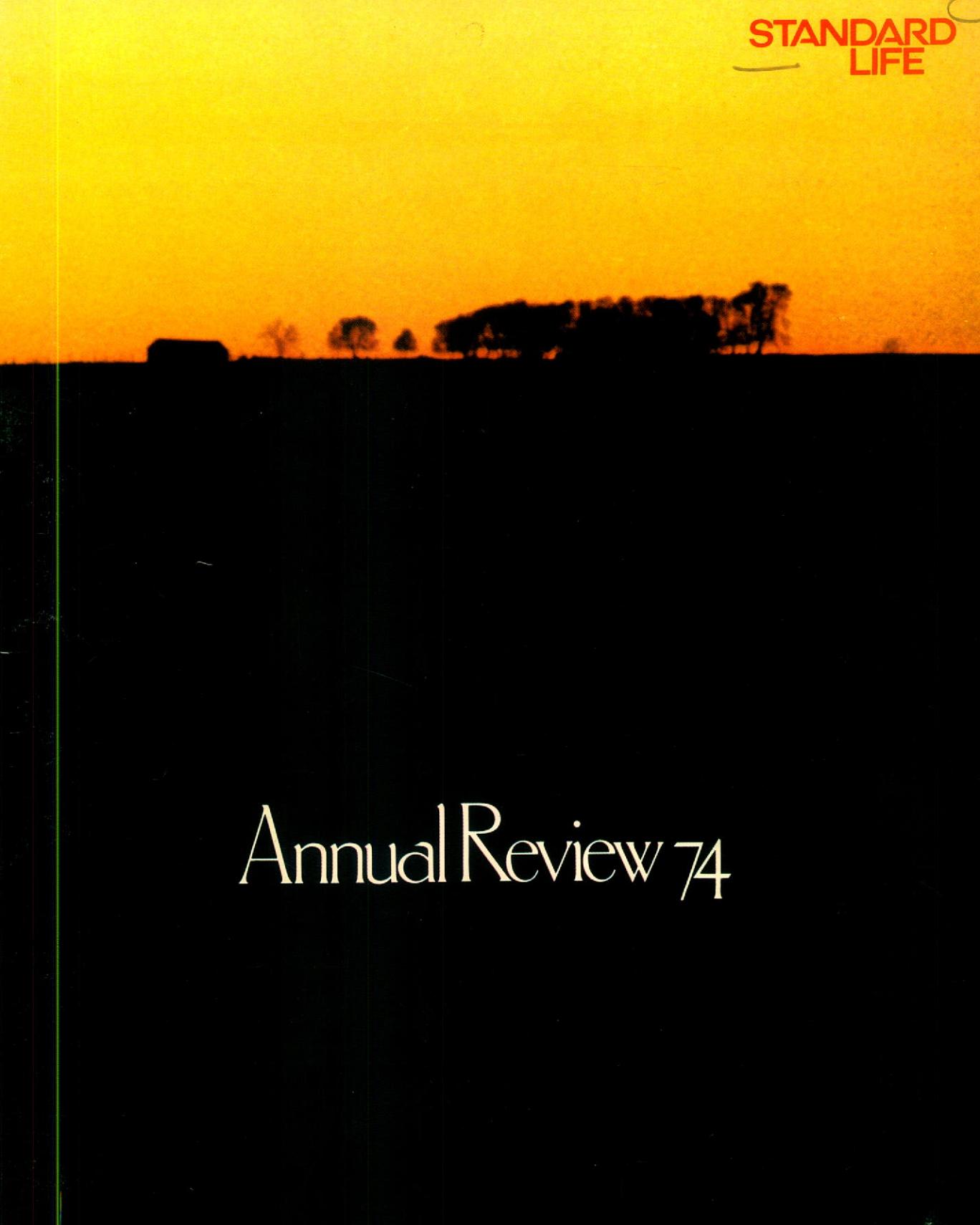


STANDARD
LIFE



A landscape photograph showing a field in the foreground, a line of trees in the middle ground, and a bright yellow sunset in the background. The sky is a vibrant yellow, transitioning to orange and then to a darker shade towards the horizon.

