 2.9% in written premiums was insufficient to offset a combination of inflation, and an increased incidence of large losses which resulted in a worsening of the loss ratio and produced an operating ratio of 113.7%.

Competition for Commercial Automobile business remained the key factor in our inability to obtain adequate premium levels. The loss ratio deteriorated by 3.8% and the underwriting result was \$6.3 million worse than 1979. Loss prevention activities have been stepped up in order to contain the loss position.

While the underlying experience and the overall result in the General Liability class was acceptable there is every indication that the twin forces of claims cost inflation and competitive influences will result in a deteriorating outturn.

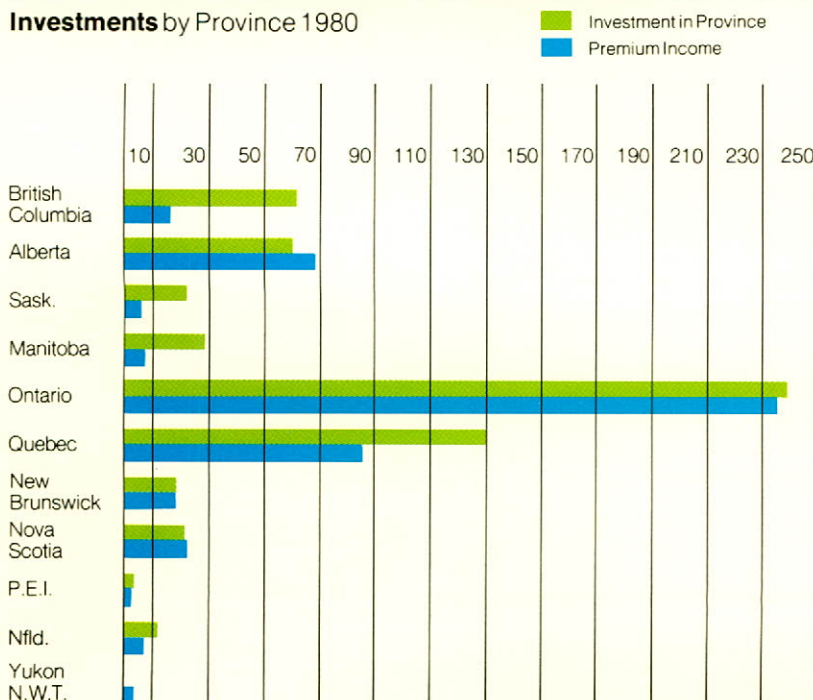
The last quarter was affected by claims arising from asbestosis-related lawsuits brought in the United States against our policyholders. The "Other Casualty" result was again adversely influenced by white collar crime losses in the fidelity bond class.

Boiler and Machinery business once again showed a good growth of 10.9% in written premiums and despite a number of losses late in the year, there was a satisfactory profit resulting from the operating ratio of 95.5% which was slightly higher than the figure for 1979.

Despite competitive pressure the Marine account again showed a fair growth of more than 6% in written premiums. Although the class results slipped to an operating ratio of 113% we believe this to be a short term reverse and anticipate an early return to the profitable results we have produced in past years.

While the Commercial class as a whole showed an advance of 2.7% in premiums, the deterioration of 5.1% in the operating ratio is of concern. Our efforts will be directed towards obtaining adequate premium levels with continued emphasis on risk selection and cost containment.

Investments by Province 1980



Underwriting by Region

Atlantic Provinces

Premiums were further depressed by 4.4% this year as competition continued. While the Commercial Account did well to almost break even, the Personal business was very difficult and overall produced a loss of \$3.4 million.

Quebec

Conditions continued to be very difficult as companies scrambled for business. Premiums were off 3.8% while the underwriting loss of \$22.4 million was split about equally between Personal and Commercial business. The Property Account was hit by a number of severe fire losses late in the year.

Ontario

There was little change in the level of competition and premiums written were lower by 2.1%. Personal Property results still showed an underwriting loss while the Commercial section of the Property account slipped further into a loss position.

Automobile business was most unsatisfactory as depressed premium levels were inadequate to offset rapidly rising repair costs. The Casualty

account showed a satisfactory result but the overall underwriting loss of \$24.9 million, was very disappointing.

Manitoba & Saskatchewan

While Commercial results showed a loss of \$1 million on premiums which were 10.4% higher than last year, the Personal Account showed no growth in premiums, and a deterioration in result to a loss of \$1.2 million.

Alberta

Premiums increased by 15.4% with 19.6% growth in the Commercial account. The results of the Property account, a loss of \$0.7 million, reflect competition for this class of business. The Automobile class result was a loss of \$7.5 million and reflects conditions found in a very active economy, a mobile population, and high inflation.

British Columbia

We were unable to find a way to correctly price private automobile business in the light of Provincial Government Insurance Office activities, and reluctantly withdrew from this class in the Spring. Overall the written premiums reduced by 32.4% while the

underwriting loss was reduced to \$1.5 million, this despite a poor result in Commercial Property, following several large losses in this class.

Unallocated by Territory

The majority of the premium for this account involves our proportion of the industry-wide automobile Facility, which provides a mechanism for drivers not able to obtain coverage in the regular market.

The premium income from this source dropped by almost 20%, and as a result the entire account was down by 18.2% in written premiums. Underwriting losses of \$1.3 million are wholly attributable to the involuntary automobile business referred to above.



