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EXPORT CREDITS  
INSURANCE CORPORATION

ANNUAL REPORT  
AND  
FINANCIAL STATEMENTS

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DECEMBER 31, 1951



EXPORT CREDITS INSURANCE CORPORATION

INCORPORATED UNDER THE EXPORT CREDITS INSURANCE ACT

EIGHTH  
ANNUAL REPORT

AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1951



HEAD OFFICE  
OTTAWA

BRANCHES  
MONTREAL TORONTO





“The Corporation may, for the purpose of facilitating and developing trade between Canada and any other country, enter into a contract of insurance with an exporter to insure him against any risk of loss in connection with the export or an agreement for the export of goods by reason of the failure of the exporter, for any cause not avoidable by the exporter, to recover the selling price of the goods.”

—*Extract from The Export Credits Insurance Act*

# EXPORT CREDITS INSURANCE CORPORATION

March 15, 1952

The Rt. Hon. C. D. Howe, M.P.,  
Minister of Trade and Commerce,  
OTTAWA.

Dear Sir:—

In accordance with Section 17 of The Export Credits Insurance Act, I have the honour to transmit to you the attached statement of the accounts of the Export Credits Insurance Corporation for the year ended December 31, 1951.

The practice of the Corporation is to issue Policies to exporters of general commodities in respect of their anticipated business for the ensuing twelve months. Where capital goods are concerned specific Policies are issued to cover the individual contract of sale. As at December 31, 1951 there were 168 Policies current, covering exports of a wide variety of products to some 80 different countries. 159 Policies covered general commodities and 9 were specific Policies covering individual contracts of sale of capital goods. A classification of these Policies by export volume (as estimated by the Policyholders in their Applications) is as follows:

## GENERAL COMMODITIES POLICIES

	<i>Policies</i>	<i>Estimated Export Volume</i>
\$ 25,000 and under . . . . .	31	\$ 410,000
\$ 25,001 to \$ 100,000 . . . . .	60	\$ 3,348,000
\$ 100,001 to \$ 250,000 . . . . .	37	\$ 6,356,000
\$ 250,001 to \$1,000,000 . . . . .	22	\$11,494,000
\$1,000,001 and over . . . . .	9	\$39,650,000
	<u>159</u>	<u>\$61,258,000</u>

## CAPITAL GOODS POLICIES

	<i>Policies</i>	<i>Contract Amount</i>
\$ 25,000 and under . . . . .	2	\$ 24,585
\$ 25,001 to \$ 100,000 . . . . .	1	\$ 81,756
\$100,001 to \$ 250,000 . . . . .	2	\$ 260,834
\$250,001 to \$1,000,000 . . . . .	4	\$ 1,282,559
	<u>9</u>	<u>\$ 1,649,734</u>

Under each Policy the maximum liability of the Corporation is set at a percentage of the estimated export volume. The aggregate of the maximum liabilities under Policies current at December 31, 1951 was \$31,870,590 to which must be added liabilities totalling \$4,815,000, resulting from Policies issued in previous years which are no longer in force but under which claims might still be made. The maximum liability of the Corporation under Section 14 of the Act is limited to \$100 million.

Export sales during 1951 reported under Export Credits Insurance Policies were up 49% over the previous year and amounted to \$49,277,409 as compared with \$33,025,438 in 1950. Premiums are paid on the basis of monthly reports of export sales, and totalled \$345,935 in 1951 and \$217,226 in 1950.

Only 6 claims were paid during 1951 amounting to \$1,703, of which \$994 has been recovered. \$38,460 was recovered in connection with claims paid in previous years. The claims experience of the Corporation from the commencement of operations in 1945 to December 31, 1951, analyzed by type of risk insured, is as follows:

<i>Nature of Claim</i>	<i>Claims Paid</i>	<i>Recoveries</i>	<i>Irre- coverable Losses</i>	<i>Net Outstanding</i>
Insolvency . . . . .	\$ 22,072	\$ 16,821	\$ 4,189	\$ 1,062
Overdue Accounts . . .	185,130	18,850	5,225	161,055
Exchange Transfer				
Difficulties . . . .	471,425	465,125	379	5,921
Other . . . . .	27,267	7,733	5,080	14,454
	<u>\$ 705,894</u>	<u>\$508,529</u>	<u>\$14,873</u>	<u>\$182,492</u>

It is not practicable to estimate any valuation of the net outstanding claims but it is anticipated that further recoveries will be made.

