E-L Financial Corporation Limited

1987 Annual Report

The Year at a Glance

20th Annual Report	1987	1986
Total Net Insurance Premiums	$ 480,742,000	$ 435,795,000
Total Revenues	602,617,000	537,969,000
Statutory Operating Profit (Loss)	3,338,000	(5,015,000)
Statutory Earnings Including Investment Gains and extraordinary items	21,846,000	18,436,000
Total Assets	1,545,769,000	1,400,171,000
Shareholders' Equity	187,455,000	178,484,000
Statutory Operating Profit (Loss) per Share	0.88	(1.31)
Statutory Earnings per Share Including Gains and extraordinary items	5.69	4.80

Note: Per share earnings figures assume full conversion of the Company's convertible preferred stock.

Annual Meeting of Shareholders

The Annual Meeting of Shareholders will be held at 12:00 noon Toronto time on Friday, April 22, 1988 at the Company's head office, 165 University Avenue, Toronto. All shareholders are invited to attend.

E-L Financial Corporation Limited

Board of Directors

E. Kendall Cork,
Senior Vice President and Treasurer, Noranda Incorporated
Donald C. Elliott, C.L.U.,
President and Chief Executive Officer, The Empire Life Insurance Company
James V. Emory,
Chairman, United Bond & Share Limited
Peter S. Gooderham,
Chairman of the Board, The Dominion of Canada General Insurance Company
William B. Harris,
Chairman of the Board, Barclays Bank of Canada
Henry N.R. Jackman,
Chairman of the Board, The Empire Life Insurance Company
J. Alex Langford, Q.C.,
Partner, Miller, Thomson, Sedgewick, Lewis & Healy
Donald J. Miano,
Executive Vice-President Investments, E-L Financial Corporation Limited
Leonard N. Savoie,
President and Chief Executive Officer, Algoma Central Railway
William H. Somerville,
Chairman and Chief Executive Officer, National Trust Company
Manon Vennat,
Vice-President, Spencer Stuart and Associates
Donald A. Waugh, A.I.I.C.,
President and Chief Executive Officer, The Dominion of Canada General Insurance Company
Lynton R. Wilson,
President and Chief Executive Officer, Redpath Industries Limited

Honorary Director
Rt. Honourable D. Roland Michener, C.C., C.M.M., C.D., P.C., Q.C., LL.D., D.C.L.,
Barrister, Former Governor General of Canada.

Officers

Chairman and President
Henry N.R. Jackman

Executive Vice-Presidents

Donald C. Elliott, C.L.U.
President and Chief Executive Officer
The Empire Life Insurance Company

Donald A. Waugh, A.I.I.C.
President and Chief Executive Officer
The Dominion of Canada General Insurance Company

Executive Vice-President Investments
Donald J. Miano

Vice-President Investments
Helen J. Rotenberg

Secretary
J. Alexander Langford, Q.C.

Treasurer
Mark M. Taylor

Remarks of the Chairman

Mr. Henry N.R. Jackman

For the fiscal year ending December 31, 1987, E-L Financial Corporation Limited sustained continued operating losses on its general insurance portfolio of approximately $38 million, of which 65% represents the underwriting losses of the Canadian Indemnity Company which was acquired in April of 1985. Much of the underwriting loss of Canadian Indemnity reflects the strengthening of claims reserves due to underprovisions made by that company under previous management. Underwriting losses for the Canadian Indemnity Company since the date of acquisition now total over $110 million. Management is confident however that the additional strengthening of Canadian Indemnity's reserves in respect to pre acquisition business is now behind us.

As a result of the above, when increased investment income, life insurance profits and income tax recoveries are included, E-L Financial Corporation Limited experienced a total operating profit for the year of $3,338,000 or $0.88 per share compared with an operating loss of $5,015,000 or $1.31 per share for the previous year.

If investment gains and extraordinary items are taken into account, the total profit for the year ending December 31, 1987 was $21,846,000 or $5.69 per share, as opposed to a profit of $18,436,000 or $4.80 per share for the year previous.

