

STANDARD
LIFE



HOWARD ROSS LIBRARY
OF MANAGEMENT

MCGILL UNIVERSITY

ANNUAL REVIEW
1971

Board of Directors

W. A. Arbuckle, C.A., Chairman	Vice-President and Director Bank of Montreal
A. L. Penhale, D.C.L.	Vice Chairman Asbestos Corporation Limited
G. Drummond Birks	President Henry Birks & Sons Limited
D. Ross McMaster, Q.C.	McMaster, Meighen, Minnion, Patch & Cordeau
Lucien G. Rolland, D.C.Sc.	President & General Manager Rolland Paper Company Limited
Robert B. Taylor, F.C.A.	Vice-President The Steel Company of Canada, Limited
R. D. Mulholland, D.C.L.	Vice-Chairman Bank of Montreal
D. S. Harvie	President Canadian Fina Oil Company
G. T. Westwater, F.F.A., F.C.I.A.	Executive Director and General Manager for Canada The Standard Life Assurance Company

The Standard Life
Assurance Company:
The first life assurance company
to become established in
Canada, 1833.
Head Office:
The Standard Life Building
1245 Sherbrooke Street West
Montreal 109, Quebec

Perspective

1971

1970

Canadian Operations: (\$,000's)

New Business

Life Assurance	\$ 257,366	\$ 309,107
Annuities (per annum)	39,113	36,825
Premiums & Annuity Considerations	81,712	67,748
Earnings from investments (net of investment expenses)	46,921	43,642
Payments to Policyholders	53,980	46,016
Assets in Canada	820,564	727,691
Liabilities in Canada	723,322	667,760

Overall Company Operations: (\$,000's)

New Business

Life Assurance	1,423,258	1,350,571
Annuities (per annum)	112,532	104,878
Assets	2,293,514	2,110,888
Payments to Policyholders	199,089	158,023

Currencies other than Canadian have been converted at the rates of exchange in effect at the Company's 1971 year end.





Chairman's remarks

The Standard Life
Building,
Montreal, Quebec.

It was a year of improving economic conditions, sustained growth and record breaking achievement in all phases of the company's development. In the Company's Annual Report for 1971, the Chairman, Mr. T. N. Risk, emphasized these considerations in detailing the performance of the Canadian operation:

"New premiums for ordinary life assurance and annuities increased by a record margin and total assets under administration now exceed \$800 million. This includes some \$45 million in separate investment funds which we manage on behalf of pension clients. Last year the amount of new insured group pensions written was the highest ever recorded by us in Canada".

In his appraisal of the economic conditions and recent government legislation affecting the company, Mr. Risk was confident:

"The international currency settlement and the removal of the U.S. import surcharge, together with the passage of the Tax Reform Bill at the end of 1971, removed some of the uncertainties which had clouded the economic outlook. Most economists are now looking to real growth in 1972, it seems safe to forecast a continuation and extension of the economic recovery which started in 1971."

He referred specifically to the new Income Tax Act in the following terms:

"The most significant change in the tax position is the bringing into taxable income of a portion of realized capital gains from common stock and real estate transactions. This will reduce our profit-earning capacity, but so far has not caused us to alter our basic investment policy. Another of the new provisions enlarges the scope for deferring tax in respect of individual savings programs which will be of assistance in encouraging the sale of policies designed to provide income after retirement." In looking to the future, Mr. Risk pointed to the continuing profitability of the company in this context:

"The Company has, deservedly, a high reputation in Canada for the results of its with profit contacts. So far, only life assurance policyholders have had the opportunity to share in the profits of the Company, but in the ensuing year we shall be introducing a with profits group pension contract which will offer similar privileges to group pension policyholders. I believe we shall strengthen our position in the pensions market and provide greater service to our many clients by offering this contract which may be considered an alternative on an insured basis to the managed investment fund."

Mr. Risk closed his remarks by saying:

"The enthusiastic and loyal participation of the Executive and Staff at all levels has been a source of great encouragement and augurs well for the continued vitality and success of the Standard Life. I thank them all."



The year in profile

This past year was one of significant growth for the Company and its policyholders. Total assets under administration exceeded the \$800 million mark. Annual premiums on new ordinary life assurances increased by 40% over the previous year.