Regional Results

1980	Net Written Premiums \$m	Earned Loss %	Earned Expense %	Operating Ratio %	Result \$m
Atlantic Provinces	45.2	71.9	35.6	107.5	-3.4
Quebec	81.7	88.0	40.1	128.1	-22.4
Ontario	236.7	75.1	35.5	110.6	-24.9
Alberta	66.5	74.9	35.0	109.9	-6.3
Manitoba/Saskatchewan	12.9	69.5	49.1	118.6	-2.2
British Columbia & Yukon	16.7	60.2	48.0	108.2	-1.5
Unallocated by Territory	11.1	81.1	30.5	111.6	-1.3
Total	470.8	76.3	37.0	113.3	-62.0

1979	Net Written Premiums \$m	Earned Loss %	Earned Expense %	Operating Ratio %	Result \$m
Atlantic Provinces	47.3	71.0	31.8	102.8	-1.4
Quebec	84.9	81.4	34.7	116.1	-14.4
Ontario	241.7	75.7	31.9	107.6	-18.4
Alberta	57.6	66.8	31.5	98.3	.9
Manitoba/Saskatchewan	12.0	63.9	44.6	108.5	-1.0
British Columbia & Yukon	24.7	70.9	42.2	113.1	-3.2
Unallocated by Territory	13.6	77.5	29.7	107.2	-1.0
Total	481.8	74.8	33.1	107.9	-38.5

Our National Advertising Campaign

Royal Insurance has made extensive use of television, radio and the print media to reach Canadian consumers and its independent agents and brokers.

During 1980, the primary objective of the company's national advertising campaign was to continue to create a strong corporate identity reflecting Royal's leadership, professionalism and insurance expertise; to establish Royal as the market leader.

The secondary objective was to highlight a number of Royal's key insurance lines and direct a strong and effective message to specific target audiences. Shown here is a selection of the print advertisements which appeared in major daily newspapers across Canada, and in 16 different consumer, business and trade magazines. These messages reached 90% of Canada's mid to senior management executives — the key insurance decision makers in business and industry.



"TRADITIONALLY, BOILER AND MACHINERY INSURANCE HAS BEEN SURROUNDED BY MYSTERY AND CONFUSION. IT SHOULDN'T BE."

Stuart Bryan, Boiler and Machinery Manager at Royal Insurance, throws some light on an essential—but often overlooked—area of business protection.

Q. WHAT SORT OF CONFUSION ARE YOU TALKING ABOUT?

A. There are still a lot of people around who need boiler and machinery coverage but who don't have it simply because they don't understand enough about the coverages available. One of the problems is that up to now, the standard policy used in Canada was really something of a horror story with lots and pieces added or changed over the years. Because it looked so complicated it gave people the idea that the subject matter was overly complicated. We decided to do something about this so we've completely redesigned the policy with the customer very much in mind. We call it B & M Shield. The coverage is the same, but we've rearranged it and put it into clear, simple language with out the confusing jargon and legalese.

Q. WHY DO YOU DIFFERENTIATE BOILER AND MACHINERY FROM OTHER PROPERTY INSURANCE?

A. It goes back to the Industrial Revolution. Manufacturing technology was primitive and boilers used to explode quite regularly. As technology improved, many of these explosions became preventable. Finally, some bright soul started offering insurance on such equipment, provided it could meet certain loss prevention standards. Eventually it expanded to include many kinds of electrical and mechanical equipment such as motors, generators, transformers, pumps and compressors. Today, practically anything that generates or uses some sort of power can be insured. It's specialized only because there are so many different possible combinations of coverages and we're usually asked to provide coverage on a selective

basis. By necessity, it's very much a custom-made package.

Q. WHY DON'T ALL BUSINESSES COVER BOILER AND MACHINERY COVERAGE?

A. A lot of people have no idea what it would cost to replace or repair their equipment if something happens. Even simple stuff like a boiler on a school or small apartment building can run into \$30-\$15,000. On a large electric motor, you may be looking at \$15-\$40,000 and up just to rewind it. A large lot of equipment to make in steel units which can't easily be repaired. What used to cost \$1,000 to repair may now cost \$15,000 or more to replace.

"IF YOU'VE NEVER HAD A FIRE, YOU DON'T HAVE THE SLIGHTEST IDEA OF WHAT A STORESHIELD POLICY CAN REALLY DO FOR YOU!"

Duncan Spence, Royal Insurance Branch Manager in Hamilton, Ontario, offers a behind-the-scenes look at a remarkable new insurance idea every storeowner should know about.



Q. WHAT IS THE BASIC PURPOSE OF THE STORESHIELD POLICY?

A. Today, you can go into any supermarket and find food that's packaged to meet specific needs and wants. Up to very recently, the insurance "supermarket" offered very little packaging, you'd have to buy it in bits and pieces. With Storeshield, you can now get an insurance package designed specifically to include all the needs of the retail market. Packaging has been a proven success in the supermarket business, and Storeshield is the birth of the same idea in insurance.

Q. WHAT'S ACTUALLY INSIDE THIS PACKAGE?

A. The Storeshield policy is made up of basics, with coverages that have been carefully chosen to include exposures that have come up many, many times in our past experience with storeowners. Retail people are exposed to common risks on a

daily basis: fire, burglary, theft, arson, business and personal expenses. The difference from one store to the next is in the amount of coverage needed, not in the type of coverage itself. Storeshield is designed to provide good, basic, meat-and-potatoes coverage with no window-dressing. It's also flexible, with provisions to include extra protection if you need it. And, by the way, the policy is worded in simple, everyday language everyone can clearly understand.

