

Annual Review 73



**STANDARD
LIFE**

Directors and Officers

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

Robert B. Taylor, F.C.A.
Vice-President and Treasurer
The Steel Company of Canada
Limited

R. D. Mulholland, D.C.L.
Vice-Chairman
Bank of Montreal

D. S. Haryie
Senior Vice-President and
Director
Petrofina Canada Ltd.

W. D. Mulholland
President and Chief Executive
Officer
Brinco Ltd.

G. T. Westwater, F.F.A., F.C.I.A.
Executive Director and
General Manager for Canada
The Standard Life Assurance
Company

Head Office Officials

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 fourni
sur demande.

Perspective

Canadian Operations	1973	1972
New Business		
Life Assurance	\$ 274,196,528	\$ 249,807,011
Annuities (per annum)	31,003,922	43,942,250
Premiums & Annuity Considerations	132,362,563	110,363,432
Earnings from Investments (Net of Investment Expenses)	55,885,947	51,547,806
Payments to Policyholders	64,026,214	50,944,499
Assets in Canada	1,090,141,441	977,690,377
Liabilities in Canada	940,885,560	840,668,685
Overall Company Operations		
New Business		
Life Assurance	1,674,509,698	1,563,745,952
Annuities (per annum)	122,015,563	134,702,372
Assets	2,756,132,778	2,515,959,792
Payments to Policyholders	173,564,709	152,065,662
Currencies other than Canadian have been converted at the rates of exchange in effect at the Company's 1973 year end.		



Chairman's Letter



This past year has been a dramatic and challenging one for Canadians in many ways but in the economic sphere three major issues dominated 1973. Inflation continued to increase at a dangerous rate creating new problems for Canadians, the solution to which will require all the ability and resourcefulness of those responsible for our economic health. The continuation of international monetary problems highlighted the inadequacy of the present international monetary system and the urgent need for its reform. The confrontation in the Middle East focused attention more sharply than ever before on the nature and extent of our present and future energy requirements. World-wide inflation, the need for international monetary reform and the energy crisis all point to the necessity for close cooperation between the nations of the world. Canada must play its part by utilizing all its many human and natural resources to the best of its ability.

Canada is indeed rich in natural resources: oil, gas and base metals, hydro-electric power, farm and forest products. It is also acquiring significant technological skills; witness, for instance, its Telesat tele-communications satellites and Candu nuclear power plants. Last but not least, Canada is rich in the quality of its citizens and in the quality of the life they enjoy.

