

exchange rate of the Canadian dollar within the 1% parity band prescribed by the IMF for the time being. The movements of the US dollar in Canadian funds from January 1965 to December 1972 are shown in Table 19.24. Details of Canada's official international reserves and exchange fund account are presented in Table 19.25.

19.2.4 The bond market

Sales of Canadian bonds. A net total of \$6,514 million was raised in the bond market by all three levels of government in Canada as well as Canadian corporate borrowers in 1971, about \$650 million more than that raised in 1970. Major bond borrowers were the Government of Canada and provincial governments, recording net new issues of \$2,531 million and \$2,253 million, respectively.

The \$2,253 million of new issues of provincial governments included \$915 million purchased by the Canada Pension Plan Investment Fund and about \$174 million through the Quebec Pension Plan. Net new market issues of municipal government bonds amounted to \$199 million. Corporations resorted to bond financing to the extent of \$1,475 million and other institutions had net new issues in 1971 of \$56 million.

Government of Canada bonds for terms of ten years and over yielded 6.56% at the end of December 31, 1971 compared to 6.99% a year earlier. Comparable figures for provincial issues were 7.75% and 8.25%, and for those of municipalities, 7.85% and 8.74%.

There was an increase of \$188 million in finance and loan company paper, and of \$8 million in bankers' acceptances in 1971. Yields on 90-day finance company paper at 4.32% at the end of 1971 were considerably lower than the 5.50% a year earlier.

Bonds outstanding. Total government and business bonds outstanding at the end of 1971 amounted to \$77,034 million, an increase of 9% over 1970 and 48% since 1966. In the 1966-71 period, the largest increase was one of 77% in the bonded debt of provincial governments. This increase includes issues held in the Canada Pension Plan Investment Fund and the Quebec Deposit and Investment Fund since the inception of the plans in 1966. Corporate bonds outstanding increased by 49% and municipal government bonds by 24% between 1966 and 1971 (Table 19.26).

Distribution of bond holdings. Table 19.27 shows the estimated distribution as at December 31, 1971 of government and corporate bonds among the major purchasers of securities. Governments and the financial institutions specified in the Table held more than one half of the total; of the remainder, non-residents held about 19% and all other residents held 28%. Of the 28%, however, 13% was made up of Canada Savings Bonds. The largest identified holders of bonds were chartered banks with 12% of total, trustee pension plans with 8% and life insurance companies with 7%.

19.3 Insurance

Insurance business is transacted in Canada by about 900 companies and societies. All of them are licensed or registered by provincial insurance authorities; at the end of 1971, 435 were also registered by the federal Department of Insurance. Details of the classes of insurance each company or society is authorized to transact and statistical information may be found in the various published reports of the individual superintendents of insurance for the provinces. Financial statistics of the federally registered companies and fraternal benefit societies are published in the annual three-volume *Report of the Superintendent of Insurance for Canada*.

19.3.1 Life insurance

Total life insurance in force in Canada at the end of 1971 amounted to \$133,345 million of which about 92% was written by federally registered companies and fraternal benefit societies. The remainder was written by companies and societies that were provincially licensed only.

At the end of 1971, 134 companies were registered by the federal Department of Insurance to transact life insurance (50 Canadian, 13 British and 71 foreign). There were also 46 registered fraternal benefit societies (15 Canadian and 31 foreign).

The business of federally registered companies in Canada grew from \$91 million in 1880 to \$121,891 million at the end of 1971. Table 19.28 gives figures since 1880 for amounts of new insurance effected during the indicated year and an analysis of amounts in force at the end of the year among Canadian, British and foreign companies. Canadian companies reported an additional \$35,275 million amounts in force out of Canada at the end of 1971.