



Empire Life announces September 30, 2015 interim financial results

(Kingston, ON – November 10, 2015) – The Empire Life Insurance Company (Empire Life) today reported third quarter shareholders' net income of \$22.2 million for 2015, compared to \$24.1 million for 2014. Year to date shareholders' net income was \$92.4 million compared to \$80.5 million in 2014.

(millions of dollars except per share amounts)	Third quarter		Year to date	
	2015	2014	2015	2014
Shareholders' net income	\$ 22.2	\$ 24.1	\$ 92.4	\$ 80.5
Earnings per share - basic and diluted	\$ 22.49	\$ 24.49	\$ 93.79	\$ 81.76
Return on shareholders' equity (annualized) (ROE)	8.2%	10.1%	11.7%	11.6%

The following table provides a breakdown of the sources of earnings¹ for the third quarter and year to date.

(millions of dollars)	Third quarter		Year to date	
	2015	2014	2015	2014
Expected profit on in-force business	\$ 39.7	\$ 34.0	\$116.1	\$ 98.8
Impact of new business	(7.2)	(8.4)	(21.6)	(28.3)
Experience gains (losses)	(20.8)	(2.7)	(17.6)	3.7
Management actions and changes in assumptions	-	-	-	8.0
Earnings on operations before income taxes	11.7	22.9	76.9	82.2
Earnings on surplus	17.4	8.8	43.1	22.9
Income before income tax	\$ 29.1	\$ 31.7	\$120.0	\$ 105.1
Income taxes	6.9	7.6	27.6	24.6
Shareholders' net income	\$ 22.2	\$ 24.1	\$ 92.4	\$ 80.5

Shareholders' net income and ROE were lower relative to 2014 for the third quarter due to lower profit from the Individual Insurance product line. The decreased profit from this product line primarily resulted from experience losses including a \$5.7 million loss from strengthening asset default reserves due to a ratings agency downgrade of Province of Ontario issued debt.

Shareholders' net income and ROE were higher relative to 2014 for the year to date primarily due to growing profit on in-force Wealth Management business and increased earnings on surplus.

The Wealth Management product line's improved result was primarily due to the growth in segregated fund management fees and growth in segregated fund guarantee fees related to guaranteed minimum withdrawal benefit (GMWB) products. Despite the recent drop in stock markets, many of Empire Life's segregated funds have performed well. The improvement in fee income relative to the first nine months of 2014 was primarily due to positive segregated fund net sales in the last 12 months, product price increases and the positive impact of the above mentioned segregated fund performance. Earnings on surplus improved primarily due to increased gains on the sale of bonds.

¹ See non-GAAP Measures

The impact of new business improved, relative to 2014 primarily due to lower third quarter and year to date segregated fund sales and lower Wealth Management expenses. Experience losses occurred in 2015 primarily related to unfavourable surrender and lapse experience, investment experience and mortality experience, which negatively affected the Individual Insurance product line. In 2014 experience gains and losses netted to low amounts as gains from surrender and lapse experience were offset by losses from downward movement of interest rates which affected the Individual Insurance product line.

The gain from management actions in 2014 resulted from a favourable settlement on a lawsuit which resulted in a gain for Empire Life.

Other Results (compared to third quarter 2014 unless indicated otherwise)

- Assets under management¹ (including segregated fund and mutual fund assets) increased 7% over September 30, 2014 levels to reach \$14.0 billion.
- Third quarter net premium revenue increased by 0.1% to \$209 million as growth in Individual Insurance and Employee Benefits was partly offset by weak demand for fixed interest deferred annuity products.
- Third quarter fee income increased by 13% to reach \$54 million primarily due to strong growth in segregated fund management and guarantee fees.
- Third quarter segregated fund gross sales¹ decreased 15% primarily due to closing an existing product line to new policyholders and launching a completely new product line.
- Third quarter Individual Insurance annualized premium sales¹ decreased 3% primarily due to decreased sales of term products.
- Third quarter Employee Benefit annualized premium sales¹ weakened by 6% primarily due to weak economic conditions in Canada.
- Empire Life's Minimum Continuing Capital and Surplus Requirements (MCCSR) ratio was 202% (September 30, 2015) compared to 202% (June 30, 2015) as increased available capital from net income was offset by increased required capital primarily related to segregated funds.

Non-GAAP Measures

The Company uses non-GAAP measures including source of earnings, annualized premium sales, assets under management, mutual fund gross and net sales and segregated fund gross and net sales to provide investors with supplemental measures of its operating performance and to highlight trends in its core business that may not otherwise be apparent when relying solely on International Financial Reporting Standards financial measures. The Company also believes that securities analysts, investors and other interested parties frequently use non-GAAP measures in the evaluation of issuers.

Additional Information

The information contained in this document concerning the third quarter of 2015 is based on the unaudited interim financial results of Empire Life for the period ended September 30, 2015. Additional information about Empire Life can be found in our long-form non-offering prospectus dated August 5, 2015 and our financial filings for the second quarter of 2015. These documents are filed with the Ontario Securities Commission and are available at www.sedar.com.

About Empire Life

Empire Life is a subsidiary of E-L Financial Corporation Limited. Since 1923, Empire Life has provided competitive individual and group life and health insurance, investment and retirement to Canadians. Our mission is to make it simple, fast and easy for Canadians to build wealth, generate income and get the insurance and group benefits coverage they need. As of June 30, 2015 Empire Life had total assets under management of \$14.2 billion. Follow Empire Life on Twitter @EmpireLife or visit our website, www.empire.ca for more information.

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¹ See non-GAAP Measures

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¹ See non-GAAP Measures