The total of new group life assurances was the second largest figure the Company has achieved. New insured group pension business of \$39 million per annum was written; a record breaking performance. In addition, new investments in the Company's segregated and pooled investment funds totalled \$20.9 million.

As a result of a favorable experience for the year ended 15th November 1971, bonuses were again declared under the Reversionary Bonus Plan at the rate of \$25 per \$1,000 of sum assured and \$42 per \$1,000 of attaching bonuses. Under the lower-premium Canadian series, they were also maintained at \$17.50 per \$1,000 of sum assured and attaching bonuses. The continuance of these high rates once again establishes the value of a participating policy with the Standard Life as an investment.

A new participating plan called the Standard Premier Series was introduced. Under this Plan, the rates of bonus on the sum assured and the attaching bonus are identical, and an interim rate of \$30 per \$1,000 has been declared. This plan is designed to give the best possible return to new policyholders consistent with the new taxation provision for life assurance companies.

The year's results as a whole reflect the emphasis that is being placed on maintaining and improving the effectiveness of the Company, in particular, its service to policyholders. In addition, the Standard Life sales force is geared to the writing of quality business, and is fully equipped to meet all the needs of the Company's policyholders, including protection, retirement benefits, estate planning and business insurance.

The meeting of the Canadian Board of Directors at the opening of the Standard Life Building, Calgary. May 1971.



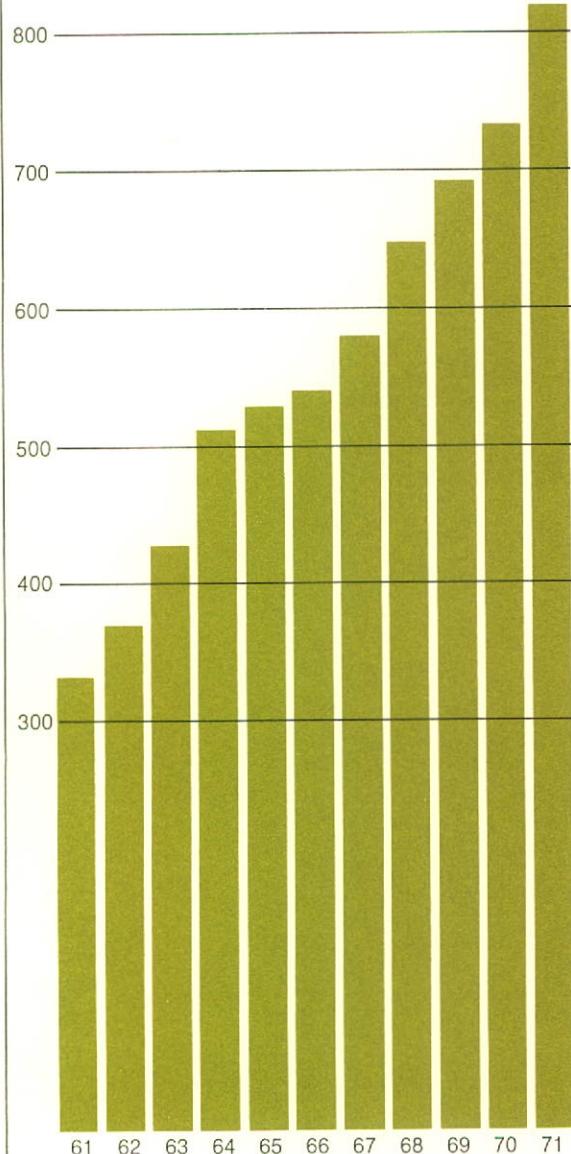
Ten year growth

While the Company's performance over any one year is important, it is within the context of several years that a more significant appraisal of its growth can be measured. On the opposite page, two graphs cover the decade 1961 to 1971.