Annual Review 74

Canadian Board of Directors

W. A. Arbuckle, C.A., Chairman
Vice-President and Director
Bank of Montreal
G. Drummond Birks
President
Henry Birks & Sons Limited
D. Ross McMaster, Q.C.
McMaster, Meighen, Minnion,
Patch, Cordeau, Hyndman &
Legge
Lucien G. Rolland, D.C.Sc.
President and General Manager
Rolland Paper Company
Limited
R. D. Mulholland, D.C.L.
Chairman
Brinco Limited
D. S. Harvie
Senior Vice-President and
Director
Petrofina Canada Ltd.
W. D. Mulholland
President
Bank of Montreal
R. T. Riley
Vice-President
Transport and
Telecommunications
Canadian Pacific Limited
G. T. Westwater, F.F.A., F.C.I.A.
Executive Director and
General Manager for Canada
The Standard Life Assurance
Company

Head Office Executive

G. T. Westwater, F.F.A., F.C.I.A.
General Manager
J. C. Burns, F.F.A., F.C.I.A.
Deputy General Manager
and Actuary
A. I. MacTier, C.A.
Assistant General Manager
and Secretary
G. F. Allan, F.F.A., F.C.I.A.
Group Manager
R. R. Naudie, C.A., C.F.A.
Investment Manager
C. N. Morris, C.L.U.
Agency Manager
D. F. Johnstone
Property Investment Manager
L. McCallum, M.D., F.A.C.P.,
F.R.C.P.(C)
Chief Medical Officer

The Standard Life
Assurance Company:
The first life assurance company
to become established in
Canada, 1833.

The Standard Life Building
1245 Sherbrooke Street West,
Montreal, Quebec
H3G 1G3

Un exemplaire en français de la
revue annuelle peut être fournie
sur demande.

Directors & Officers

Canadian Operations**1974****1973****New Business**

Life Assurance	\$ 274,035,486	\$ 274,196,528
Annuities (per annum)	34,203,925	31,003,922
Premiums & Annuity Considerations	144,547,512	132,362,563
Earnings from Investments (Net of Investment Expenses)	64,070,614	55,885,947
Payments to Policyholders	64,889,080	64,026,214
Assets in Canada	1,103,810,212	1,090,141,441
Liabilities in Canada	1,022,517,210	940,885,560

Overall Company Operations**New Business**

Life Assurance	1,852,329,730	1,603,395,584
Annuities	154,553,751	116,833,731
Assets	2,359,137,225	2,639,083,625
Payments to Policyholders	184,425,279	166,193,655

Currencies other than Canadian
have been converted at the rates
of exchange in effect at the
Company's 1974 year end.

Perspective



Canada is a country rich in both people and natural resources. Yet, in spite of these riches, Canada is not self-sufficient. The Canadian economy and Canadians' lifestyles are tied inextricably to the general world situation. Therefore, a review of 1974 must inevitably dwell on the unusual combination of adverse circumstances affecting the world economy. The inflation already evident in the previous year continued unchecked, giving rise to widespread hardship and to an unprecedented breach of negotiated contracts as organised labour attempted to offset the erosion of earnings by demand for cost of living adjustments. At the same time, the current cyclical slowdown of real economic activity in North America continued, leading to recession in the United States and fear of recession elsewhere. These problems were compounded by the dramatic change in energy prices as a result of the O.P.E.C. oil pricing policies, which had two major worldwide effects. Firstly, the higher prices caused a cutback in consump-

tion and also seriously affected the balance of payments of the importing nations. The other major problem posed by the increased revenue of the oil-producing nations is that of recycling their newly acquired petrodollars, a problem which remains virtually unsolved at the moment.

Canada has fared better than many other nations for although we have serious inflation, it falls short of the crippling rates experienced by some other countries. Similarly, although the rate of unemployment increased, it has been lower than in the United States. Government financing of projects to develop this country's natural sources of energy promises to make Canada self-sufficient early in the 1980's and thus to strengthen our economy by making it less vulnerable to changes in world prices.

Chairman's letter

It is not through government intervention alone that we will ensure a better future. The independence and hard work of individual Canadians providing for themselves and their own future will go a long way to help this to come to pass. Life assurance companies provide an important service to all Canadians by encouraging systematic provision for future contingencies; the possibility of death or disablement, by the sale of life assurance contracts, and the sometimes equally frightening possibility of survival, by the sale of savings contracts to provide retirement income. We in Standard Life are proud of the role the industry plays in the economic life of the country, and we are also mindful of the responsibility placed upon us not only to offer the traditional forms of assurance but also to respond to the changing needs of the thousands of policyholders who rely on us to provide the kind of benefits most suited to their circumstances. We would be failing in our duty to the community which we serve, and of which we are ourselves a part, if we did not constantly seek to improve the quality of the service which we offer to our policyholders and to expand our range of products to recognise the changing trends in the lifestyle of all Canadians.