Q. AS A STOREOWNER, WHAT SHOULD I BE DOING TO PROTECT MY BUSINESS?

A. Talk things over with your independent broker or agent. Ask yourself some important questions. What are you doing to make sure you don't find yourself without a business all of a sudden? Are you covered for loss of stock? Loss of income? If you've never had a fire, you don't have the slightest idea of what a

Storeshield policy can really do for you. For example, we know from experience that many bankruptcies stem from the loss of income that follows a fire. Your Select Storeshield package includes profits insurance, which means we'll pay standing expenses like rent or salaries as well as any loss in profit you may have to absorb. And we'll continue to pay it until your picture returns to where it was before the fire, even if it takes a year to get back up to that point.

Q. PERSONALLY, WHAT'S YOUR OWN BUSINESS PHILOSOPHY?

A. For me, there isn't a better feeling than knowing I've done something well. When you're talking to storeowners, insurance isn't the most popular subject in their minds. Sometimes they'd rather avoid the conversation, really. But if we have their interest at heart, and they in turn have confidence in us, then I know we have a good thing going.

To learn how a personalized Storeshield policy can improve the effectiveness of your retail insurance, call your independent broker or agent. He'll gladly explain the details of our service, and recommend a Royal program most appropriate for all your commercial insurance needs.

Royal Insurance
Canada
It's good to know you're with the best.

high percentage of people carry with

Q. IF YOU HAD YOUR OWN BUSINESS, HOW WOULD YOU BUY INSURANCE?

A. I'd work very closely with my broker agent to identify the areas of my business where I could lose money through accident. Property, Liability, Boiler and Machinery. I'd ask myself if a loss in any particular area could turn into a problem for my capital or income or cash flow. What would about it becomes a business decision on my part. What's the risk? What's the likelihood of it happening? What will it cost me to do something about it? Then I'd balance everything out and decide if it's worth buying.

Q. WHAT DOES ROYAL HAVE TO OFFER COMPARED TO THE COMPETITION?

A. The fact that we're the largest general insurance company in Canada creates certain advantages for your clients. If you're concerned with price,

Q. IN SUCH A HIGHLY TECHNICAL FIELD, HOW DO YOU KEEP UP WITH CHANGES?

A. It helps to read a lot. I read insurance magazines from Canada, the U.K. and the U.S., engineering trade books, publications on key industries, The Economist, The Financial Post. But I don't read just so I can do better business, I'm interested in the world. I like to know what's happening behind the scenes. The more you read about the way people do things in different circumstances, the more you can relate to the way people do things in their everyday life. I also read Fortune, because I love reading about those characters who take a company that's on its knees, turn it around and make something out of nothing.

Q. HOW CAN YOU TELL A GOOD INSURANCE MAN WHEN YOU SEE ONE?

A. You look for experience, but that doesn't necessarily mean time in the business. Someone who is really interested in gaining experience will go out and seek it, while someone else may coast along and take a lot more time to get to that point. It also takes commitment, a determination to do your job to the best of your ability. The more you put into something, the more you get out of it. We're all told that as children, but my own experience has shown it to be true.

To learn how a personalized Royal program can improve the effectiveness of your boiler and machinery insurance, call your independent broker or agent. He'll gladly explain the details of our service, and recommend a Royal program most appropriate for all your commercial insurance needs.

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1 Des polices conçues pour le commerce

Le BŒUFIER DU COMMERCE CANT' vous offre une nouvelle police destinée aux commerces qui ont un chiffre d'affaires d'un million de dollars par année ou moins. Et après le service de conseil offert à la clientèle, nous mettons à votre disposition la possibilité de nous faire connaître par téléphone ou par courrier. Imaginez un seul contrat pour toutes vos obligations.

Le BŒUFIER DES MACHINES s'occupe de la Royal et propose son assurance offre des machines-outils, vous offrant ainsi une garantie de votre investissement. Le portefeuille d'assurance de votre commerce est ainsi complété par un contrat de la même manière de prévention de vos intérêts commerciaux.

2 Des polices faciles à comprendre

Une conception de la Royal est venue pour offrir à nos clients une nouvelle façon de comprendre le langage des polices. Tout le jargon legal a été simplifié, votre client saura plus rapidement le contenu de sa police, tout une bonne façon de rassurer!

3 Des polices faciles à assurer

À vous de jouer, arme de votre commerce. Vous pouvez assurer un seul contrat de votre commerce, au lieu de plusieurs. C'est plus simple, plus économique, plus efficace. C'est ainsi que nous pouvons vous offrir un service de conseil personnalisé et un contrat de votre commerce.

4 Des polices faciles à vendre

À la fin de votre carrière, vous voulez laisser à votre famille un patrimoine solide. C'est ainsi que nous pouvons vous offrir un service de conseil personnalisé et un contrat de votre commerce. C'est ainsi que nous pouvons vous offrir un service de conseil personnalisé et un contrat de votre commerce.

5 Faites équipe avec la Royal

Et profitez de ses services, vous n'avez qu'à nous appeler. C'est ainsi que nous pouvons vous offrir un service de conseil personnalisé et un contrat de votre commerce.

Enfin, vous avez tout pour assurer les commerces... facilement!

Rassurez vos clients avec ce qu'il y a de mieux

L'Assurance Royale

Canada

Royal Insurance

Canada



"WE DON'T GET BUSINESS BECAUSE WE'RE CHEAP OR EXPENSIVE. WE GET BUSINESS BECAUSE WE'RE CREATING AN AWARENESS."