During the year, E-L Financial's three life insurance funds, The Empire Life Insurance Company, Montreal Life Insurance Company and the life insurance section of The Dominion of Canada General Insurance Company merged into one entity, The Empire Life Insurance Company, which will market its products under the name: Empire Financial Group. As per the arrangement made with the Guardian Royal Exchange, the previous owner of Montreal Life, the Guardian Royal Exchange will own approximately 19% of our combined life insurance operations.

During 1987 we welcomed Manon Vennat, a Vice-President of Spencer Stuart & Associates, to our Board of Directors.

In closing, I would like to thank all our agents and employees whose contribution and loyal support is so essential for the success of our company. To each and every one I extend our sincere appreciation.

Report on General Insurance Operations

Mr. Donald A. Waugh, A.I.I.C.

The year was special and significant, our centennial, one hundred years of service to Canadians. While special events and celebrations marked the event, our work with restructuring, responding to unusual situations and dealing with important prospective legislation continued.

Net written premiums grew in the year by 8.2% or $23.8 million to $315.6 million. Whilst much of this growth was in the automobile class our other classes of business also increased satisfactorily. The premium income balance remains appropriate.

Claims incurred were 81.4% of earned premiums, modestly down from 83.9% the previous year. Several weather related losses, particularly a tornado in Edmonton and a severe rain storm in Montreal, impacted our results. These events, alone, produced $5.5 million of claims. Additionally, loss reserves were strengthened with much of this being associated with business written by The Canadian Indemnity Company prior to acquisition.

In 1987 the life operations of the company were sold to The Empire Life Insurance Company who had managed that part of our operations for several years. Also, the restructuring of our branch offices commenced and completion is expected in 1988. This will mean that virtually all of our branches will operate on a three-company basis and this will provide greater control and efficiency. Migration of our information systems commenced and will be completed shortly. This will give us more flexibility and improvement over our present status.

The company faces major legislation the full impact of which is still uncertain. These deal with deregulation of financial institutions, tax reform, revisions to the Insurance Act and the recently enacted Ontario Bill 2, Respecting Automobile Insurance. The latter is important to the company because of our large volume of Ontario automobile insurance. This legislation is interventionist and unwarranted and will mean considerable change in the distribution of automobile insurance costs since a new classification plan will be imposed eliminating age, sex and marital status as class determinants.

Two important Commissions' reports are now awaited. One on Ontario automobile injury compensation and the other on Tort Law reform. Both must recommend significant change if the cost of automobile insurance is to reduce or be contained.

To our staff, agents and brokers, my gratitude for their support, loyalty and commitment. I thank all of them for their contribution in our special year, or centennial.

Report on Life Insurance Operations

Mr. Donald C. Elliott, CLU

1987 can best be described as a year of unification at The Empire Life Insurance Company. Our principal objective was to create a new Empire organization by securing a federal charter, merging with Montreal Life Insurance Company and acquiring the life and health insurance operations of The Dominion of Canada General Insurance Company.

In the process, we integrated, improved and automated systems and operational procedures - and renewed and strengthened our commitment to excellence in the important area of client service. By the end of the year, we had developed new contracts for our field managers and sales representatives designed to foster entrepreneurial spirit and to provide superior rewards for consistent, high quality and committed performance. We also revamped our product portfolio for all lines of business by launching new and improved plans which will meet the financial security needs of our clients. We bolstered our field support services and introduced a new marketing identity, Empire Financial Group, to symbolize the expanded scope of our operations.

The synergism generated by these exercises led to a positive and unifying effect within the Company and reinforced our determination to keep on working together towards our goals of being a major force and the best service company in the financial services industry. The infrastructure is firmly in place to support and implement ambitious action plans in order to remain competitive and cost-effective and to increase our market share.

1987 consolidated financial results were very positive. Assets increased 8% to almost $920 million; premium income was up 10% over 1986; investment income rose by 4%; and total revenues were up 8.5%. Payments to policyowners and beneficiaries, in the form of death and disability benefits, matured endowments, annuities, surrenders and dividends, were higher than 1986 by 17%. The Company continues to be very strongly capitalized. We're proud of our surplus margin of 15% - one of the soundest in the entire financial services arena.

