The total premium income has been increasing year by year, as would be expected after noting the increase in the insurance in force. Life insurance premiums and annuity premiums received by federally registered and provincially licensed companies represented 3.83 p.c. of personal disposable income in Canada in 1962. This ratio reached a high of 7.99 p.c. in 1933, dropped steadily to about 3.4 p.c. in 1942, 1943 and 1944, and has since varied irregularly between a minimum of 3.18 p.c. in 1952 and a maximum of 3.97 p.c. in 1961. There is no very clear trend in recent years, although a gradual but irregular increase has occurred since 1952. In view of the growth in personal savings as a proportion of disposable income, it might have been expected that life insurance premiums would grow even faster than they have. The rapid growth in other savings media together with a swing toward lower premium plans of insurance has evidently reduced to some extent the relative importance of life insurance in the savings field.

The extent to which life insurance companies act as a medium for savings and investment is illustrated by great growth in their assets. Although these funds are referred to as being assets of the companies and are in fact owned by the companies, they are, for the most part, much in the nature of trust funds since the companies are required by law to hold the major portion of such funds in reserve against future liabilities. The investment of these funds forms an important part of the activities of life insurance companies and, of course, has an important effect on the economy of the country. At the end of 1962, federally registered Canadian life insurance companies had assets amounting to $9,800,000,000 applicable to their life insurance business. Of this amount, 45 p.c. was invested in bonds, 6 p.c. in stocks (preferred 1.55 p.c. and common 4.11 p.c.), 38 p.c. in mortgage loans, 3 p.c. in real estate, 5 p.c. in policy loans and the remainder in other minor categories. Of the total amount, the assets invested in Canadian securities and mortgages amounted to $5,900,000,000. British and foreign companies transacting insurance in Canada maintain assets on deposit with the Minister of Finance or vested in trust with Canadian trust companies amounting to $2,200,000,000. Of this amount, 69 p.c. was in bonds, 3 p.c. in stocks and 27 p.c. in mortgages. Almost all of these investments are in Canadian securities.

The recent growth in the assets of federally registered life insurance companies is shown in the following statement.

Year	Total Assets	Year	Total Assets
	$'000,000		$'000,000
1950	4,612	1958	7,583
1952	5,207	1960	8,610
1954	5,872	1962	9,812
1956	6,670		

The change in the distribution of these assets from 1950 to 1962 was as follows:—

Type of Investment	1950	1962	Type of Investment	1950	1962
	p.c.	p.c.		p.c.	p.c.
Bonds	66	45	Policy loans	5	5
Stocks	6	6	Other	4	3
Mortgage loans	18	38	Totals	100	100
Real estate	1	3			

The most significant change during the period was the reduction in the proportion of assets invested in government bonds and the increase in the proportion invested in mortgage loans. Mortgage loans are a particularly suitable investment for life insurance companies since they are usually of long term and they produce a fixed interest yield; this enables an insurance company to undertake the long-term interest commitments involved in issuing life insurance and annuity contracts.