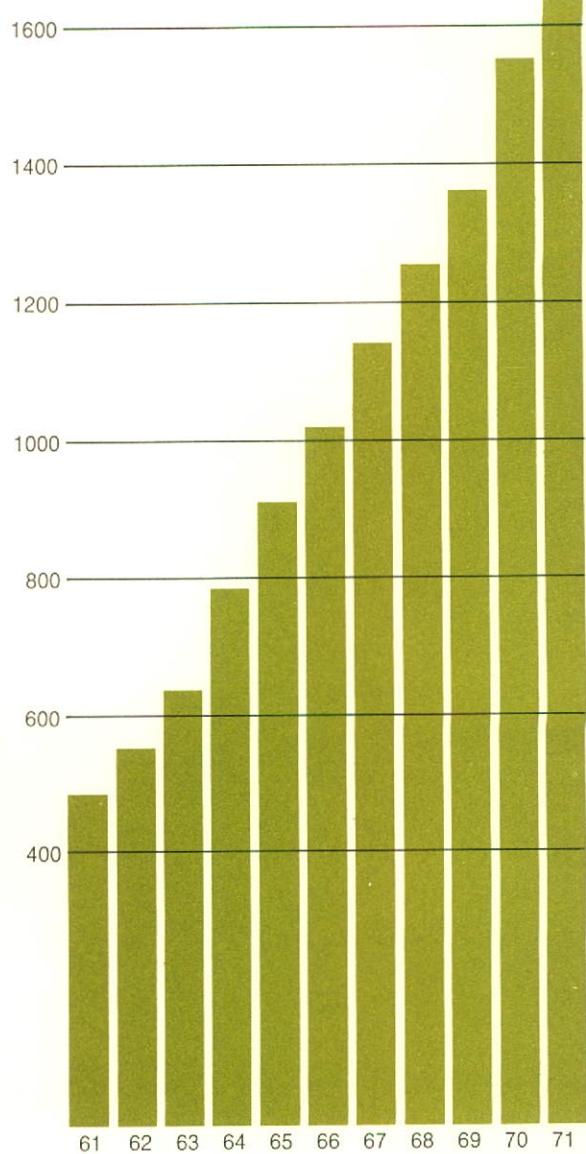
In respect of both assets under administration and life assurance in force, the company has shown outstanding performance.

This constitutes further evidence, to that already shown by the declaration of high bonus rates, of the successful growth of the company.

Total Assets under Administration
(millions of dollars)



Life Assurance in Force
(millions of dollars)



Serving Canadians since 1833

The Standard Life has been participating in the remarkable growth that is Canada since 1833. It is in no small measure significant that the Standard Life was Canada's first life assurance company.

Today that initiative has resulted in a company – people and financial services – geared to and understanding the real need for financial security in a country of ever increasing prosperity.

The Standard Life people, in serving Canadians well, have brought the Company to the forefront of the assurance industry. These people represent some of the top professionals in their field.

It is through their endeavours that the Company will continue to provide Canadians with the kind of total expertise that will meet the challenges of the future.



Your money at work

The Standard Life investment management team draws upon its wide exposure to, and experience in, financial markets in achieving its investment objectives. This diverse exposure provides the Standard Life client, whether individual policyholder or corporation, with a high degree of flexibility in the selection of financial products and services to meet a variety of money management needs.

Over the past year in review, total assets under management increased by over \$90 million. Included in this increase were significant market value gains in the equity and bond portfolios. Property investments in both mortgages and real estate are carried at book value and experienced good yield increases together with market value gains. Segregated pension funds under management doubled to \$44 million.

The Standard Life has conducted an investment policy with a relatively high orientation to equities in the form of common stocks and real estate in order to provide the maximum return to participating policyholders while at the same time maintaining reserves, valued on a stringent basis, to insure the fulfillment of contract guarantees.

In view of major financial problems in 1971, arising from tax reform and changes in international monetary and trade conditions, the Standard Life investment management closely reviewed the investment policy and decided that no major changes were necessary.

The table below details the asset distribution at year end; segregated funds are included separately and more details are provided on page 13.

Lloyd D. Jackson Square,
Hamilton, Ontario.

Asset Distribution	(\$,000's)			
End of	1971		1970	
Bonds	\$251,660	32.4%	\$208,392	29.6%
Common Stocks	152,002	19.6	137,808	19.5
Mortgages	296,182	38.2	296,501	42.0
Real Estate	54,723	7.0	44,029	6.3
Other Assets	21,649	2.8	18,551	2.6
	776,216	100.0	705,281	100.0
Segregated Funds:	44,348		22,410	
Total Assets:	820,564		727,691	



Group life assurance and pensions

Group Life Assurance

The steady growth in the amount of group life assurance in force was maintained in 1971. Total sums assured in force increased to \$363,610,000 at year end, an in-

crease of almost 5% over the previous year. The table below illustrates this continuing growth over the period 1961 - 1971.