With the successful conclusion of our merger, acquisition and reorganization efforts, we are concentrating on those strategies which will ensure that we achieve our objectives in new sales, total premium income and profit in 1988. We have entered the new year fully aware that competition in the market place will be keen; yet I am positive we will experience continuing profitable growth in 1988 and maintain the aggressive thrust that has characterized our recent past.

I extend my thanks to all associates throughout head offices in Kingston and Montréal and the branch office network and to our sales and service representatives across Canada for their contributions to our success; as well as to our over 300,000 policy and certificate holders for the confidence they have demonstrated through their continuing relationship with us.

Financial Corporation Limited and subsidiary companies

(Incorporated under the laws of Ontario)

Consolidated Balance Sheet as at December 31, 1987

(thousands of dollars)

Assets	1987	1986
Cash	$ —	$ 9,641
Short term investments	88,195	78,325
Bonds and debentures	665,738	593,061
Preferred stocks	41,228	31,944
Common stocks	197,508	199,278
First mortgages on real estate	184,081	171,499
Real estate (less depreciation)	21,536	15,095
Loans on policies	27,719	28,960
Premiums in the course of collection	62,371	58,600
Investment income due and accrued	20,712	19,129
Segregated investments for variable contracts (note 2)	170,336	129,211
Deferred acquisition expenses	31,009	28,876
Other assets	34,546	33,858
Income taxes recoverable	790	2,694
	$1,545,769	$1,400,171

Auditors' Report

To the Shareholders of
E-L Financial Corporation Limited

We have examined the consolidated balance sheet of E-L Financial Corporation Limited as at December 31, 1987 and the consolidated statements of income and retained earnings for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances. The actuarial liabilities and certain other liabilities to policyholders were determined and certified by a subsidiary company's valuation actuary.

In our opinion, based on our examination and the certificates of a subsidiary company's valuation actuary, these consolidated financial statements present fairly the financial position of the Company as at December 31, 1987 and the results of its operations for the year then ended in accordance with accounting principles as set out in note 1 applied on a basis consistent with that of the preceding year.

Toronto, Canada
February 12, 1988

THORNE ERNST & WHINNEY
Chartered Accountants

Liabilities	**1987**	1986
Bank advances	**$ 25,859**	$ —
Actuarial liabilities	**570,546**	544,157
Unearned premiums	**155,612**	144,979
Provision for unpaid and unreported claims	**313,575**	279,921
Staff pension fund	**18,204**	15,882
Amounts left with company at interest	**17,122**	16,501
Premium and other taxes payable	**2,283**	9,656
Due to reinsurers and others	**24,049**	19,120
Liabilities under variable contracts	**165,527**	124,740
Provision for dividends to policyholders	**5,162**	4,456
Dividends payable	**71**	71
Minority interest	**16,132**	23,509
Deferred income taxes	**3,591**	4,769
Participating policyholders' interest in retained earnings	**40,581**	33,926
	1,358,314	1,221,687
Shareholders' Equity		
Capital stock (note 3)	**7,892**	7,892
Retained earnings	**151,870**	120,925
Appropriated retained earnings (note 4)	**27,693**	49,667
	187,455	178,484
	$1,545,769	$1,400,171

Commitment (note 10)

Approved by the Board

Henry N.R. Jackman, Director
Peter S. Gooderham, Director

Consolidated Statement of Income for the Year Ended December 31, 1987

(thousands of dollars except per share amounts)