Total income for the year amounted to \$643,475, including \$296,244 interest earned on Government of Canada Bonds. Operating expenses, details of which are set out in the attached statement, totalled \$99,149. The result of the operations of the Corporation for the year, after paying for Policyholders' claims and making recoveries, was a net addition to the Underwriting Reserve of \$582,077.



An analysis of the Underwriting Reserve since the inception of the Corporation discloses the following results:

Premiums . . . . .		\$1,235,499
Deduct:		
Operating Expenses . . . . .	\$486,734	
Claims paid . . . . .	\$705,894	
*Less: Recoveries . . . . .	508,530	
	197,364	
		684,098
Surplus on operations before interest on investments		551,401
Interest on investments . . . . .		1,433,682
		1,985,083
Balance at credit of Underwriting Reserve as at December 31, 1951 . . . . .		\$1,985,083

\*Includes \$1.00 set up as nominal value of anticipated recoveries.

From the above statement it will be seen that the excess of premium income over all expenses and losses amounts to \$551,401. This net credit to the Underwriting Reserve has been earned on export sales totalling \$175,717,178.

The sixth meeting of the Advisory Council, which was appointed by the Governor-in-Council pursuant to Section 9 of The Export Credits Insurance Act, to advise the Board of Directors on matters relative to the administration of the Corporation, was held in Ottawa on November 30, 1951 and was attended by six members of the Council.

Mr. M. W. Mackenzie who was a member and director of the Corporation in his capacity as Deputy Minister of Trade and Commerce resigned that position upon his appointment as Deputy Minister of Defence Production. The Board recorded their deep appreciation of the valuable services rendered by Mr. Mackenzie who as Chairman of the Board was responsible in large measure for setting up the organization and developing the policies and procedures of the Corporation.

The Corporation maintains branches in Montreal and Toronto, and had a staff of 23 officers and employees at the end of the year. Senior officers of the Corporation made periodic trips throughout the year to various parts of Canada calling on associations, banks and exporters, and explaining the functions of the Corporation to interested groups.



New Policyholders acquired by the Corporation during the year were about balanced by non-renewals which were mainly due to the Policyholders going out of the export business. The substantial increase in the volume of business covered by the Corporation was due partly to the strong demand which existed all over the world throughout the year for Canadian-produced goods, and partly from an increasing awareness among exporters of the facilities offered by the Corporation, not available from commercial sources, which provide protection on a co-insurance basis against non-payment by the foreign buyer due to credit and political risks involved in foreign trade.

Yours faithfully,

WM. FREDERICK BULL,  
*Chairman.*

# EXPORT CREDITS INSURANCE CORPORATION

(INCORPORATED UNDER "THE EXPORT CREDITS INSURANCE ACT")

## Statement of Assets and Liabilities as at December 31, 1951

### ASSETS

Cash on hand and in banks . . . . .	\$	127,313
Accounts receivable:		
Premiums due from policyholders . . .	\$ 58,691	
Other . . . . .	392	59,083
Accrued interest on investments . . . . .		89,515
Investments—Government of Canada		
Bonds at amortized cost (market value \$11,176,031) . . . . .		11,749,856
Possible recoveries against claims paid of \$182,492 at nominal value . . . . .		1
Deferred charges . . . . .		342
Office furnishings and equipment at cost . . . . .	17,412	
Less: Reserve for depreciation . . . . .	7,574	9,838
		\$12,035,948

*Note:* By Section 14 of the Act, the Corporation's liability under contracts of insurance issued and outstanding shall not at any time exceed a total of ten times the aggregate amount of the paid-up capital and surplus of the Corporation; in this regard the maximum potential risk at December 31, 1951 was \$36,685,590.