Year	No. of Plans	No. of Certificate Holders	Sum Assured in force (\$ millions)
1961	138	11,364	76
1966	187	20,657	201
1971	196	26,205	364

Group Pensions

The amount of insured group pension business written in 1971 totalled nearly \$39 million. At the close of 1971 total group pensions in force was \$201,278,000 per annum for deferred annuities and \$15,201,000 per annum for pensions paid.

For over 20 years the Standard Life has offered to its group pension policyholders an opportunity to share in the profit from the interest earned on their funds. This has been done by calculating premiums as they were due to be paid during the currency of the policy at rates of interest linked to an index which reflected the current level of interest rates in the market. The system has worked well, but there are other sources of profit besides interest. The Company now proposes to issue a new series of policies providing participation in all sources of profit from its Canadian business.

Our clients will now have a choice between a participating policy issued under this new series and a non-participating policy. Premium rates giving the right to participation will of course, be higher than the corresponding rates for non-participating business, but we are confident that after taking into account the cash bonuses distributed, the ultimate net cost of the participating system will be the lower. This cannot, of course, be guaranteed, for profits depend on actual experience, but the Company's record with its participating business among individual policyholders in the past, its proved skill in the investment of its funds and competence of its management give grounds for the confidence just expressed.

Separate and pooled investment funds

As part of its pension business the Standard Life manages pension fund assets through Segregated Investment Fund contracts. This facility provides corporate pension funds with sound investment management expertise in equities, bonds and mortgages through either pooled or separately managed portfolios.

During the year under review, assets under management doubled to \$44 million and now exceed \$77 million.

The table below illustrates the results experienced in these funds to December 31st, 1971.

	Pooled Funds		
	Equity	Bond	Mortgage
Unit Value Change Since Inception	+81.2%	+52.1%	+23.5%
Unit Value Change during 1971	+10.5	+14.6	+12.9
Annual Returns Since Inception:			
assuming single contribution	11.4	12.2	7.8
assuming level monthly contributions	10.5	15.3	10.9

A large percentage of the managed fund assets are invested in equities. For the five years ending 1971, a level monthly investment program in the Pooled Equity Fund would have achieved a total annual return of 12.9%. In comparison, a similar investment program in the Toronto Stock Exchange Index, including reinvested income, would have achieved a return of 8.01%.



Summary

1971 was a year of record breaking achievements matched with continuing improvements in both the products and services which the Company provided for Canadians.

More than ever, there is a genuine need for the specialized form of money management and financial planning that the Standard Life is in an excellent position to provide.

1971 has seen the establishment of the groundwork for sustained growth in the seventies. The Company with a staff highly trained in all phases of the business has every expectation of meeting successfully the challenges of the years to come.

Head office officials

General Manager for Canada G. T. Westwater, F.F.A., F.C.I.A.

Assistant General Manager and Actuary for Canada J. C. Burns, F.F.A., F.C.I.A.

Actuarial	A. S. Fernie, F.F.A., F.C.I.A. G. A. Wiseman, F.F.A. A. C. Garner, A.I.A.	Associate Actuary Assistant Actuary Actuarial Supervisor
Agency	C. N. Morris, C.L.U. W. Nicol P. R. Stanger, C.L.U. R. A. Horwood F. C. A. Roy	Agency Manager Associate Agency Manager Superintendent of Field Training Agency Secretary Agency Secretary
Group Life Assurance & Pensions	J. M. Lin nell, A.I.A., F.C.I.A. G. F. Allan, F.F.A., F.C.I.A. V. L. Lawson, F.S.A., F.C.I.A. D. M. Millar, F.F.A., F.C.I.A. E. A. Rice, F.F.A., F.C.I.A. T. H. Golberg, F.S.A., F.C.I.A. F. J. R. Macdonald, F.F.A. A. W. Seath A. Dinovitzer A. J. Meech	Group Manager Associate Group Manager Group Actuary Assistant Group Manager Assistant Group Actuary Assistant Group Actuary Administrative Assistant Administrative Assistant Administrative Assistant
Investments	D. F. Johnstone	Property Investment Manager
Property	E. G. Burrows T. C. J. Macleod E. C. Dagenais	Assistant Property Investment Manager Regional Property Investment Officer Regional Property Investment Officer
Securities	R. R. Naudie, C.A., C.F.A. J. T. Kenward, C.A. (Scot.) R. J. V. Fielding G. B. Kiddell H. B. Yates	Securities Manager Investment Secretary Portfolio Manager Portfolio Manager Portfolio Manager
Organization	D. P. Calder W. C. Jeffrey	Organization Secretary Assistant Organization Secretary
Secretarial and Comptroller's	A. I. MacTier, C.A. L. P. Byrne C. M. Marchand, C.A. G. L. Dye, C.A. (S.A.) M. L. Boucher, C.A. G. C. Wiencke L. W. Curtis G. A. MacDonald J. H. Dawson, B.C.L. A. E. Cummings H. G. Cowan	Secretary and Comptroller Assistant Secretary Assistant Secretary (Taxation) Assistant Comptroller Assistant Comptroller Programming Officer Accountant Assistant Accountant Legal Officer Personnel Officer Payroll Administrator