Bryan Glendinning, Royal Ocean Marine Manager, offers some personal insights into marine insurance and the satisfaction of a job well done.

WHAT KIND OF BUSINESS ARE YOU IN?

When you're shipping goods overseas, there are advantages that insurance can provide for you and your clients. Most people think it's technical and complicated. I find so many companies that are not aware of their own risks, and I'm working toward helping others see it the same way.

HOW DO YOU FEEL ABOUT YOUR BUSINESS?

First, we've had a change in our trade, in the sense that we believe in a "back and forth" relationship. We've had a lot of success in the past, and we're looking forward to the future. We've had a lot of success in the past, and we're looking forward to the future.

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fair settlement. Generally, the better the service we provide, the easier it is for you to build goodwill with your customers.

Q. WHERE DO RATES COME FROM IN YOUR POLICY?

As far as you and your agents are concerned, make sure a client understands the possible risks associated with the shipping of his cargo. Say you're going \$100,000 worth of equipment of a non-hazardous, non-flammable nature, and you wanted to deliver it to the United Kingdom. All risks coverage, we'd probably write it at a rate of 0.25%, so the premium would be \$250. On more restricted conditions, we may offer to write the risk at 0.15%, or a premium of \$150. Other insurers may offer higher or lower rates. You have to decide for yourself whether the difference in premium is worth the difference of service and security.

Q. HOW HAS YOUR BUSINESS BEEN THE MAIN CHALLENGE IN YOUR MARKING?

Royal is the number one general insurance company in Canada, but

up to about four years ago, we were only the fifth or sixth largest writer of marine business. Quite frankly, we weren't a force in the marine market, and the challenge has been to create an awareness of our marine facility more in line with Royal's overall position in the marketplace. Currently, we're number two in the marine field. It'd like us to be number one in the near future.

Q. WHAT DO YOU ENCOURAGE IN TERMS OF YOUR OWN BUSINESS PRACTICES?

My main concern is to ensure that the expertise of my staff is available to all brokers and agents, not just in terms of the technical aspects of marine insurance, but in terms of a wide knowledge of the legal, geographical and economic factors affecting our global business.

Q. HOW DO YOU FEEL THE SATISFACTION OF YOUR WORK?

The number of times we've been satisfied with what I do, I'm continually trying to do better and more. My satisfaction comes from more

than just seeing the development of our marine portfolio, it's seeing our staff develop their skills. Also, more and more of our agents are now successfully developing marine business, which indicates that what we are doing together is paying off.

Q. PERSONALLY, WHAT'S THE BEST PART OF YOUR WORK?

If you asked my secretary, she'd probably tell you it's a perfect example of my very particular to what I do, but I think that's because of the nature of our business. It's important to see when you're doing it, and it's important for people to understand what you're communicating. In insurance, you've got to be the kind of person who really means what he says. When you're doing anything, a client must know you'll honour that promise.

Q. HOW HAS A PERSONALIZED ROYAL INSURANCE PROGRAM CAN IMPROVE THE EFFICIENCY OF YOUR MARINE INSURANCE?

It's a very important factor in our program. We'll gladly explain the details of our service, and recommend a Royal program most appropriate for all your commercial insurance needs.



It's good to know you're with the best.



"SUCCESS DEMANDS EXTRA EFFORT FROM EVERYONE, BECAUSE IT'S THE EXTRA EFFORT THAT PUTS YOU AHEAD AND KEEPS YOU THERE!"

Tom Read, Manager of the Royal Insurance Commercial Branch in Toronto, Ontario, gives a first-hand account of what it's like to deal with the largest general insurance company in Canada.

Q. HOW DOES ROYAL'S SIZE WORK TO ADVANTAGE FOR THE PEOPLE YOU INSURE?

A. There are very few companies that can give you the all-round risk protection we can, in one complete package. One of the benefits that come with having Royal cover all your risks is that you have more control over your total protection portfolio, and there's less chance of leaving some part of your business unprotected. If there's any overlapping in coverage, you have no problems with who is responsible.

Q. WHAT DO YOU LOOK FOR FROM THE PEOPLE IN YOUR OWN BRANCH?

A. What I like to see is enthusiasm, someone who's got real fire and desire. We're in a very, very competitive business. Any place we fall down, someone else picks up. There's only a certain amount of business to go round, and we certainly want our share. We need people who have an inner urge to do the job right, and who want to show that they're doing it right.

Q. DO YOU SEE INSURANCE AS AN ART OR A SCIENCE?

A. It's a science to a high degree, because we do have records and statistics we've built up over the

Q. HOW CAN YOU KEEP ENTHUSIASM ALIVE AND GROWING IN A COMPANY THE SIZE OF ROYAL?

A. One of the inevitable facts about insurance is that it takes a long time to learn the business. You have to start from the bottom and work up. We try to help by giving our people every possible opportunity to learn, putting a lot of attention on staff development, training people to improve their skills. Today, studying within Royal has increased immeasurably, and we have more people working toward university and insurance institute degrees than ever before.

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A. It's a science to a high degree, because we do have records and statistics we've built up over the

Q. HOW DOES ROYAL'S SIZE WORK TO ADVANTAGE FOR THE PEOPLE YOU INSURE?

A. There are very few companies that can give you the all-round risk protection we can, in one complete package. One of the benefits that come with having Royal cover all your risks is that you have more control over your total protection portfolio, and there's less chance of leaving some part of your business unprotected. If there's any overlapping in coverage, you have no problems with who is responsible.