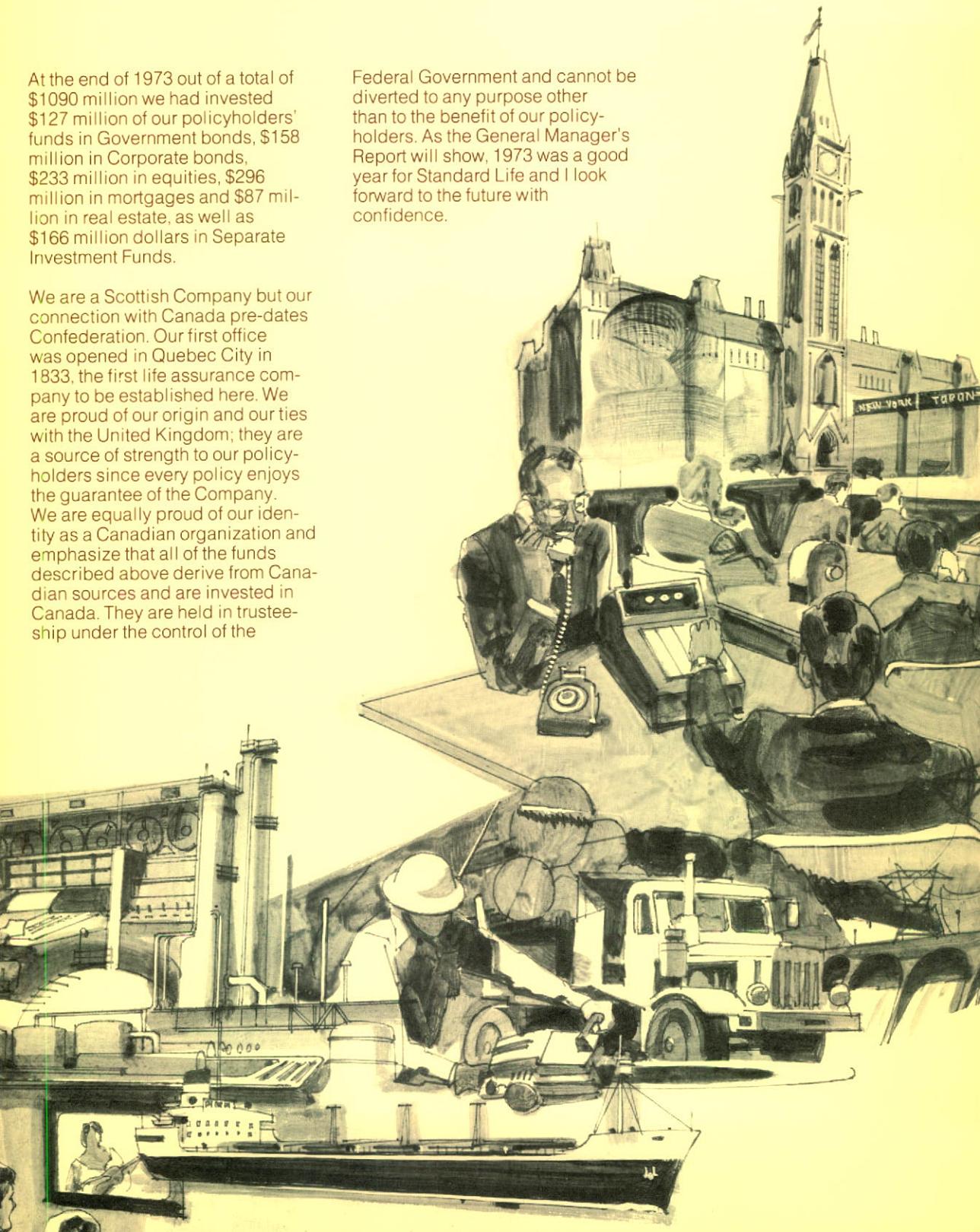
Thoughtful Canadians who provide for their own future by the purchase of life assurance and pensions for retirement, foster those qualities of independence and self-sufficiency so necessary in the building and preservation of a strong society. We in the Standard Life, along with other companies in our industry, offer in a highly competitive market a wide range of first-class products designed to achieve this purpose. We can rightfully claim that we are making an important contribution to the strength and prosperity of the country. Moreover the many thousands of our policyholders who entrust their savings to us for investment in the development of natural resources and industry and in the production of schools, hospitals and housing effectively finance the development of the economy and in the strengthening of Canada as a nation. Voluntary savings of this kind channelled into productive investment are counter-inflationary in sharp contrast to the inflationary effect of the enforced savings withdrawn from the private sector through taxation.



At the end of 1973 out of a total of \$1090 million we had invested \$127 million of our policyholders' funds in Government bonds, \$158 million in Corporate bonds, \$233 million in equities, \$296 million in mortgages and \$87 million in real estate, as well as \$166 million dollars in Separate Investment Funds.

We are a Scottish Company but our connection with Canada pre-dates Confederation. Our first office was opened in Quebec City in 1833, the first life assurance company to be established here. We are proud of our origin and our ties with the United Kingdom; they are a source of strength to our policyholders since every policy enjoys the guarantee of the Company. We are equally proud of our identity as a Canadian organization and emphasize that all of the funds described above derive from Canadian sources and are invested in Canada. They are held in trusteeship under the control of the

Federal Government and cannot be diverted to any purpose other than to the benefit of our policyholders. As the General Manager's Report will show, 1973 was a good year for Standard Life and I look forward to the future with confidence.



General Manager's Report



Ordinary Business

New business results for 1973 were good. New ordinary assurances were sold for sums assured of \$203,269,000 with annual premiums of \$3,489,000 as compared with \$186,849,000 and \$3,119,000 respectively for 1972. There was a marked increase in the amount of ordinary annuity business, single premiums of \$14,383,000 being received as compared with \$4,468,000 in 1972. Much of this represents the purchase of annuities under Registered Retirement Savings Plans but purchases of income averaging annuities are also included. An increased interest was shown in Equiflex policies, premiums for which are paid into a separate investment fund and the resulting benefits are linked to the performance of that fund.