	1987	1986
Premium income	$ 480,742	$ 435,795
Investment and other income, net of related expenses	121,875	102,174
	602,617	537,969
Deduct		
Claims incurred	281,782	273,731
Other benefits to policyholders	98,949	52,973
Increase in actuarial liabilities and unearned premiums	18,487	44,825
Agents' commissions	65,876	57,100
Operating expenses	64,272	67,590
Premiums transferred to segregated fund	51,615	35,707
	580,981	531,926
Operating income before the undernoted items	21,636	6,043
Income taxes (recovery)	482	(4,466)
Premium taxes	11,424	11,180
	11,906	6,714
	9,730	(671)
Policyholders' and minority shareholders' portion of income	6,392	4,344
Net operating income (loss)	3,338	(5,015)
Amortization of gains on investments, life insurance (net of income taxes; 1987, $1,726; 1986, $3,693)	5,157	8,347
Profit on sale of securities (net of income taxes; 1987, $2,369; 1986, $4,804)	6,813	13,657
Income tax reduction realized on the utilization of previously unclaimed actuarial reserves	6,538	1,447
Net Income	$ 21,846	$ 18,436
Earnings per common share, based on full conversion of preference shares		
Net operating income (loss)	$ 0.88	$ (1.31)
Amortization of gains on investments, life insurance	1.34	2.17
Profit on sale of securities	1.77	3.56
Income tax reduction	1.70	.38
Net income	$ 5.69	$ 4.80

Consolidated Statement of Retained Earnings for the Year Ended December 31, 1987
(thousands of dollars)

	1987	1986
Balance at beginning of year	**$120,925**	$105,318
Net income	**21,846**	18,436
	142,771	123,754
Dividends	**(610)**	(611)
Transfers from (to) appropriated retained earnings	**9,709**	(2,218)
	9,099	(2,829)
Balance at end of year	**$151,870**	$120,925

Notes to Consolidated Financial Statements for the Year Ended December 31, 1987

1. Summary of Significant Accounting Policies

Basis of presentation

The consolidated financial statements include the accounts of the following subsidiary companies:

The Dominion of Canada General Insurance Company (Dominion) (wholly owned) and its wholly owned subsidiary companies, The Casualty Company of Canada and The Canadian Indemnity Company.

E-L Financial Services Limited (Services) (81.0% owned) and its 97.49% owned subsidiary company, The Empire Life Insurance Company (Empire).

Effective December 31, 1987, Montreal Life Insurance Company, a subsidiary company, was wound up into Empire. In addition, effective December 31, 1987, Empire acquired from Dominion the net assets of the life insurance operations of Dominion. These transactions did not have a significant effect on the consolidated financial statements of the Company.

The financial statements are prepared in accordance with accounting practices prescribed, authorized or permitted by the regulations governing insurance companies for insurance company annual statements, except for modifications principally as to classification and format for the purpose of clarifying the interest of the holding company.

Dominion and Empire are registered under the Canadian and British Insurance Companies Act. A summary of the significant accounting policies in effect for each of the life and general insurance operations are as follows:

Life Insurance

(i) Bonds, Debentures and Mortgages
Investments in bonds, debentures and mortgages (debt securities) are carried at amortized cost adjusted by the unamortized balance of losses and gains on sales of such securities. The difference between the proceeds on the sale of a debt security and its amortized cost is considered to be an adjustment of future portfolio yield and is amortized to income over the lesser of the period to maturity of the security sold or twenty years from the date of sale.

(ii) Preferred and Common Stocks
Investments in preferred and common stocks are carried at cost, adjusted to reflect amortization of the difference between carrying value and market value, and the deferred portion of realized gains or losses on disposals.

(iii) Real Estate
Real estate is carried at cost less accumulated depreciation. Depreciation on head office buildings is provided on the diminishing balance basis at a rate of 5% for Dominion and 6% for Empire.

(iv) Loans on Policies
Loans on policies are carried at their unpaid balances and are fully secured by the cash surrender values of the policies on which the respective loans are made.

(v) Segregated Investments for Variable Contracts
Segregated investments for variable contracts are carried at market value.

(vi) Deferred Acquisition Expenses
Commissions and other expenses applicable to acquisition of policies and contracts are deferred and amortized over the premium paying period. Provision for such expenses is included in actuarial liabilities.