Approved on behalf of the Board

WM. FREDERICK BULL,  
*Director*

H. T. AITKEN,  
*Director*

# INSURANCE CORPORATION

(EXPORT CREDITS INSURANCE ACT)

Assets and Liabilities  
December 31, 1951

## LIABILITIES AND CAPITAL

Accounts payable . . . . .		\$	252
Policyholders' deposits . . . . .			33,105
Receiver General of Canada:			
Receipts, less overhead, arising out of contracts entered into under Section 20A of the Act . . . . .			17,508
Underwriting reserve:			
Balance at December 31, 1950 . . . . .	\$1,403,006		
Net result of operations for the year ended December 31, 1951, per Schedule I . . . . .	582,077		1,985,083
			<u>2,035,948</u>
Capital:			
Capital stock;			
Authorized, issued and fully paid— 50,000 shares par value \$100 each held in trust for His Majesty by the Minister of Trade and Commerce . . . . .		5,000,000	
Capital surplus;			
Paid in by the Minister of Finance as directed under Section 10(3) of the Act at the rate of \$100 per share of capital stock issued . . . . .	5,000,000		10,000,000
			<u>\$12,035,948</u>

I have examined the accounts of the Export Credits Insurance Corporation for the year ended December 31, 1951, and have obtained all the information and explanations I have required. In my opinion, the above Statement of Assets and Liabilities is properly drawn up so as to exhibit a true and correct view of the state of the Corporation's affairs as at December 31, 1951, according to the best of my information and the explanations given to me and as shown by the books of the Corporation.

WATSON SELLAR,  
Auditor General of Canada



## EXPORT CREDITS INSURANCE CORPORATION

Statement of Operations for the year ended  
December 31, 1951

## INCOME:

Premiums on risks underwritten . . . . .	\$ 345,935	
Interest on investments . . . . .	296,244	
Profit on sale of investments . . . . .	1,296	\$643,475
		<hr/>

## EXPENSES:

Salaries . . . . .	76,627	
Travel . . . . .	5,738	
Telephone, telegrams, cables and credit reports . . . . .	5,183	
Stationery, printing, postage and office supplies . . . . .	2,881	
Rents . . . . .	2,677	
Advisory Council meeting in Ottawa . .	1,137	
Depreciation of office furnishings and equipment . . . . .	1,741	
Other . . . . .	3,165	99,149
		<hr/>
		544,326

## POLICYHOLDERS' CLAIMS:

Payments . . . . .	1,703	
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## Recoveries:

Applicable to payments in 1951 . . . . .	\$ 994	
Applicable to payments prior to 1951 . . . . .	38,460	39,454
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Excess of recoveries over claims paid . .	<hr/>	37,751
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Net result of operations for the year added to underwriting reserve . . . . .		<hr/> <hr/>
		\$582,077

Analysis, by countries, of actual

COUNTRY	AMOUNT
<b>COMMONWEALTH COUNTRIES</b>	
Anglo-Egyptian Sudan . . . . .	\$ 22,187
Australia . . . . .	1,105,333
Bermuda . . . . .	89,302
British East Africa . . . . .	7,187
British Guiana . . . . .	40,134
British Honduras . . . . .	11,442
British West Africa . . . . .	902
British West Indies . . . . .	1,249,954
Ceylon . . . . .	87,746
Cyprus . . . . .	1,043
Fiji . . . . .	11,400
Hong Kong . . . . .	15,260
India . . . . .	880,038
Malaya . . . . .	140,963
New Zealand . . . . .	933,420
Pakistan . . . . .	44,707
Rhodesia . . . . .	46,102
South Africa . . . . .	4,614,726
United Kingdom . . . . .	8,251,222
<b>Total Commonwealth Countries . . . . .</b>	<b>\$17,553,068</b>