In addition to its service to the people of this country on an individual basis through sales of insurance-related contracts, the life assurance industry plays an important part in directing the flow of investment to the various other sectors of the economy. Standard Life's portfolio of well diversified investments is a typical example of this service to the community as a whole.

With the experience gained from our long history of service to the Canadian public, dating from our opening of the first life assurance office in Canada, in Quebec City in 1833, and with the depth of knowledge and talent throughout our organisation across the country, I am confident that we can successfully meet the challenges now facing our Company and our industry, just as I am confident in the prospects of Canada's continued economic growth despite the problems which we all now face.



Ordinary Business

New sales of individual life assurance amounted to \$219,890,000 as compared with \$203,269,000 in 1973. The corresponding annual premiums were \$3,527,000 and \$3,489,000 respectively. The modest increase in the amount of new premiums may be explained by the fact that in 1974 there was an increase in the volume of sales of lower premium policies such as whole of life and term assurances, whereas the volume of higher premium endowment policies remained about the same. Single premiums paid for the purchase of annuities, mainly in connection with Registered Retirement Savings Plans or Income-Averaging annuities increased satisfactorily from \$14,383,000 to \$17,515,000. In view of the behaviour of the stock market during the year, it is not surprising that sales of equity-linked policies fell to about half of the volume written in 1973.

After considering the results of an actuarial valuation, the Directors declared reversionary bonuses, i.e. paid-up additions to the sums assured and attaching bonuses under participating policies, at the same rates as last year:—

- 1) Under the Standard Premier Series, at the rate of \$30 per \$1000 of sum assured and attaching bonuses
- 2) Under the lower premium Canadian Series, at the rate of \$17.50 per \$1000 of sum assured and attaching bonuses
- 3) Under the Full Reversionary Bonus Series at the rate of \$25 per \$1000 sum assured and \$42 per \$1000 of attaching bonuses.

I feel that our ability to distribute a share of the surplus of the Company in this way must be highly gratifying to our policy-holders particularly when one thinks of the fall of asset values during the year and the serious inflation of administrative expenses.

Of course, the high quality of our investment portfolio has meant that the revenue from it has been maintained and new investment in fixed interest securities such as bonds and mortgages has been made at very attractive rates. As I have remarked in previous years, the maintenance of a reversionary bonus at the same rate from one year to another means that a greater portion of surplus must be allocated to each participating policy as the age of the policyholder increases and the expected future term of his policy decreases.

While our representatives are always encouraged to stress the advantages of a participating policy with the Standard, we are no less anxious to increase our sales of non-participating business including whole of life, level and decreasing term assurances and annuities.

I believe that our sales representatives are well trained and competent to give advice and service suited to the individual needs of every client and we have our training programmes under constant review to ensure that they correspond to these demands. In common with other

companies in the industry, we are now making available to a new client a period of ten days in which he can study his new policy and if he does not find it satisfactory, he can apply for a full refund of premiums within that period. We have also taken steps to provide explanatory material in plain language with each new policy and on request to furnish a cost index which allows a client to compare one of our contracts with that of a similar one from another company on a basis which is common to all.

Group Pension Life Assurance Business

There is a continuing trend towards pension funding without the guarantees afforded by an insured contract and new business placed with us in separate investment funds provided pensions amounting to \$36,200,000 p.a. as compared to pensions of \$30,937,000 p.a. in 1973. The total amount of segregated funds under our investment management at 31st December 1974 exceeds \$215 million as compared with \$175 million a year ago. This total includes funds for three plans placed with our new subsidiary company, Standard Life Portfolio Management.

New Business through group annuity contracts also increased satisfactorily, the amount written in 1974 being \$32,097,000 p.a. as compared with \$29,406,000 p.a. in 1973. Group life assurance sales were significantly lower than last year at \$54,145,000 as compared with \$70,927,000.