These figures illustrate the continued appeal to the public of the wide variety of contracts which the Standard Life has to offer. These cover a whole range of life assurance and annuity contracts, including level and decreasing term assurances, whole life assurances and many forms of savings policies. Our sales representatives are trained to consider the individual needs of each client and they have a complete range of products available to them to cater to these needs.

Bonus Declaration

Following on an actuarial valuation of our liabilities, bonuses have been declared in the form of compound reversionary additions to the sums assured and attaching bonuses under participating policies as follows:

- 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.

The rates are the same as those declared a year ago. It should be noted however that, since bonuses are added each year in respect of attaching bonuses, it is an inherent feature of the compound reversionary system that for a given rate of bonus an increased amount of surplus is allocated to each policy in successive years. The maintenance of these rates of bonus will therefore reassure policyholders that their decision to effect a participating policy with the Company was a wise one.

Group Life Assurance and Pension Business

New group life assurances for 1973 totalled \$70,927,000, as compared with \$62,958,000 in 1972. New group pension business for 1973 was \$29,406,000 p.a. as compared with \$43,402,000 in 1972. New pension business written under separate investment funds was \$30,937,000 p.a. as compared with \$22,250,000 p.a. in 1972. The figures for pension business demonstrate the trend towards pension funding without the guarantees provided by a group annuity contract. This trend is also evident in the increase in these funds under our management, which at the end of 1973 amounted to \$175 million as compared with \$118 million a year earlier.

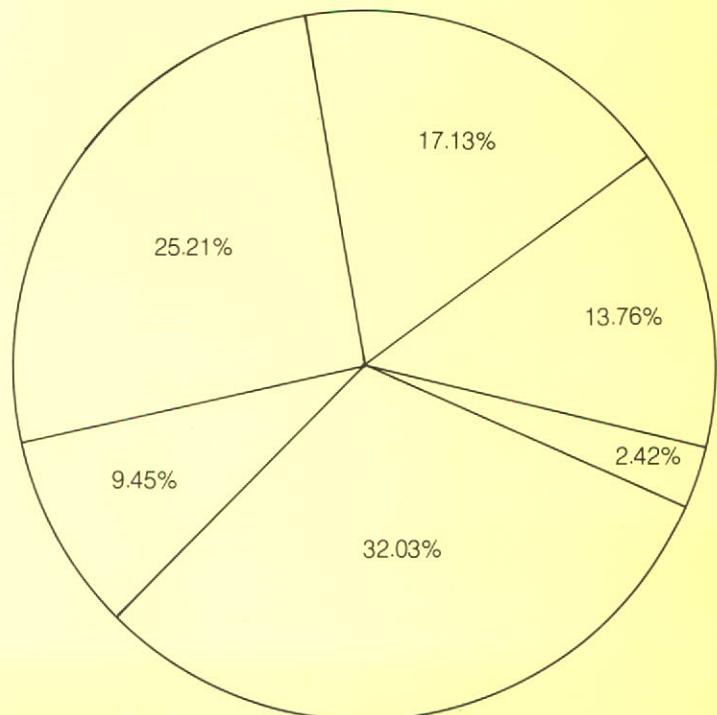
As I mentioned in my report last year we are making a special bonus distribution to group annuity policyholders who continue to make contributions to a Standard Life pension plan. These bonus payments continued throughout 1973. The new participating group annuity contract, also introduced last year, was very well received and we now have 101 contracts in this series. We have also improved the terms which we offer for group life assurance.

Recently we set up a subsidiary Company "Standard Life Portfolio Management". This will enable us to manage pension funds where it is required that the assets remain in the beneficial ownership of trustees and also funds such as charitable foundations where there is no insurance element.

The wide range of methods of funding pension plans, both insured and uninsured, which we have to offer, enables our group field staff and our investment portfolio managers to offer advice to any interested client or prospect and to find for him a suitable solution to his problems in pension funding or management.

