

finds (a) a favoring of revenue bonds and (b) a preference for high-grade bonds with long maturities.¹⁸

Life insurance companies have evidenced a somewhat larger investment interest in municipal securities, which accounted for 3.1 percent of assets in 1961. But since, then there has been a noticeable dropoff in both municipal security investments and year-end holdings, with the latter falling to 2.2 percent at the end of 1965.¹⁹ Most life insurance company acquisitions of municipal securities have been in the form of revenue bond purchases (because of the higher yields), with most of the maturities in the 20 to 40 year range. A survey of individual companies indicated that bond ratings do not have a major influence on their municipal security purchases, nor do intended use of proceeds or geographical location of borrower.

TABLE 1.—*Holdings of State and local government obligations by investor groups, 1946-75*

[Dollar amounts in billions]

Investor group	Yearend holdings				Percent change		
	1946	1955	1965	1975	1946-55	1955-65	1965-75
1. Commercial banks.....	\$4.4	\$12.7	\$38.7	\$107.5	189	205	178
2. Mutual savings banks.....	.1	.6	.3	.4	500	(-50)	33
3. Life insurance companies.....	.6	2.0	3.5	3.8	233	75	9
4. Fire and casualty insurance companies.....	.2	4.2	11.4	21.4	2,000	171	88
5. State and local retirement funds.....	.8	2.7	2.6	.5	238	(-4)	(-81)
6. State and local governments.....	1.6	2.5	2.1	1.1	56	(-16)	(-48)
7. Municipal bond investment funds.....	(1)	(1)	.2	2.6			1,200
8. Personal trust funds.....	3.0	6.7	13.2	33.0	123	97	150
9. Other financial institutions.....	.8	.9	1.6	2.2	13	78	38
10. Other corporations.....	.3	1.2	3.6	6.0	300	200	67
11. Federal credit agencies.....	.4	.7	2.8	5.4	75	300	93
12. Individuals and others.....	3.4	10.6	20.0	27.1	212	89	36
Total ²	15.6	44.8	100.0	211.0	187	123	111

¹ Nonexistent, 1946-60.

² Totals may not equal sum of figures due to rounding.

Source : Supplement tables C4 and D1.

¹⁸ See ch. 22.

¹⁹ See ch. 23.