General Manager's Report

The special bonus payments to a specific class of group annuity policyholders which commenced in 1972 were continued during 1974. In addition, a new class of participating pension policyholders will receive dividends for the first time as a result of a declaration of bonus for the triennial period 1972 to 1974 inclusive. The Directors have declared a bonus at the rate of 1 1/4% p.a. on the average of the accumulated premiums during that period. This will be paid in three instalments at policy anniversaries in 1975 and the two succeeding years.

We offer a wide variety of funding methods for pension plans, both insured and uninsured, coupled with investment and actuarial services. The skill and experience of our field force and of our office staff in the administration and documentation of pension plans enable us to solve the pension problems of any interested client and to provide any or all of the services essential to the operation of a pension fund or plan.

Investment Results

There was virtually no change in the market value of total assets under administration, which remained at \$1.1 billion, including separate investment funds.

Notwithstanding the decline in security values during the year, the market value of the assets in our insured funds was more than sufficient to cover our liabilities as required by the Canadian Government. There was a significant improvement in the yield on our funds which, taken on ledger value, increased from 7.10% to 7.62%.

We were active in trading during the year, taking advantage of attractive new offerings in the fixed interest sector to improve the yield and extend the term of our investments. Some realignment of the portfolio was also achieved to give greater emphasis to fixed income as compared with equity investments. During the ensuing year, we intend to continue the policy of increasing our holding of long term fixed income assets unless, of course, the steps being taken to reflate the economy should add further fuel to inflation in which event we shall adjust our policy so as to seek temporary protection in shorter term assets.

The performance of the Pooled Investment Funds was, of course, affected by the sharp decline in asset values during the year. As might be expected the fixed income funds performed relatively better than the equity funds, but we are not proposing to make any change in our overall investment strategy in the management of these funds for the long term.

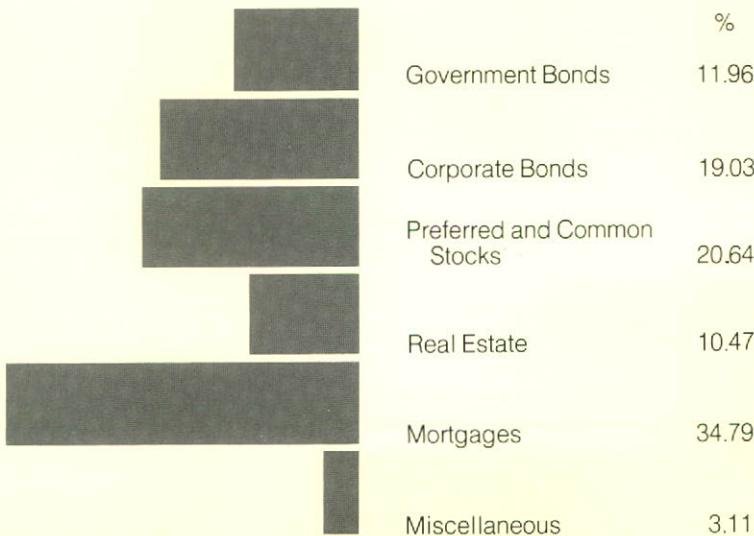
Looking Ahead

Responding to the challenges of a constantly changing environment and a desire to offer an increasingly high quality of service to our customers, we keep our projects and our administrative procedures constantly under review.

A new computerized system of record-keeping promises to provide better and faster service to our policyholders. It was brought into action at the end of last year and its introduction resulted from a truly massive effort on the part of employees in every area of the Company. Without their knowledge and dedication to their work, this task could not have been successfully completed on time. An increased control of expenses and a greater emphasis on market research will be of benefit to all our policyholders both old and new. We are currently reviewing working conditions and related factors in our Head Office after taking an opinion survey from all members of the staff and I am sure the result will be to make the Standard Life an even better company to work for.

We have confidence in our country, in our company and in our staff as a team. We move into 1975, the year in which Standard Life will pass the 150th anniversary of its foundation, in a spirit of optimism and of determination to enhance and extend the reputation and the influence of the Company as another chapter in its history starts to unfold.

Distribution of Assets—1974 excluding Segregated Funds



In 1975, Standard Life is celebrating the 150th anniversary of our founding in Edinburgh, Scotland. This important milestone provides an excellent occasion to take stock of the past and look forward to the future.

When we look back over the years, we find a record of providing protection and savings for Canadians that is second to none. We also have every reason to be proud of the quality of our services and of the men and women who, in various ways, at our Head Office and in the field, have managed our affairs and given advice and assistance to our clients.