(vii) Actuarial Liabilities
Actuarial liabilities represent the amount required, together with future premiums and investment income, to provide for future payments under insurance and annuity contracts. The Canadian modified reserving method is used in the determination of the actuarial liability for insurance and annuity contracts using assumptions appropriate to the policies in force. The calculations assume that the cost of acquiring new business is deferred and amortized over the premium paying period of the policies. The amount of unamortized deferred acquisition costs deducted in arriving at the actuarial liabilities was $29,644,000 at December 31, 1987 (1986, $29,526,000).

(viii) Income Taxes
Income taxes are calculated using the deferral method.

(ix) Pensions
The pension expense for the year is management's best estimate of pension benefit costs reduced by the amortization of experience gains. These gains are determined using the market value of pension assets. This amortization is on a straight-line basis over the expected average remaining service life of the plan participants.

General Insurance

(i) Bonds, Debentures and Mortgages
Bonds, debentures and mortgages are carried at amortized cost, whereby premiums and discounts are recognized on an effective-yield basis over the period to maturity.

(ii) Preferred and Common Stocks
Preferred and common stocks are carried at cost.

(iii) Revenue Recognition
Premiums written are deferred as unearned premiums and taken into income as earned on a pro rata basis over the terms of the underlying policies. Unearned premiums are determined on a case by case basis.

(iv) Unpaid and Unreported Claims
Unpaid claims and related adjustment expenses are determined using case-basis evaluations plus an amount for unreported claims and are estimates of the ultimate net cost of all insurance claims incurred to December 31, 1987.

Since the amounts are necessarily based on estimates of future trends in claim severity and frequency and other factors, which could vary as the claims are settled, the ultimate liability may be more or less than the estimated amounts. These liabilities have been stated net of reinsurance recoverable from other companies. Although it is not possible to measure the degree of variability inherent in such estimates, management believes that the unpaid and unreported claims amounts and related adjustment expenses are adequate. The estimates are continually reviewed by an actuary and, as adjustments to these liabilities become necessary, they are reflected in current operations.

2. Segregated Investments for Variable Contracts

	1987	1986
Staff pension fund	$ 2,211,000	$ 2,133,000
Policyholders' portion	165,527,000	124,740,000
Amount pertaining to shareholders' including minority shareholders' portion of $596,000 (1986, $281,000)	2,598,000	2,338,000
	$170,336,000	$129,211,000

3. Capital Stock

	1987	1986
Authorized		
4,999,925 Preference shares, issuable in series		
10,000,000 Common shares		
Issued		
562,894 Series A convertible preference shares (1986, 565,484)	$ 281,000	$ 283,000
3,277,618 Common shares (1986, 3,275,028)	7,611,000	7,609,000
	$7,892,000	$7,892,000

The Series A convertible preference shares are convertible in perpetuity into common shares on a share for share basis and are entitled, when and if declared, to a non-cumulative dividend of 50¢ per share per annum. In 1987, 2,590 Series A convertible preference shares were converted into common shares.

4. Appropriated Retained Earnings

Appropriated retained earnings include amounts required by the Office of the Superintendent of Financial Institutions Canada to be appropriated from retained earnings in respect of asset and actuarial valuations. The components of appropriated retained earnings at December 31 are as follows:

	1987	1986
Cash value deficiency reserve	$15,634,000	$16,295,000
Mandatory investment valuation reserve	9,051,000	8,093,000
Asset valuation reserve	7,913,000	3,491,000
General and contingency reserve		25,776,000
	32,598,000	53,655,000
Less policyholders' portion	4,905,000	3,988,000
	$27,693,000	$49,667,000

5. Shareholders' Account

Shareholders are entitled to all profits from non-participating policies and that portion of profit on the participating policies equal to one-ninth of the amounts paid to policyholders as dividends. Since 1966 an amount equal to one-ninth of the amount paid and provided for policy dividends on participating policies has been transferred from the participating policyholders' account to the shareholders' account.

6. Income Taxes

At December 31, 1987, Dominion had approximately $66,000,000 of unclaimed reserves available to reduce taxable income of future years the tax effect of which has not been reflected in the accounts.

7. Depreciation

Depreciation for the year amounted to $3,085,000 (1986 $4,497,000).

