TABLE V-1.—GROWTH IN LIFE INSURANCE ASSETS AND PENSION RESERVES, 1940-65

Yearend	Increase in total assets (billions) (1)	Increase in pension reserves (billions) (2)	(2) divided by (1)[1] (percent) (3)
1940	$1.6	$0.2	13
1945	3.7	.4	09
1950	4.4	.8	18
1955	5.9	1.3	22
1960	5.9	1.3	22
1961	7.2	1.4	19
1962	6.5	1.4	21
1963	7.8	1.7	21
1964	8.3	2.0	23
1965	9.4	2.1	22

Source: Computed from Institute of Life Insurance, "Private and Public Pension Plans in the United States," and "Life Insurance Fact Book."

[1] Computed before rounding.

The reason that assets increased less than insurance in force is that the saving component in the contract mix fell. For example, the proportion of endowment policies decreased from about 15 percent of individual life insurance in force in 1950 to 7 percent in 1962.[2] Group insurance, meanwhile, increased its share of the total (exclusive of credit life insurance) from 21 percent to 33 percent. Another view of the same trend is visible from the flow-of-funds accounts of the Federal Reserve System. If the increase in life insurance reserves is expressed as a fraction of total financial assets acquired by households, the proportion falls rather continuously from 21 percent in 1946, the first year for which data are available, to 10 percent in 1964 and 1965.

TABLE V-2.—LIFE INSURANCE GROWTH RATES, 5-YEAR PERIODS, 1940-65

[In percent]

	Insurance in force[1]	Total assets	Total assets less pension reserves
1940-45	5.6	7.8	7.2
1945-50	8.7	7.4	6.7
1950-55	8.2	7.2	6.3
1955-60	9.2	5.7	5.0
1960-65	8.7	5.8	5.5

[1] Excludes credit life insurance.

Some loss of market share in the saving field suffered by life insurance companies has not been accepted with equanimity. To regain their former position, managements are emphasizing the sale of ordinary life contracts in intensified sales efforts. But, more importantly, for the particular concerns of this study, a strenuous effort is being made to regain lost ground in the pension area, as more fully treated below.

Portfolio Composition

Although the life insurance industry has participated actively in practically all segments of the capital markets, it has become the dominant institutional lender in two areas: directly placed long-term loans to business and mortgages on commercial and industrial prop-

[2] Institute of Life Insurance.