Head office officials

Underwriting	R. D. Davidson, F.L.M.I. L. McCallum, M.D., F.A.C.P., F.R.C.P. (C) A. Miller, M.D., F.R.C.P. (C) J. S. Polson, M.D., F.R.C.P. (C)	Underwriting Secretary Chief Medical Officer Associate Medical Officer Associate Medical Officer
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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. Meany 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 St. 75 Prince William St. 1234 Main St. 129 Queen St.
QUEBEC PROVINCE Quebec City	J. Cloutier, C.L.U. J. Cloutier, C.L.U. H. P. Sanfaçon M. Lafortune, C.L.U.	Regional Manager Branch Manager Assistant Branch Mngr. Branch Manager	800 Youville Square
Montreal Cartier			801 Sherbrooke St., East
Montreal, Que. Montreal Branch St. James Branch	J. W. McMurray, A.C.I.I. E. G. Savage A. J. Vanden Broucke G. A. Mahony, C.L.U.	Branch Manager Branch Manager Assistant Branch Mngr. Branch Manager	1330 Greene Ave. 800 Victoria Square
Metro Branch	R. J. Temple, C.L.U.	Branch Manager	1550 de Maisonneuve Blvd., West 130 Albert St.
Ottawa, Ont. Toronto, Ont. Toronto Branch	D. M. Sinclair R. L. Butcher D. J. Frost G. L. Rutley G. G. Bowker, C.L.U. J. T. Moore, C.L.U. T. E. Currie, C.L.U. H. H. Roy, C.L.U. 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.	Branch Manager Assistant Branch Mngr. Branch Manager Branch Manager Branch Manager District Supervisor Branch Manager Branch Manager District Supervisor Branch Manager Branch Manager Branch Manager Branch Manager Branch Manager Branch Manager	125 Edward St. 75 The Donway West, Don Mills 161 Eglinton Ave., East 39 James St., South 15 King Street 200 Queens Ave. Waterloo Sq., Waterloo 500 Ouellette Avenue 330 Portage Avenue 10020 - 100th Street 639 Fifth Ave., S.W. 1281 W. Georgia Street 880 Douglas Street

Regional group managers and group supervisors

ATLANTIC PROVINCES

Halifax, N.S. J. M. Moore Assistant Group Supervisor 6009 Quinpool Road

QUEBEC & EASTERN ONTARIO

Montreal, Que. L. Beauséjour Group Manager for Quebec 1245 Sherbrooke St., W.
 F. H. Savage Associate Group Mngr.
 D. O. Hetherington Group Supervisor
 P. A. McAlear Group Supervisor
 K. J. McCarney, C.L.U. Group Supervisor

Ottawa, Ont.

TORONTO, ONTARIO L. G. Hall Regional Group Mngr. 44 Eglinton Ave. W.
 B. H. Spurr, F.L.M.I. Sr. Group Supervisor
 J. B. Thornber Group Supervisor
 B. G. Sinclair Group Supervisor
 T. M. McCartney Group Supervisor

WESTERN ONTARIO

Hamilton, Ont. A. E. Lloyd East Regional Group Mngr. 39 James Street South
 T. W. Buckingham Group Supervisor
 R. R. Coyle Group Supervisor
 M. J. Ion, F.L.M.I. Group Supervisor

WESTERN CANADA

Vancouver, B.C. R. E. Moir Regional Group Mngr. 1281 West Georgia St.
 Calgary, Alta. S. Doherty Group Supervisor 639 Fifth Avenue, S.W.