8. Pension Plans

Dominion and Empire have defined benefit pension plans which cover all employees. These plans are contributory and provide pensions based upon length of service and final years' earnings.

As at December 31, 1986, the most recently completed actuarial valuation, the net assets of the Dominion plan were approximately $19,500,000 and the accrued benefits of the plan were approximately $15,200,000. As at December 31, 1987, the net assets of the Empire plan were approximately $25,400,000 and the accrued benefits were estimated to be approximately $17,700,000.

9. Related Party Transaction

During the year, the holding company transferred certain securities with a book value of $29,016,000 to affiliated companies. Consideration received on the transfer of these securities was common shares of the affiliated companies. No gain or loss was recorded on this transaction.

10. Commitment

Pursuant to a shareholders' agreement between the Company and the minority interest of Services, the Company has an option to purchase for approximately $36,000,000 and the minority interest has an option to sell for approximately $24,000,000, the remaining shares of Services not presently owned by the Company, subject to certain conditions. This option expires on June 30, 1988.

11. Consolidated Statement of Changes in Financial Position

Due to the nature of the companies' operations a consolidated statement of changes in financial position is not considered meaningful and therefore has not been included.

12. Comparative Figures

Certain 1986 comparative figures have been reclassified in order to conform with the financial statement presentation adopted for 1987.

Summary of Consolidated Results

(all figures expressed in thousands of dollars)

	1987	1986	1985	1984	1983
Premium income	**$ 480,742**	$ 435,795	$ 356,232	$ 230,445	$ 219,067
Investment and other income	**121,875**	102,174	84,948	69,900	62,932
Total revenues	**602,617**	537,969	441,180	300,345	281,999
Claims and other benefits to policyholders	**380,731**	326,704	301,192	155,976	149,170
Increase in policyholders' reserves	**70,102**	80,532	62,309	39,840	26,263
Expenses (including agents' commissions)	**130,148**	124,690	106,730	72,639	71,001
Taxes paid to governments	**11,906**	6,714	(6,521)	10,641	9,363
Profits paid or allocated to policyholders	**6,392**	4,344	4,072	4,753	5,736
Net operating profit (loss)	**3,338**	(5,015)	(26,602)	16,496	20,466
Net investment gains and extraordinary items	**18,508**	23,451	16,931	8,688	6,417
Total net profit (loss)	**$ 21,846**	$ 18,436	$ (9,671)	$ 25,184	$ 26,883
Net operating income (loss) per share	**.88**	(1.31)	(6.93)	4.29	5.33
Net income (loss) per share	**5.69**	4.80	(2.52)	6.56	7.00
Assets					
Cash and short term investments	**$ 88,195**	$ 87,966	$ 99,256	$ 29,867	$ 34,673
Bonds and debentures	**665,738**	593,061	405,358	298,405	257,622
Preferred and common stocks	**238,736**	231,222	223,650	197,027	171,656
First mortgages on real estate	**184,081**	171,499	147,112	128,878	127,554
Real estate	**21,536**	15,095	15,450	7,146	6,356
Loans on policies	**27,719**	28,960	22,725	23,409	23,790
Segregated equity funds	**170,336**	129,211	55,507	34,366	30,488
Other assets	**149,428**	143,157	149,083	58,172	54,286
Total assets	**$1,545,769**	$1,400,171	$1,118,141	$ 777,270	$ 706,425
Liabilities					
Policy and unearned premium reserves*	**$ 909,889**	$ 829,758	$ 558,831	$ 431,689	$ 392,580
Reserve for claims	**313,575**	279,921	303,869	126,283	121,121
Other liabilities	**94,269**	78,082	70,035	33,857	29,577
Policyholders' equity in surplus	**40,581**	33,926	29,774	22,977	22,690
Total liabilities	**1,358,314**	1,221,687	962,509	614,806	565,968
Shareholders' equity	**187,455**	178,484	155,632	162,464	140,457
	$1,545,769	$1,400,171	$1,118,141	$ 777,270	$ 706,425

