

B. PORTFOLIO CONSIDERATIONS

1. PROPORTION OF ASSETS

The pattern of holdings of municipal bonds as a proportion of assets over the 20 years varied considerably among the sample companies. Two of them showed the highest proportions at the end of 1964 or 1965; their lows had been in 1946 for one company and in 1951-52 for the other. On the other hand, 1965 showed the lowest proportions for three of the companies; for these the highs had been in 1948 and 1949 and, in fact, the dollar investment in municipals was less at the end of 1965 than at end-1946 for two of these companies. The year of highest proportionate investment (but not largest dollar amount) for other companies was shown as 1956, 1959, 1961, and 1964. The magnitude of a "high" proportion varied with size of company: about 3.5 percent for a very large company and 35 percent for one of the smaller companies in the group.

Holdings of obligations of nonprofit organizations appeared as a growing, but small, fraction of assets for most of the companies making these investments. (Several of the smaller companies within the sample group had made few, if any, investments in these obligations.)

Some of the sample companies provided only the proportions requested, but 15 also provided the dollar amounts of holdings of municipals and nonprofit organization obligations. These aggregates are provided in table B-1. The 15 companies represented 43 percent of assets of all U.S. life insurance companies but only 33 percent of the holdings of municipals at the end of 1965. From 1946 through 1952, however, these 15 companies had accounted for over 50 percent of municipals held by all life insurance companies (the latter are provided in table 1 of the introduction). Among the 15 companies, 8 also provided the dollar amounts of either invested assets (including cash) or total assets. (Invested assets comprise the bulk of total assets for life insurance companies.) These eight companies accounted for 22 percent of assets and 19 percent of municipal holdings of all life insurance companies at the end of 1965; their data are the only available to provide some indication of the pattern of holdings of obligations of nonprofit organizations relative to assets. (As noted earlier, there are no industry data on such obligations.) As may be seen from table B-1, the holdings of the 15 companies of obligations of nonprofit organizations increased over the period to total \$550 million at the end of 1965, or 0.8 percent of total assets (the same proportion as for the 8 companies).