

The increasing share of total assets held by stock companies was in part accounted for by the considerably greater growth in the number of these companies as compared with that of mutual companies, as shown by the following table. As a practical matter, newly formed companies almost invariably begin business as stock companies.

Number of U.S. life insurance companies classified as to mutual or stock companies

End of year	Mutual	Stock	Total
1945.....	99	374	473
1950.....	142	507	649
1955.....	165	942	1,107
1960.....	155	1,280	1,441
1965.....	152	1,474	1,626

Source: Institute of Life Insurance.

About 95 percent of the assets of life insurance companies are represented by investments, and the bulk (82 percent of assets at end of 1965) are held in bonds and mortgages of a wide variety of borrowers. Data on the acquisitions and holdings of various classifications of investments are regularly available from industry sources. Investments in State and local government obligations are regularly set out in these aggregative data, but investments in the obligations of private, nonprofit organizations are not identifiable but are included with miscellaneous securities or with mortgage loans. The amount of State and local government bonds held by all life insurance companies at the end of each year, 1946-65, and their proportion of total assets are provided in table 1. As may be seen, municipal bond holdings of the business increased both in absolute amount and as a proportion of assets through 1961. Thereafter, the amount of these bond holdings increased for an additional year but at a lower rate than total assets and then decreased for 3 consecutive years. The holdings of State and local government bonds are widely dispersed among life insurance companies and usually comprise a smaller proportion of assets of large companies than they do of smaller companies. Despite this dispersion, it was thought that sufficiently representative views of the business could be obtained through a survey of a limited number of life insurance companies, selected on the basis of their holding fairly sizable amounts of State and local government obligations. Accordingly, a questionnaire was sent by staff of the Joint Economic Committee in April 1966 to a selected group of companies. Usable and systematic replies were received from 18 companies. These companies accounted for about 48 percent of assets of all U.S. life insurance companies. A summary of responses of this sample group of life insurance companies is provided below.