**including staff pension and segregated funds.*

Summary of General Insurance Operations

(all figures expressed in thousands of dollars)

	1987	1986	1985	1984	1983
Net premiums written					
Automobile	**$ 177,858**	$ 160,921	$ 138,169	$ 76,154	$ 78,966
Casualty	**33,862**	34,778	29,333	39,777	38,757
Property	**103,850**	96,063	83,918	27,151	27,578
Total net premiums written	**315,570**	291,762	251,420	143,082	145,301
Net premiums earned	**304,937**	272,377	239,440	142,424	146,883
Claims incurred	**248,338**	228,610	234,325	102,208	98,902
Operating expenditures including commissions and premium taxes	**94,324**	91,178	83,669	46,901	46,801
Underwriting profit (loss)	**(37,725)**	(47,411)	(78,554)	(6,685)	1,180
Investment income	**37,502**	32,680	33,346	23,122	20,753
Net profit (loss) before taxes	**(223)**	(14,731)	(45,208)	16,437	21,933
Income taxes (recoverable)	**(1,740)**	(5,991)	(14,107)	4,106	3,827
Net operating profit (loss)	**$ 1,517**	$ (8,740)	$ (31,101)	$ 12,331	$ 18,106

	1987	1986	1985	1984	1983
Claims ratio (to net premiums earned)	**81.4%**	83.9%	97.9%	71.8%	67.3%
Expense ratio (to net premiums written)	**29.9%**	31.3%	33.3%	32.8%	32.2%
	111.3%	115.2%	131.2%	104.6%	99.5%

	1987	1986	1985	1984	1983
Assets					
Cash and short term investments	**$ 49,866**	$ 53,024	$ 78,252	$ 9,622	$ 16,739
Bonds and debentures	**277,126**	210,255	199,374	125,310	114,608
Preferred and common stocks	**88,303**	92,042	105,024	101,244	91,621
First mortgages	**2,545**	1,881	2,118	1,833	1,846
Real estate, furniture and equipment	**16,921**	17,331	26,426	5,707	4,054
Amounts receivable	**87,882**	84,963	92,890	28,438	28,860
Deferred acquisition expenses	**31,009**	28,876	27,415	14,595	14,016
	$ 553,652	$ 488,372	$ 531,499	$ 286,749	$ 271,744
Liabilities					
Unearned premium reserve	**$ 155,612**	$ 144,979	$ 136,493	$ 75,896	$ 75,238
Reserve for claims	**308,476**	265,264	292,840	117,020	113,432
Other liabilities	**14,685**	11,240	42,315	11,295	10,282
	478,773	421,483	471,648	204,211	198,952
Capital, surplus and appropriated reserves	**74,879**	66,889	59,851	82,538	72,792
	$ 553,652	$ 488,372	$ 531,499	$ 286,749	$ 271,744

Summary of Life Insurance Operations
(all figures expressed in thousands of dollars)