Q. WHAT DO YOU LOOK FOR FROM THE PEOPLE IN YOUR OWN BRANCH?

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Major Lines of Insurance

		Net Written Premiums \$m	Operating Ratio %	Result \$m
1980				
Personal	Property	69.6	117.5	-12.5
	Automobile	173.9	116.2	-28.1
	Total	243.5	116.6	-40.6
Commercial	Property	69.0	113.7	-9.0
	Automobile	92.8	118.5	-16.7
	Liability	39.8	85.5	5.6
	Other Casualty	10.0	110.3	-1.0
	Boiler & Machinery	10.5	95.5	.4
	Marine & Aviation	5.2	114.1	-.7
Total		227.3	109.7	-21.4
Grand Total		470.8	113.3	-62.0
1979				
Personal	Property	75.9	113.4	-10.2
	Automobile	184.6	109.6	-17.9
	Total	260.5	110.7	-28.1
Commercial	Property	67.1	99.7	.2
	Automobile	91.3	111.2	-10.4
	Liability	38.4	101.1	-.4
	Other Casualty	10.3	102.7	-.3
	Boiler & Machinery	9.4	94.1	.5
	Marine & Aviation	4.8	99.7	
Total		221.3	104.6	-10.4
Grand Total		481.8	107.9	-38.5



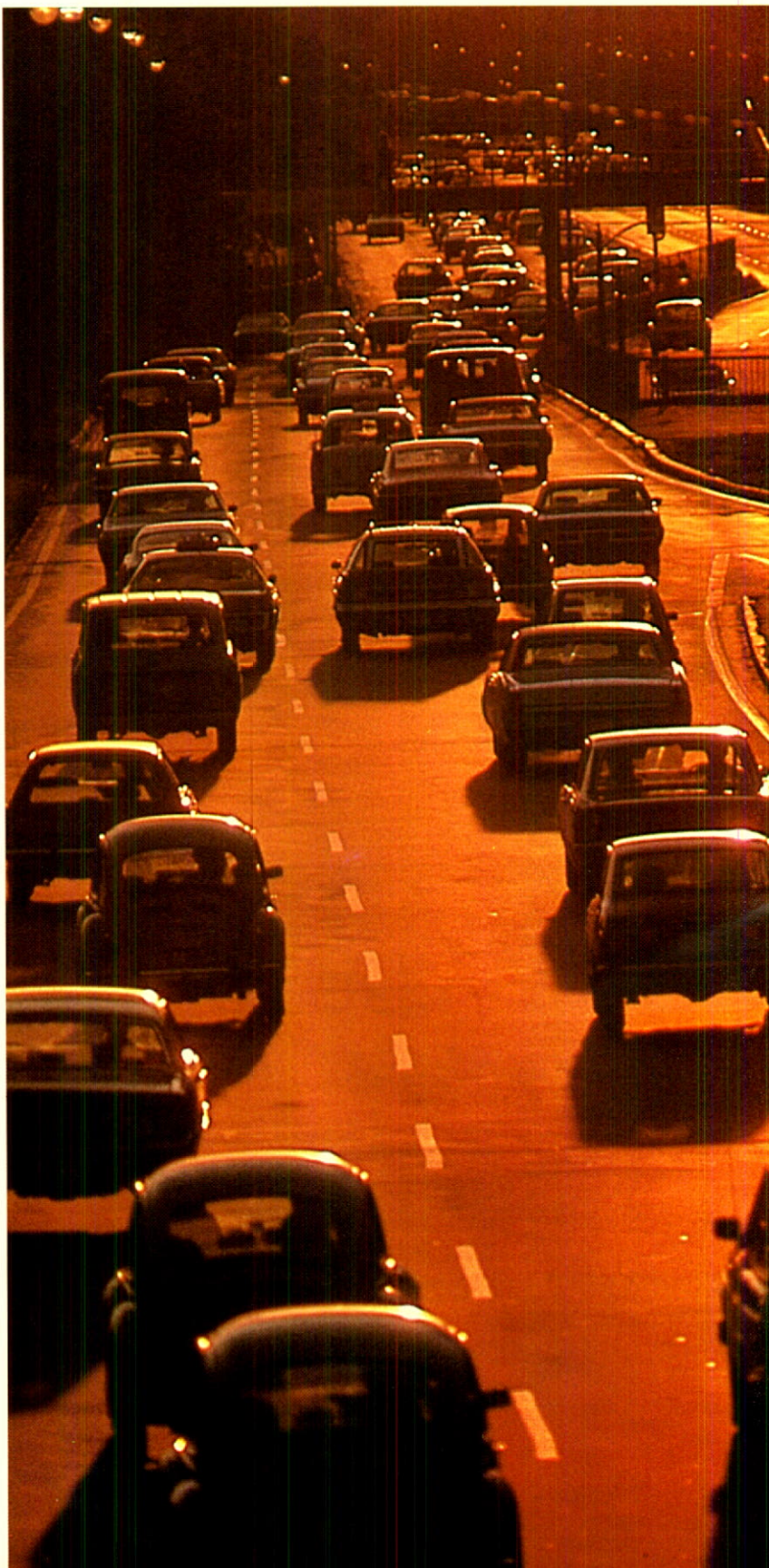
Personal Lines Underwriting

Written premiums for the Personal Property section of this account were \$69.6 million, a reduction of 8.4% below the 1979 income, while claims costs and expenses exceeded earned income by \$12.5 million to produce an operating ratio 4.1% worse than the previous year. Although inflation and competition were the main causes of the poor result, an increase in crime-related losses such as theft and arson were continuing factors in the increased claims ratio.

