

CORRESPONDENCE

28 ST. ANDREW SQUARE,
EDINBURGH, 2. 7th July 1948.

The Editor,

Transactions of the Faculty of Actuaries.

DEAR SIR,

Referring to Mr. A. C. Murray's letter of 20th November 1944, published on page 226 of Volume XVII of the *Transactions*, at his suggestion I have arranged for the calculation of the percentages invested in different classes of securities by the ten Life Offices concerned to be brought up to date. The figures are given in the Table herewith and correspond to those in the appendix to Mr. Murray's paper "The Investment Policy of Life Assurance Offices" (*T.F.A.*, vol. xvi. p. 263).

The original Tables from 1871 to 1935 were based on balance sheets made up on dates varying throughout the calendar year, and the percentages given at 5-year intervals include the figures from accounts made up at the end of the preceding year with those from accounts closing in the first six months of the year to which the column refers. As all ten Offices' financial years now coincide with the calendar year, it has been considered more appropriate to describe the columns by reference to the date to which the balance sheets are made up. In the Table the first column headed "31 December 1943" is that formerly referred to as "1944," which is repeated here for reference.

The exchange of railway and other securities for British Transport Stock on 1st January 1948 materially affected the distribution of the investments of British Life Assurance Offices and, where this was not available in the Offices' published accounts, information has been obtained from their managements to enable the effect of the transport nationalisation on the percentages as at 31st December 1947 to be shown. I am indebted to the managements of these Offices for their courtesy in making the figures available to me.

Yours faithfully,

C. M. GULLAND.

PERCENTAGES OF TOTAL ASSETS OF TEN LIFE OFFICES
INVESTED IN DIFFERENT CLASSES OF SECURITIES

| | 31 Dec. 1943 | 31 Dec. 1944 | 31 Dec. 1945 | 31 Dec. 1946 | 31 Dec. 1947 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| British Government Securities | 28·2 | 31·2 | 34·8 | 31·2 | 21·0* |
| Indian and Colonial Government Securities | 3·1 | 2·5 | 1·9 | 1·3 | 1·4 |
| Indian and Colonial Provincial Securities | ·1 | ·1 | ·1 | ·1 | ·0 |
| Indian and Colonial Municipal Securities | ·9 | ·7 | ·6 | ·5 | ·3 |
| Foreign Municipal Securities | ·1 | ·0 | ·0 | ·0 | ·0 |
| Foreign Government and Provincial Securities | 1·1 | 1·1 | 1·0 | ·7 | ·6 |
| Railway and Other Debentures and Debenture Stocks—Home and Foreign | 13·7 | 13·3 | 12·8 | 13·4 | 15·2* |
| Railway and Other Preference and Guaranteed Stocks | 10·1 | 10·4 | 10·5 | 13·4 | 17·3* |
| Railway and Other Preferred Ordinary and Ordinary Stocks and Shares | 9·3 | 9·4 | 10·2 | 13·0 | 16·2* |
| Loans on Rates, Municipal and County Securities and Public Boards—United Kingdom | 7·4 | 6·8 | 5·8 | 5·7 | 6·0* |
| Life Interests and Reversions and Loans thereon | 2·4 | 2·3 | 2·1 | 2·0 | 1·9 |
| Loans on Stocks and Shares | ·2 | ·3 | ·2 | ·2 | ·2 |
| Loans on Policies within their Surrender Values | 3·2 | 2·8 | 2·5 | 2·1 | 1·9 |
| Loans on Personal Security | ·2 | ·1 | ·1 | ·1 | ·1 |
| Mortgages on Property within the United Kingdom | 11·9 | 11·2 | 10·1 | 8·8 | 8·8 |
| Mortgages on Property out of the United Kingdom | ·2 | ·2 | ·1 | ·1 | ·1 |
| Rent Charges, Freehold and Leasehold Ground Rents, etc. | 1·7 | 1·7 | 1·6 | 1·6 | 1·5 |
| House Property | 4·0 | 3·8 | 3·5 | 3·2 | 3·6 |
| Cash, Deposits and Bank Balances | ·6 | ·4 | ·4 | ·7 | 1·7 |
| Miscellaneous | 1·6 | 1·7 | 1·7 | 1·9 | 2·2 |
| | <u>100·0</u> | <u>100·0</u> | <u>100·0</u> | <u>100·0</u> | <u>100·0</u> |

* NOTE.—The effect of the inclusion of British Transport Stock, to be issued on 1st January 1948, with British Government Securities as at 31st December 1947 is as follows :—

| | <i>Adjustment in Percentages</i> | <i>Adjusted Percentages as at 31 Dec. 1947</i> |
|--|--|--|
| British Government Securities | +8.3 | 29.3 |
| Railway and Other Debentures and Debenture Stocks—Home and Foreign | -2.6 | 12.6 |
| Railway and Other Preference and Guaranteed Stocks | -3.9 | 13.4 |
| Railway and Other Preferred Ordinary and Ordinary Stocks and Shares | - .7 | 15.5 |
| Loans on Rates, Municipal and County Securities and Public Boards—United Kingdom | -1.1 | 4.9 |