of retirement income is not completely divorced from insurance. Many insurance policies provide not only for payment on death of the policyholder but also, as an alternative, for payment of a lump sum or an annuity to the policyholder should he survive to a specified age. Also, many insurance policies taken out principally for the protection of dependants are surrendered at advanced ages and the proceeds are used to provide retirement income when the need for dependants' protection has decreased or disappeared.

The annuity business of life insurance companies falls into two categories—annuity contracts issued to individuals and annuity contracts providing benefits to the members of a group. The most common example of the use of the latter is the issuance of a group contract to an employer to provide retirement annuities to his employees. There has been a rapid increase in the annuity business over the years but particularly in the group annuity category and the growth of employer-employee pension plans is principally responsible for this increase. Income tax concessions granted in favour of organized pension plans have encouraged the growth of group annuities but, until recently, no such incentive existed for individual annuities.

The number of individual annuity contracts in force at the end of 1962 under which the payment of benefit has not yet started was 96,692, and the gross annual payment provided for under such contracts amounted to $52,000,000. Individual vested contracts numbered 21,627 providing annual payments of $13,000,000. Corresponding figures for 1952 were $38,000,000 and $6,000,000, respectively. Under group annuities, the number of contracts in force at the end of 1962 was 8,276, covering some 536,886 individuals. The annual payment provided for on the basis of current contributions to vesting date was $758,000,000. The corresponding figures for 1952 were 2,026 contracts covering 207,839 individuals with an estimated annual payment of $217,000,000.

The figures of amounts of insurance in force give an indication of the volume and growth of the business and indicate also the potential benefits to policyholders or other beneficiaries. The actual benefit payments year by year are also of interest. Although the principal purpose of life insurance policies is to provide a benefit payable on the death of the policyholder, nevertheless life insurance policies in use are of great variety and many provide benefits to policyholders that are not limited to a payment on death. Endowment policies provide for payment of the face amount at a specified time; nearly all policies provide for the payment of cash surrender values if the policy is terminated prior to maturity; some policies provide for payments to be made on disability of the policyholder; and many policies provide for the payment of dividends based upon the profits of the company. Amounts paid to policyholders or beneficiaries in 1962 under policies in Canada by federally registered companies, with an indication of the nature of the payment, were as follows:—

Type of Benefit	*Amount*	*Type of Benefit*	*Amount*
	$		$
Death benefits	230,746,890	Surrender benefits	175,746,797
Maturity benefits	50,154,364	Annuity benefits	36,117,936
Disability benefits	6,570,931	Dividends	139,644,287

The extent to which the 'savings' element of life insurance contracts is made use of by policyholders is illustrated by the fact that cash surrender values paid on termination of policies amounted to $176,000,000 compared with death benefits of $231,000,000.

The funds available to meet these payments to policyholders arise from premium payments and from interest earned by the companies on their portfolio of investments. Premium payments to federally registered companies for life insurance and for annuities in Canada during 1962 amounted to $1,028,000,000 (life insurance premiums, $807,000,000 and annuity premiums, $221,000,000) and investment income amounted to $598,000,000. Taking federal and provincial companies and societies together, the insurance premiums in Canada in 1962 amounted to $873,000,000. These income items must be used to meet policy claims, to provide any necessary increase in reserves and to meet expenses.