

Sodarcanc inc. in 1986

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Article abstract

Dans ce texte, le président de Sodarcanc inc. présente une revue de l'exercice 1986. Il a fait l'objet du discours présidentiel à l'assemblée générale annuelle de la compagnie, qui a eu lieu le 21 mai 1987.

Sodarcanc inc. in 1986

by

Robert Parizeau⁽¹⁾

Dans ce texte, le président de Sodarcanc inc. présente une revue de l'exercice 1986. Il a fait l'objet du discours présidentiel à l'assemblée générale annuelle de la compagnie, qui a eu lieu le 21 mai 1987.

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Sodarcanc inc. will remember 1986 as the year of its first public share offering and listing on the Montreal Exchange. These historic transactions not only significantly increased its capitalization and improved its financial ratios, but also gave the Company the means to finance its development.

On the occasion of our listing on the stock market, we are especially grateful for the support given to us by our shareholders, both individual and institutional ; the participation in this issue of more than 560 members of our personnel is also tangible proof of their confidence in the Company.

The year 1987 marks Sodarcanc's fifteenth anniversary ; as we take a moment to recall the past and to ponder the future, it is fitting to recount briefly the growth of our Group which has been marked by three distinct phases of development. The Company's first ten years of existence, from 1972 to 1981, were characterized by the accelerated growth of its volume of business, accompanied by diversification, both geographical and in the fields of operations. During this period, the Group's consolidated income increased from \$3 million to \$73 million, an average growth of 37%.

The following three years, 1982 to 1984, were a period of consolidating during which we redefined our orientations. We decided to make major changes in our reinsurance underwriting policies, to cease virtually all our insurance management operations and to emphasize the development of our insurance brokerage, reinsurance

⁽¹⁾ Mr. Parizeau is President of the Sodarcanc Group.

brokerage, actuarial consulting and reinsurance underwriting sectors. During this period, the growth in our consolidated income was minimal, the increase of our brokerage income and fees having been sufficient to compensate for the decline in income from our insurance management operation. Lastly, since 1985, Sodarcan has gradually undertaken a new phase of expansion, its consolidated income in 1985 rising by more than 10%, and in 1986, by 18.5% to reach \$117 million.

174 Sodarcan has been profitable every year since its incorporation in 1972. The annual growth of its net income has accelerated since 1981 to an average of 29% between 1981 and 1985, reaching 43.7% in 1986.

The removal of barriers between financial institutions in Canada will mean profound changes in the distribution of financial services. The document tabled in the House of Commons last December 18th by the Honorable Thomas Hockin : "New Directions for the Financial Sectors", gives an idea of the nature of changes in store. While the future of certain sectors is relatively easy to predict, what lies ahead for others is less certain. As for the property and casualty industry, the entry onto the scene of new players will further accentuate the trend already begun toward the segmentation of the personal lines and small commercial risk markets, and will in all likelihood bring increased competition. Insurers and intermediaries must now begin to revise their development strategies, redefine their market niches and exercise a more efficient control on their operating costs.

As the impact of this change requires much reflection, Mr. Pierre Chouinard, Executive Vice President of Sodarcan, will now devote himself to the corporate planning of the Sodarcan Group by gradually freeing himself of his operational responsibilities in the insurance brokerage sector.

This period of reflection will not in any way hinder our growth nor affect our profitability. In the short term, we shall strive to further hone our management skills, increase our productivity and continue to make acquisitions with a view to improving our results in the sectors we seek to develop. Dale-Parizeau inc., through its subsidiaries, will continue to make acquisitions across Canada to strengthen its position in specific markets. MLH + A inc. will in-

crease its presence in Canada and le Blanc Eldridge Parizeau, inc. will pursue its development in North America.

In the same vein, we should note the acquisition of Hartog Associates Corporation, an actuarial firm in Toronto, and the opening of an actuarial consulting office in Ottawa. In addition, several major acquisitions were made over the past seven months to reinforce our insurance brokerage operations, primarily in New Brunswick and in the cities of Hull, Windsor, Toronto and Edmonton. Furthermore, our acquisition of Marine Underwriters Canada Limited has enabled us to double our volume of business in the area of marine underwriting in Canada.

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We recently sold our interests in The Albion Insurance Company of Canada, an insurance company which wrote personal lines and small commercial risks for Dale-Parizeau. In light of our corporate orientation, we could not actively develop the underwriting operations of the Albion, and therefore, preferred to sell it and put our financial resources to other uses.

To strengthen our presence in Alberta, we recently took control of The Insurance Group of Canada West Ltd. by acquiring an additional participation of 18% in the company. We have been associated with the group and, in particular, with Messrs. Jack and Gary Connauton and with Les Assurances Générales de France, for more than twelve years ; however, it was from 1981 to 1985 that Sodarcane's participation increased to more than 35%. The Insurance Group of Canada West will continue to develop its underwriting and insurance brokerage operations and related services in Alberta, remaining a separate administrative entity within the Sodarcane Group.

Several major changes in senior management have recently taken place. Mr. Claude Genest was appointed President of The National Reinsurance Company of Canada, succeeding Mr. Armand Obadia, who has decided to pursue his career in Europe. Mr. Obadia will nevertheless act as advisor to the President and will be The National Re's representative in Europe. On March 19th 1987, Mr. Mario Myre was appointed President of Dale-Parizeau inc., the functions of President and Chairman of the Board having been separated to permit Mr. Pierre Chouinard, who remains Chairman, to devote more time to the strategic planning of the Group. Succeeding Mr.

ASSURANCES

Myre as President of le Blanc Eldridge Parizeau, inc. is Mr. Raymond Gilbert, formerly General Manager of its Canadian Division.

Having attained the age of retirement set by the Groupe des Mutuelles Générales Françaises, Mr. André Lesouëf will be leaving our Board of Directors. Mr. Lesouëf has been a Board member since Sodarcan was founded and has been closely involved in the development of the Company. His vast experience has been an invaluable asset to us and we thank him for his pertinent advice and dedication to the Company.

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The financial statements we are presenting today are the fruit of teamwork often carried out in the face of very adverse market conditions. The growth of Sodarcan and its subsidiaries depends on the dedication of its personnel. Bolstered by its accomplishments and aware of the quality of its human and financial resources, it is with confidence that Sodarcan pursues its development and meets the challenges of a drastically changing environment.