Distribution of Assets – 1973 excluding Segregated Funds

1973	
Government Bonds	13.76%
Corporate Bonds	17.13%
Common Stocks and Preferred Stocks	25.21%
Real Estate	9.45%
Mortgages	32.03%
Miscellaneous	2.42%
	100.00%



Investment Performance

Total assets under administration (including separate investment funds) increased by \$120 million to \$1.1 billion.

The assets in the general fund increased by \$63 million to \$947 million. There is virtually no increase in the market value of these assets, the excess of market over ledger value remaining unchanged from a year ago at \$77 million. The yield at ledger value increased from 6.86% to 7.10%.

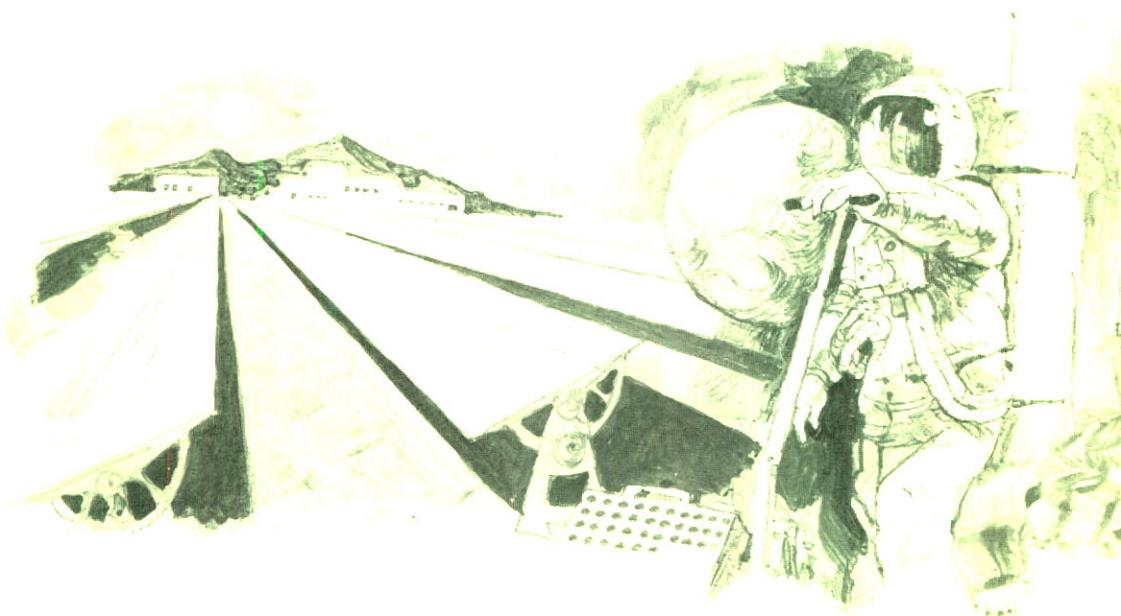
These results must be regarded as very satisfactory, following a year characterized by continued inflation and unsettled stock markets. Investment policy lays emphasis on fixed interest securities in the form of high quality bonds and mortgages but we continue to take advantage of favourable opportunities to invest in real property and in equities. The policy, followed for many years, of investing a proportion of our funds in equities has been advantageous to our policyholders.

In spite of a difficult year, the investment performance in our separate investment funds was very satisfactory and we maintained our reputation as one of the leaders in investment management for pension funds. From its inception on 1st August 1966 to 31st December 1973, the Pooled Equity Fund has produced a compound rate of growth in unit value of over 12%.