	1987	1986	1985	1984	1983
Net premium income	**$ 175,805**	$ 144,033	$ 104,812	$ 87,363	$ 73,765
Investment and other income	**81,321**	67,503	50,123	44,215	39,954
	257,126	211,536	154,935	131,578	113,719
Benefits to policyholders	**132,393**	97,712	66,885	53,768	50,270
Increase in policy reserves	**18,487**	25,439	41,770	34,477	25,807
Expenses and commissions	**47,410**	43,224	31,562	29,056	27,620
Taxes	**1,686**	1,994	(1,023)	520	431
Premiums to segregated funds	**49,602**	35,707	8,559	4,706	2,037
Profits allocated to policyholders	**3,461**	3,330	3,510	5,710	5,685
Profits to minority shareholders	**629**	132			
Net Operating Profit	**$ 3,458**	$ 3,998	$ 3,671	$ 3,341	$ 1,869
Assets					
Cash and short term investments	**$ 29,317**	$ 36,273	$ 21,064	$ 15,563	$ 13,489
Bonds and debentures	**388,612**	382,806	205,983	173,095	143,014
Preferred and common stocks	**85,426**	103,090	100,451	82,063	67,276
Mortgages on real estate	**181,536**	169,619	144,994	127,045	125,708
Real estate	**4,615**	4,736	4,936	5,279	4,547
Loans on policies	**27,719**	28,960	22,725	23,409	23,791
Segregated equity funds	**170,336**	129,211	55,507	34,366	30,002
Other assets	**30,812**	26,778	12,494	11,051	9,532
	$ 918,373	$ 881,473	$ 568,154	$ 471,871	$ 417,359
Liabilities					
Policy reserves	**$ 570,546**	$ 544,159	$ 336,788	$ 295,127	$ 264,466
Amounts on deposit	**17,122**	16,501	9,763	8,969	8,214
Reserve for claims	**5,098**	14,656	11,029	9,261	7,689
Staff pension fund	**18,204**	15,882	30,043	26,300	22,874
Segregated equity funds	**165,527**	124,740	55,507	34,366	30,002
Other liabilities	**15,281**	25,282	14,761	9,043	6,024
Policyholders' equity in surplus	**45,743**	38,382	26,717	19,895	19,198
Minority interest in surplus	**16,132**	23,509	1,076		
	853,653	803,111	485,684	402,961	358,467
Appropriated surplus	**20,537**	22,856	18,235	19,320	17,457
Shareholders' Equity	**44,183**	55,506	64,235	49,590	41,435
	$ 918,373	$ 881,473	$ 568,154	$ 471,871	$ 417,359
Premium Income by Line					
Individual lives					
Insurance	**$ 36,668**	$ 31,735	$ 27,233	$ 26,316	$ 26,265
Annuities	**36,093**	45,299	40,723	33,310	28,834
Health	**1,374**	1,206	856	445	91
Equity-linked	**61,026**	30,890	11,778	7,234	4,401
	135,161	109,130	80,590	67,305	59,591
Group lives					
Insurance	**9,966**	9,709	7,579	6,678	5,433
Annuities	**6,351**	2,433	1,183	1,597	1,242
Health	**19,505**	19,098	14,827	11,241	7,244
Equity-linked	**4,822**	3,663	633	542	255
	$ 40,644	34,903	24,222	20,058	14,174
Total Premium Income	**$ 175,805**	$ 144,033	$ 104,812	$ 87,363	$ 73,765

The Empire Life Insurance Company

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Calgary Centre
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Winnipeg Centre
G.D. Whyte

London
G. Sams, CLU

Windsor
J.W. O'Kane, CLU

Kitchener-Waterloo
J.G. Johnston, CLU

Hamilton
G. Flaherty, CLU

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C. Campbell

Toronto Bayview
J.H. Mosoff

Toronto City
K.N. Ketchen, CLU

Toronto Don
R. Ness

Toronto West
A.W. Warll, CLU

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W.C. Kingsbury

Ottawa
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A. Dubois, CLU

Montreal & District
R. Harvey

Montreal Metro
J. Asura

Montreal St. Laurent
G.E. Ouwendyk, CLU

Montreal Ouest
K. Hanna

Quebec Bas-St-Laurent
H. Gagnon, CLU

Quebec & District
J-G. Tremblay, CLU

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Toronto
C. Langmaid

Toronto Group Pensions
R. Touchie

Ottawa
M. Dacey

Montreal
R. LeBlanc

Montreal Group Pensions
D. Mailhot

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THE CASUALTY COMPANY OF CANADA

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Manager, Central Region

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Manager, Premises & Purchasing

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Manager, Programming & Systems

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Willowdale
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W.L. Thorpe, F.I.I.C., Manager

Montreal
J-P. L'Heureux, F.I.I.C., Manager, Dominion
D.L. Filion, Manager, C.I.

Halifax
D.R. Munroe, F.I.I.C., Manager

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Kitchener (2)
Lindsay
North Bay
Owen Sound
Peterborough
Quebec City
Red Deer
Renfrew
St. Catharines
Sarnia
Sault Ste. Marie
Sudbury
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Windsor
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