**FOREIGN COUNTRIES**

Argentina . . . . .	3,838,574
Austria . . . . .	14,060
Bahrein Island . . . . .	1,391
Belgian Congo . . . . .	552,836
Belgium . . . . .	1,159,448
Bolivia . . . . .	221,958
Brazil . . . . .	2,991,938
Chile . . . . .	865,508
Colombia . . . . .	1,094,891
Costa Rica . . . . .	179,540
Cuba . . . . .	1,257,009
Denmark . . . . .	59,503
Dominican Republic . . . . .	382,310
Ecuador . . . . .	201,201
Egypt . . . . .	53,538
Finland . . . . .	49,012
France . . . . .	2,146,806
French Africa . . . . .	644,680
French Oceania . . . . .	575
French West Indies . . . . .	3,615



Risks underwritten during 1951

COUNTRY	AMOUNT
German Federal Republic . . . . .	\$ 989,390
Greece . . . . .	210,016
Guatemala . . . . .	167,834
Haiti . . . . .	63,170
Honduras . . . . .	66,871
Iceland . . . . .	22,614
Indonesia . . . . .	9,427
Iran . . . . .	141,530
Iraq . . . . .	167,250
Ireland . . . . .	2,366,627
Israel . . . . .	491,717
Italy . . . . .	324,399
Japan . . . . .	30,724
Lebanon . . . . .	109,019
Luxembourg . . . . .	2,534
Madagascar . . . . .	41,277
Mexico . . . . .	1,167,732
Morocco . . . . .	18,911
Netherlands . . . . .	176,568
Netherlands Antilles . . . . .	44,006
Netherlands Guiana . . . . .	45,712
Nicaragua . . . . .	97,401
Norway . . . . .	71,940
Panama . . . . .	50,809
Paraguay . . . . .	94,177
Peru . . . . .	313,530
Philippines . . . . .	9,624
Portugal . . . . .	600,560
Portuguese Africa . . . . .	34,172
Puerto Rico . . . . .	62,508
St. Pierre & Miquelon . . . . .	1,219
Salvador . . . . .	144,612
Samoa . . . . .	1,820
Saudi Arabia . . . . .	1,408
Sweden . . . . .	1,400,004
Switzerland . . . . .	496,721
Syria . . . . .	284,876
Thailand . . . . .	35,589
Turkey . . . . .	851,083
United States of America . . . . .	1,328,281
Uruguay . . . . .	1,582,658
Venezuela . . . . .	1,879,498
Yugoslavia . . . . .	6,130
Total Foreign Countries . . . . .	<u>\$31,724,341</u>
Total All Countries . . . . .	<u>\$49,277,409</u>



## BOARD OF DIRECTORS

WM. FREDERICK BULL, CHAIRMAN

*Deputy Minister  
of Trade and Commerce*

W. C. CLARK, C.M.G.  
*Deputy Minister of Finance*

G. F. TOWERS, C.M.G.  
*Governor  
Bank of Canada*

L. C. AUDETTE  
*Commissioner, Canadian  
Maritime Commission*

J. J. DEUTSCH  
*Department of Finance*

H. T. AITKEN  
*General Manager*

## ADVISORY COUNCIL

HON. HECTOR AUTHIER  
*Amos*

H. R. MACMILLAN, C.B.E.  
*Vancouver*

R. B. BUCKERFIELD  
*Vancouver*

GEORGE W. ROBERTSON  
*Regina*

R. H. DAVIS  
*Welland*

C. H. G. SHORT  
*Montreal*

JAMES S. DUNCAN, C.M.G.  
*Toronto*

FLETCHER S. SMITH  
*Halifax*

RAYMOND GARNEAU  
*Quebec*

JAMES STEWART, C.B.E.  
*Toronto*

H. G. HESLER  
*Montreal*

HOMER ZWICKER  
*Lunenburg*

C. D. JACOX  
*Edmonton*

## OFFICERS

H. T. AITKEN  
*General Manager*

A. W. THOMAS  
*Chief Credit Officer*

T. CHASE-CASGRAIN  
*Secretary*