Our attempt to lead in underwriting and pricing corrections was rejected by the market and rate competition continued at unrealistic levels through most of 1980. We are continuing our efforts to bring the results for this class to an acceptable level.

The Personal Automobile class generated written premiums of \$173.9 million, down 5.7% from the 1979 level. Expenses and incurred losses increased to \$201.4 million and there was a resultant underwriting loss of \$28.1 million with a combined ratio of 116.2%. Severe price competition continued unabated through the year and attempted premium level corrections brought about a business run-off and an unacceptable reduction in our market share. Further efforts are being made to obtain adequate premiums which are needed to offset the serious adverse effects of the increasing frequency and cost of accidents which continued in 1980.

We have also undertaken a marketing and underwriting selection programme designed to upgrade the overall quality of our portfolio. We believe we have made some progress in this area during the latter portion of 1980.





Investments

1980 marked another year of high inflation and political instability throughout the world. These crosscurrents were reflected in all financial markets with spectacular magnitudes of price change. Uncertainty was evident on the part of investors as many commodity prices, interest rates and equity prices soared to historic levels before collapsing and then retracing much of the descent.

In spite of this economic backdrop and the reduction of cash flow available for investment from operations, Royal's investment portfolio performed well. Through the maintenance of a very liquid position from both a high level of short term funds and a short average term for fixed income securities, together with the strong market performance of equities, market values of the total portfolio in 1980 increased by \$17.8 million, to \$669.3 million. The quality and shortness of the bond portfolio (around 3 years) insulated it from much of the severe price

gyrations and deterioration seen during the year. Pretax investment income increased from \$50.3 million to \$60.0 million, despite reduced underwriting cash flow.

There was a continuation of the issuance of common equity and convertible preferreds by institutions further reflecting the relative buoyancy of stock markets. Advantage was taken of these markets to take some profits (\$6.3 million) and realign overvalued sectors of the portfolio. As at December 31, 1980 the aggregate market value of common stocks equalled 32% of total Investment assets, compared to 26% in 1979.

Preservation of capital, particularly in view of the difficult underwriting environment, remained a prime goal in 1980.

Though a brief respite from high interest rates is likely in 1981, a "stagflation" economic environment is expected once again. A conservative, highly liquid policy for investments is anticipated during 1981.

Summary of Investment Portfolio Market values

(Expressed in millions of \$)	1980	1979
Bonds and Short Term Securities		
Government of Canada and Guarantees	\$194.6	\$149.4
Provincial and Guarantees	22.9	31.1
Municipalities and Schools	18.3	22.7
Corporations	50.1	80.4
Short term	96.0	121.8
Total	381.9	405.4
Stocks, Mortgages and Real Estate		
Preferred Stocks	31.1	35.0
Common Stocks	216.0	171.3
Mortgage loans on real estate	26.4	25.9
Real estate	13.9	13.9
Total	287.4	246.1
Total Investments at Market Values	\$669.3	\$651.5



Expenses

With present levels of inflation and a diminished premium volume we saw our expense ratio advance from 33.1% to 37.0%. Although "controllable" expenses were less than budgeted the margin was less proportionately than the shortfall in premium volume projected for the year. The ratio reflects the high and rising costs of operating our extensive service facilities in this environment.

With reduced premium revenue, containment of costs has been emphasized and there continues to be a careful monitoring of expenditures with concentration on efficiency and productivity improvement. During the year there was a reduction in staff numbers and as a consequence the year's salary expense increase was limited to 7.2%.

There was a material addition to pension expense reflecting the capitalized actuarial costs of a cost of living adjustment to pensions being paid, and increased provision for current service funding to reflect the inflationary impact on future pension liabilities.

Premises and occupancy costs were up by approximately 30%.

Although development of computerization/teleprocessing is proceeding in accordance with our plans and expectations, there continue to be heavy costs incurred in connection with this investment in the future with the benefits only to emerge in a material way in succeeding years. Apart from its expected contribution to economies of administration this project activity is designed to improve service capabilities both to our agents and policyholders as well as to provide more current and comprehensive management information.

Surplus Position

Total Surplus increased \$5.0 million during the year to \$157.1 million and, in addition, improved as a proportion of written premiums to 33.4% from 31.6%.

Statutory Reserves required under the Canadian and British Insurance Companies Act disallow certain fixed assets, other assets not admitted and balances due from unregistered reinsurers and these totalled \$35.5 million as at December 31, 1980.

Insurance Act solvency requirements further provide an added margin of protection to the insured public. On this basis the surplus at year end of \$67.1 million or 14.3% of written premiums compared with \$84.2 million or 17.5% of written premiums reported at year end 1979.

Outlook

Overall 1980 was a very difficult year for the country, the general insurance business and ourselves in particular. The slowdown in economic activity was more severe than most forecasters anticipated and will extend longer than was projected. It seems that 1981 will be another difficult year both for the economy as a whole and for our industry which tends to mirror the general level of business activity.

We were hoping that by now the clearly deteriorating outturn would have brought a measure of realism to the pricing of insurance protection but in fact a soft market continues into 1981 and there is little prospect for a significant improvement in the operating picture.

Our performance has been less than satisfactory. The nature of our business is that results lag behind pricing inadequacies and the adverse results of 1980 reflect premium deficiencies of twelve months or more ago. With a virtual complete lack of needed pricing change in 1980 a disappointing outturn in 1981 is pretty well inevitable.

What has given rise to this depressing outlook? We believe it can be attributed to a number of fundamental factors.