When we look forward to the future we do so with optimism, determined to enlarge our company's sphere of influence in Canada. In spite of the difficulties which lie ahead— inflation, energy and unemployment are the most serious—we believe that Canadians have the drive and the will to meet the challenges which face them. These strengths will enable our country to maintain the high standard of living which we now enjoy and to contribute to the economic well-being of less fortunate nations.

Outlook



Our company's financial position is strong, and we have the human resources necessary for any company to succeed. We at Standard Life are confident that we can make our own contribution to Canada's future success and, in so doing, enhance our present high reputation among Canadians.



Atlantic Provinces	A.J. Hamill, C.L.U. A.K. Smith, C.L.U. M.P. Meaney I.W. Murray, C.L.U. A.J. Hamill, C.L.U. B.F. Hurley T.E. Currie, C.L.U. M.T. Whelan	Regional Manager Branch Manager Unit Supervisor Branch Manager Branch Manager Branch Manager Branch Manager Unit Supervisor	139 Water Street 50/52 Main Street 6009 Quinpool Road 115 Prospect Street 30 Prince Edward Street 1234 Main Street 129 Queen Street
Quebec City	J. Cloutier, C.L.U. H.P. Sanfaçon	Branch Manager Assistant Branch Manager	800 Youville Square
Montreal, Que.			
Montreal Branch	W.S. Boon	Branch Manager	1330 Greene Avenue
St. James Branch	A.J. Vanden Broucke	Branch Manager	
Cartier Branch	J.W. Smith Chapman	Assistant Branch Manager	800 Victoria Square
Metro Branch	M. Lafortune, C.L.U. G.A. Mahony, C.L.U.	Branch Manager Branch Manager	3535 Queen Mary Road 1550 de Maisonneuve Blvd. West
Ottawa, Ont.	R.J. Temple, C.L.U.	Branch Manager	130 Albert Street
Toronto, Ont.			
Toronto Branch	D.M. Sinclair	Branch Manager	40 University Avenue
Brokerage Branch	R.L. Butcher	Branch Manager	40 University Avenue
York Branch	E. Crackower, C.L.U.	Branch Manager	161 Eglinton Ave., East
Hamilton, Ont.	G.G. Bowker, C.L.U.	Branch Manager	100 King Street West
St. Catharines, Ont.	J.T. Moore, C.L.U.	District Supervisor	15 King Street
London, Ont.	E.D. Barber	Branch Manager	200 Queens Avenue
Kitchener/Waterloo, Ont.	H.H. Roy, C.L.U.	Branch Manager	20 Erb Street West Waterloo
Winnipeg, Man.	L.G. Hammond, C.L.U.	Branch Manager	330 Portage Avenue
Edmonton, Alta.	D.C. Maskell, C.L.U.	Branch Manager	10020-100th Street
Calgary, Alta.	D.W. Ramsay, C.L.U.	Branch Manager	639 Fifth Avenue, S.W.
Vancouver, B.C.	D.M. McArthur	Branch Manager	1281 W. Georgia Street
Victoria, B.C.	W.G. Henderson, C.L.U.	Branch Manager	880 Douglas Street

Branch Organisation

Atlantic Provinces	J.J. Barker	6009 Quinpool Road Halifax, N.S.
Quebec	L. Beauséjour, F.L.M.I. Group Manager for Quebec F.H. Savage D.O. Hetherington P.A. McAlear S. Plante J.-M. Guénette	1245 Sherbrooke St. W. Montreal, Quebec
Eastern Ontario	K.J. McCarney, C.L.U.	130 Albert Street Ottawa, Ont.
Toronto, Ontario	L.G. Hall Regional Group Manager B.H. Spurr, F.L.M.I. J.B. Thornber B.G. Sinclair T.M. McCartney P.A. Hollins	44 Eglinton Avenue West Toronto, Ont.
Western Ontario	A.E. Lloyd East Regional Group Manager R.R. Coyle	100 King Street West Hamilton, Ont.
Western Canada	M.J. Ion, F.L.M.I. A. Marit, F.L.M.I. R.E. Moir Regional Group Manager G.F. Weld J.J. Garvey J.S. Doherty	London, Ont. 1281 West Georgia Street Vancouver, B.C. 639 Fifth Avenue, S.W. Calgary, Alta.

Group Organisation