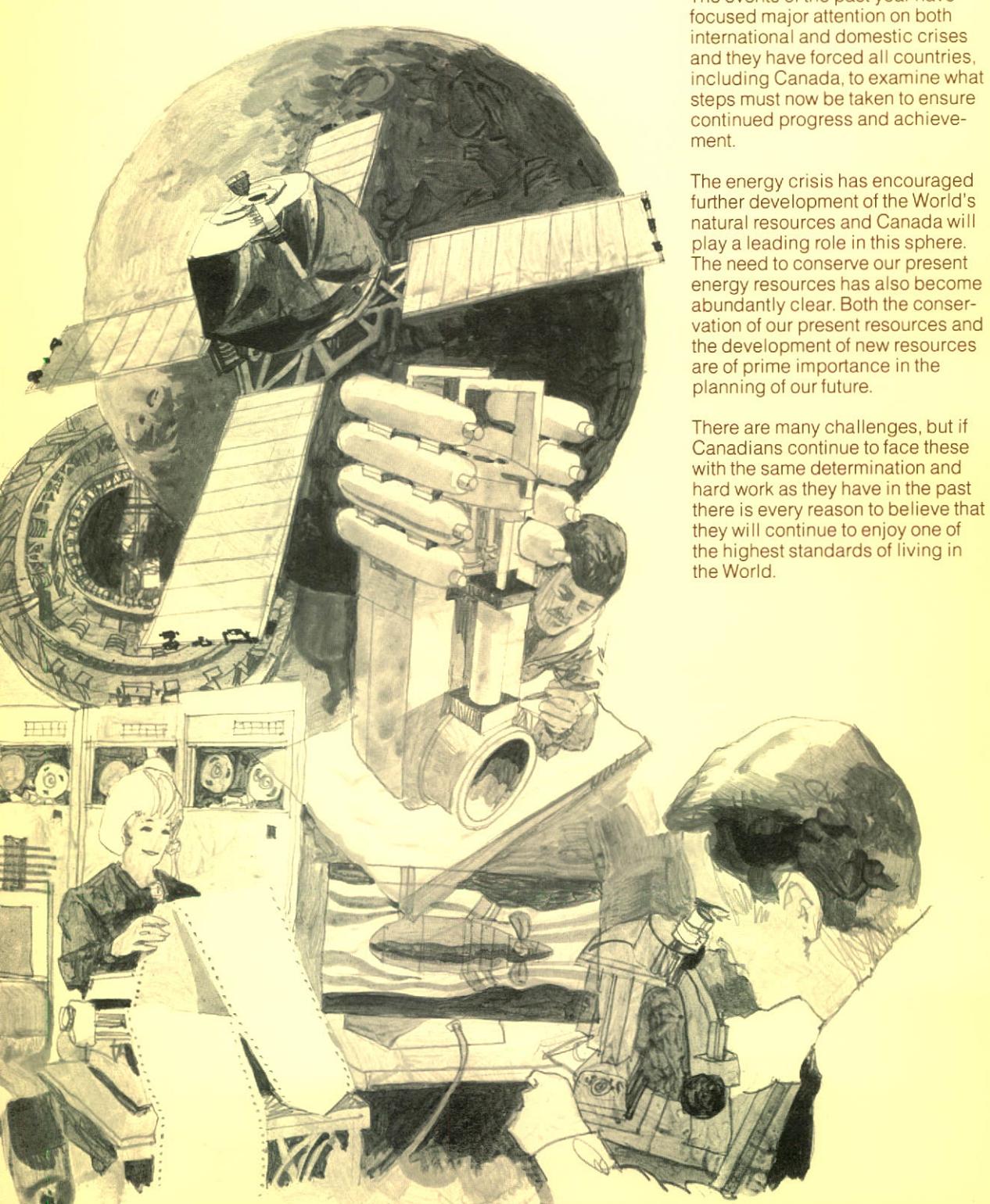
The corresponding annual rate of growth for units in the Pooled Bond Fund from its inception on 1st July 1968 to 31st December 1973 was 10.09%. As noted earlier, for the year ended 31st December 1973 assets under management increased by \$57 million to \$175 million.

Prior to last Fall and the imposition of the oil embargo the conventional economic forecast for 1974 was good, but the energy crisis and its repercussions throughout the world cast a high degree of uncertainty upon economic predictions. The Canadian economic situation is relatively healthy because of our indigenous supplies of fuel and the opportunity afforded to us to replace foreign production cutbacks in many industrial products. However, with an export oriented economy, there could be cause for concern in the face of a probable further strengthening of the Canadian dollar and a potential weakness in export demand. The situation will be closely watched and our investment policy will be varied when necessary in the light of changing circumstances.

Standard Life faces the future with confidence. Our financial condition is strong and we have also a wealth of human resources, both in the field and at Head Office, without which no company can hope to succeed. I am happy to recognize the zeal and efficiency shown by all members of the staff in tackling the increasingly difficult problems which they have to face.