- The lack of opportunity to share in real market growth due to the flat economy.

- A very fragmented multi-participant market which has generated a situation where desire to maintain and increase volume — propelled in part by the need to sustain ever increasing costs — has produced competitive forces that have caused premiums to be depressed to far less than economic levels. Never in our experience has competition been so intense.

- Foreign insurers and reinsurers with strong currencies are stepping up their involvement in the North American insurance market attracted by the longer term prospects of real economic growth.

- The increase in claims costs surging at a rate far higher than the general level of inflation.

- The desire to fuel investment income through increased cash flow has led to frenzied rate-cutting with many insurers throwing caution to the wind in their hunger for premium volume.

Although the supply/demand for insurance capacity continues to be seriously out of balance as a result of the general long term attractiveness of Canada and the relative ease of entry for new participants, belatedly there are signs of pricing activity now that the depths of the plunge into unprofitability for the business as a whole are becoming evident to all. Eventually there has to be a realization at both the direct and reinsurance level that unrealistic competition designed to gain market share without regard to cost in underwriting terms will completely overwhelm all income derived from investment activities.

It is hoped that toward the end of 1981 and into 1982 the advent of an improving economy will create a demand for insurance for new and increasing exposures.

Organization & Staff

The most valuable of capital in all organizations is that invested in people and our staff continue to be our most important resource. Their expertise and hard work are a major factor in helping to maintain our position as the leading general insurer in Canada, despite very difficult market conditions. We are confident that with the continued exercise of their skills and dedication we shall be able to come through this tough operating period with renewed strength.

As a result of our continued emphasis on cost control and improvement in productivity and efficiency levels, our staff complement was reduced by almost 8% to approximately 3430. As part of this emphasis we completed the changes started in our Salary Administration Programme in 1979, and, in future, the reviews of all staff will be carried out concurrently with salary increases linked solely to performance.

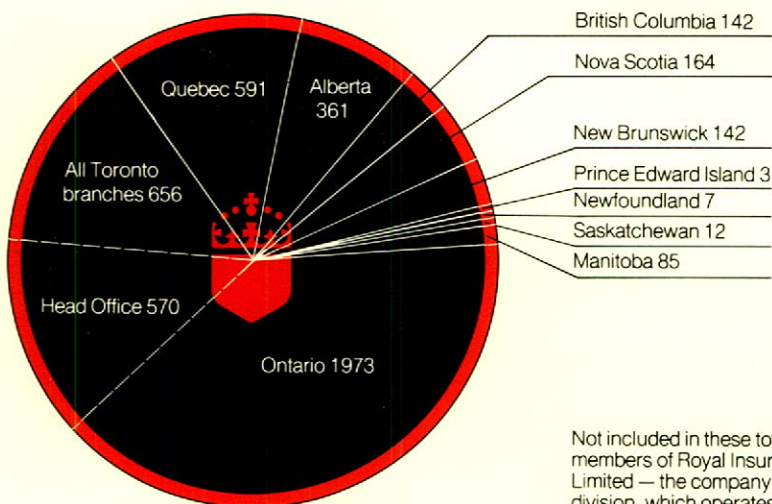
A further addition to our Comprehensive Benefit Programme occurred with the introduction of a group RRSP / RHOSP payroll deduction facility, effective January 1, 1981.

We continue to emphasize the improved development and use of the skills of our people. Although 13 technical and 43 supervisory or general skills courses were held, much of the thrust in training was put on the development of self-instructional materials, including the production of a Loss & Claims training package for in-branch use. Support for the implementation of the PSS (Policy Service System) was provided through an appropriate training programme, and we continued to conduct Awareness Workshops as part of our commitment to Affirmative Action. To help in better matching of people and jobs and assist in career planning, approval was also given to the introduction of a corporate Human Resource Management system to be developed and implemented over several years starting in 1981.

Within "Royal" there continues to be a recognition of the mutuality of interest between the company and the staff. Much has already been done to extend the involvement of staff by participation and consultation. The process has been aided by the continued development of the National Organization of Royal Employees (NORE) which has participated in a number of joint studies and projects with Management, including the introduction of the Group RRSP / RHOSP. The position of the NORE president became a full-time job in 1980 and both the President and members of the Executive met regularly with Management.

Although much remains to be done we have every confidence in our collective ability to carry through to a satisfactory conclusion the difficult tasks that lie ahead.

Where Everyone Works



Not included in these totals are 104 staff members of Royal Insurance Company Limited — the company's life insurance division, which operates independently.

Company Offices Across Canada



Toronto Head Office

Alberta

Branch Offices

Calgary
Texaco Tower
Suite 2100
605-5th Ave. S.W. T2P 3H5

Edmonton
1600 - 10235 - 101st St.
Oxford Tower
Edmonton Centre T5J 2G1
Service Offices

Grande Prairie
103, 10124 - 101st Ave.
T8V 0Y2

Lethbridge
100 Deveta Pl.
410 - 9th St. South
T1J 2L2

Medicine Hat
Gershaw Terrace
Ste. 104 - 266 4th St. S.W.
T1A 4E5

Red Deer
Ste. 501, The Central Block
5000 Gaetz Ave. T4N 6C2

British Columbia

Branch Office

Vancouver
Suite 1200, Oceanic Plaza
1066 W. Hastings St.
V6E 3Y7
District Office

Victoria
844 Courtney Street
P.O. Box 280 V8W 2N2
Service Offices

Kamloops
Ste. 140, Columbia Centre
546 St. Paul Street
P.O. Box 83 V2C 5K3

Prince George
320 Vancouver St. V2L 2N9
P.O. Box 1630 V2L 4V2

Manitoba

Branch Office

Winnipeg
386 Broadway Avenue
7th floor R3C 3V7

New Brunswick

Branch Office

Saint John
1 Brunswick Square
15th Floor
P.O. Box 1700 E2L 4K6

Edmundston
Carrefour Assomption
121 Church Street
E3V 1J9

Service Offices

Fredericton
Ste. 464, York St. Tower
Kings Place, P.O. Box 1285
E3B 5C8

Moncton
300 St. George Street
P.O. Box 1073 E1C 8P2

Newcastle
155 Pleasant St.
E1V 1Y3

Newfoundland

Service Office

St. John's
66 Kenmount Road
Woodgate Bldg.
P.O. Box 8244 A1B 3N4

Nova Scotia

Branch Office

Halifax
Stes. 200 & 300, Cogswell Tower
Scotia Square, P.O. Box 2050
B3J 3B6
Service Offices

Kentville
Salon A, Cornwallis Inn
P.O. Box 580 B4N 3X7

Sydney
Ste. 416, Sydney Civic Centre
320 Esplanade St.
P.O. Box 1253 B1P 6J9

New Glasgow
West Side Shopping Plaza
Lavinia Street
P.O. Box 880 B2H 5K7

Ontario

Branch Offices

Barrie
80 Bell Farm Road
P.O. Box 343 L4M 4T5

Hamilton
Ste. 500, 110 King St. W.
Lloyd D. Jackson Square
P.O. Box 2008, Station "A"
L8N 3R8

London
Ste. 800, Canada Trust Tower
City Centre, 275 Dundas St.
P.O. Box 2640, Term. A N6A 4G9

Ottawa
Suite 600, Royal Bank Centre
90 Sparks Street K1P 5B4

Sudbury
128 Larch Street
Royal Ins. Tower
P.O. Box 300, Stat. B P3E 4P2

Toronto Centre
One, First Canadian Place
Suites 1300 & 1400 M5X 1B7

Toronto East
2 Lansing Square, Suite 800
Willowdale M2J 4P8

Toronto North
Yonge Eglinton Centre
2300 Yonge St. M4P 2W9

Toronto West
304 The East Mall
Islington M9B 6C9

District Offices

Kingston
920 Princess Street
P.O. Box 1358 K7L 5C6

Kitchener
Commerce House
50 Queen St. N.
P.O. Box 2248, Sta. "B"
N2I 6M2

Oshawa
292 King St. W. L1J 2J9

St. Catharines
1 St. Paul St., 2nd floor,
P.O. Box 1117 L2R 7A3

Thunder Bay
Royal Ins. Bldg., 5th Floor
28 Cumberland St. N.
P.O. Box 3370 P7B 5J8

Windsor
1090 University Ave. W.
P.O. Box 1239 N9A 6P8

Service Offices

Belleville
Century Place
199 Front St. K8N 5H5
P.O. Box 1536 K8N 5J2

Brockville
Chelsea Court
779 Chelsea Court
K6B 6J8

Chatham
Ste. 202, 121 Heritage Road
P.O. Box 1386 N7M 5W8

Cornwall
617 Pitt Street
K6S 3R8

Dryden
122 King St. P8N 1C2

Guelph
Bank of Nova Scotia Bldg.
89 Wyndham St. N. N1H 4E9

North Bay
593 Main St. E.
P.O. Box 1138 P1B 8K4

Peterborough
232 King St.
P.O. Box 1750 K9J 7X6

Sarnia
1362 Lambton Mall Road
N7T 4N7
P.O. Box 2438 N7T 7S6

Sault Ste. Marie
Ste. 102, Soo Centre
123 March St. P6A 2Z5

Stratford
925 Ontario St.
P.O. Box 398 N5A 6T3

Timmins
3 Pine Street South
P4N 2J9

Drive-In – Claims Centres

Etobicoke
5475 Dundas Street W.

Oshawa
292 King Street W.
L1J 2J9

Windsor
1090 University Ave. W.
P.O. Box 1239 N9A 6P8

Prince Edward Island
Service Office

Charlottetown
143 Kent Street C1A 1N3

Quebec
Executive Office Montreal
Bureau 2224, C.P. 309
Tour de la Bourse
H4Z 1H5
Branch Offices

Chicoutimi
901 Boulevard Talbot
C.P. 580 G7H 5G5

Montreal Metro
Bureau 201, Tour de la Bourse
C.P. 309 H4Z 1H5

Montreal Region
Bureau 1100, Tour de la Bourse
C.P. 295 H4Z 1K5

Quebec
2535 Boul. Laurier, Ste-Foy
C.P. 10200 G1V 4M9

Rimouski
165 des Gouverneurs
C.P. 110 G5L 7B7
District Offices

Sherbrooke
Place Jacques Cartier
1650, rue King ouest J1J 2C3

Trois Rivières
1350 rue Royale
C.P. 1510 G9A 5L6
Service Offices



Vancouver Branch Office

Sept Îles
700 Boul. Laure, bureau 05
G4R 1Y1

Val d'Or
615 Avenue Centrale
C.P. 816 S9P 4P8

Service Office

Brossard
Place du Commerce
1680B Boul. Provencher
J4W 2Z7

Saskatchewan

District Office

Saskatoon
Ste. 1140, Avord Tower
606 Spadina Cres. E.
P.O. Box 3050 S7K 3S9