Outlook



The events of the past year have focused major attention on both international and domestic crises and they have forced all countries, including Canada, to examine what steps must now be taken to ensure continued progress and achievement.

The energy crisis has encouraged further development of the World's natural resources and Canada will play a leading role in this sphere. The need to conserve our present energy resources has also become abundantly clear. Both the conservation of our present resources and the development of new resources are of prime importance in the planning of our future.

There are many challenges, but if Canadians continue to face these with the same determination and hard work as they have in the past there is every reason to believe that they will continue to enjoy one of the highest standards of living in the World.

Branch Organization

Atlantic Provinces

St. John's, Nfld.
Corner Brook, Nfld.
Halifax, N.S.
Fredericton, N.B.
Saint John, N.B.
Moncton, N.B.
Charlottetown, P.E.I.

A. J. Hamill, C.L.U.
A. K. Smith, C.L.U.
M. Meaney
I. W. Murray, C.L.U.
A. J. Hamill, C.L.U.
B. F. Hurley
R. D. Matheson
M. T. Whelan

Regional Manager
Branch Manager
Resident Rep.
Branch Manager
Branch Manager
Branch Manager
Branch Manager
Unit Supervisor

139 Water St.
50/52 Main St.
6009 Quinpool Rd.
577 King Street
30 Prince Edward St.
1234 Main St.
129 Queen St.

Quebec Province

Quebec City
Montreal Cartier

J. Cloutier, C.L.U.
J. Cloutier, C.L.U.
H. P. Sanfacon
M. Lafortune, C.L.U.

Regional Manager
Branch Manager
Assistant Branch Manager
Branch Manager

800 Youville Square
801 Sherbrooke St., East

Montreal, Que.

Montreal Branch
St. James Branch
Metro Branch

W. S. Boon
E. G. Savage
A. J. Vanden Broucke
G. A. Mahony, C.L.U.

Branch Manager
Branch Manager
Assistant Branch Manager
Branch Manager

1330 Greene Ave.
800 Victoria Square
1550 de Maisonneuve
Blvd. West
130 Albert St.

Ottawa, Ont.

Toronto, Ont.
Toronto Branch
Brokerage Branch
Don Mills Branch

R. J. Temple, C.L.U.
D. M. Sinclair
R. L. Butcher
H. E. Pollock, C.L.U.

Branch Manager
Branch Manager
Branch Manager

40 University Ave.
40 University Ave.
75 The Donway West.
Don Mills

York Branch
Hamilton, Ont.
St. Catharines, Ont.
London, Ont.
Kitchener/Waterloo, Ont.

E. Crackower, C.L.U.
G. G. Bowker, C.L.U.
J. T. Moore, C.L.U.
T. E. Currie, C.L.U.
H. H. Roy, C.L.U.

Branch Manager
Branch Manager
District Supervisor
Branch Manager
Branch Manager

161 Eglinton Ave. East
100 King Street West
15 King Street
200 Queens Ave.
20 Erb Street West.
Waterloo

Windsor, Ont.
Winnipeg, Man.
Edmonton, Alta.
Calgary, Alta.
Vancouver, B.C.
Victoria, B.C.

A. C. Meloche, C.L.U.
L. G. Hammond, C.L.U.
D. C. Maskell, C.L.U.
D. W. Ramsay, C.L.U.
D. M. McArthur
W. G. Henderson, C.L.U.

District Supervisor
Branch Manager
Branch Manager
Branch Manager
Branch Manager
Branch Manager

500 Ouellette Avenue
330 Portage Avenue
10020-100th Street
639 Fifth Ave., S.W.
1281 W. Georgia Street
880 Douglas Street

Group Organization

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
T. W. Buckingham R. R. Coyle

100 King Street West
Hamilton, Ont.

M. J. Ion, F.L.M.I. A. Marit, F.L.M.I.

200 Queens Avenue
London, Ont.

Western Canada

R. E. Moir
Regional Group Manager
G. F. Weld J. J. Garvey

1281 West Georgia Street
Vancouver, B.C.

J. S. Doherty

639 Fifth Avenue, S.W.
Calgary, Alta.

