

bonus loadings. A change to high rates of interest should be reflected by improved bonuses from the higher investment income from new investments. Attempting to invest over-long would be unnecessary and, in fact, very unwise—"paid-up immunisation" would be ideal—and full paid-up values could be granted without danger. Switching should then provide no advantage.

The impression gained from the paper is that too much emphasis is laid on the "bonus reserve" as defined in the paper (i.e. bonus loadings received less value of bonuses already cashed or existing as guaranteed benefits) as if this relatively small amount is required to offset the combined effects of switching in times of high interest rates and of an unsuitable investment policy. The real protection of with-profits business lies in the *future* bonus loadings as an offset to low rates of interest. I cannot pursue here the related questions of valuation and bonus policy (or indeed of the bonus system itself), but I hope that I have made clear the reasons why Bayley and I think that certain ideas and justifiable fears relating to without-profits business have no place in relation to with-profits business which after all is the only sound foundation for life assurance and deferred annuity business by periodical premiums in variable conditions.

Yours very truly,

WILFRED PERKS.

28 ST. ANDREW SQUARE,  
EDINBURGH 2, 11th November 1955.

The Editor,  
*T.F.A.*

Dear Sir,

With reference to my letter of 13th September 1954 (*T.F.A.* 23, page 82) the table herewith gives the percentages invested in various classes of security as at 31st December 1954 by the ten life offices in respect of which similar figures were given in the appendix to Mr. A. C. Murray's paper "The Investment Policy of Life Assurance Offices" (*T.F.A.* 16, page 263). The percentages as at 31st December 1953 are given for comparison.

Yours faithfully,

C. M. GULLAND.

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

	31 Dec. 1953	31 Dec. 1954
1. British Government securities . . . . .	28.0	28.8
2. Commonwealth (other than U.K.) government securities . . . . .	1.5	1.4
3. Commonwealth (other than U.K.) provincial securities . . . . .	.0	.0
4. Commonwealth (other than U.K.) municipal securities . . . . .	.2	.2
5. Foreign municipal securities . . . . .	.0	.0
6. Foreign government and provincial securities . . . . .	1.1	.6
7. Debenture and debenture stocks . . . . .	12.3	12.4
8. Preference and guaranteed stocks and shares . . . . .	10.4	10.8
9. Ordinary stocks and shares . . . . .	20.2	21.0
10. Loans on rates, municipal and county securities and public boards—U.K. . . . .	2.6	2.2
11. Life interests and reversions and loans thereon . . . . .	2.3	2.2
12. Loans on stocks and shares . . . . .	.1	.1
13. Loans on policies within their surrender values . . . . .	1.9	1.8
14. Loans on personal security . . . . .	.0	.0
15. Mortgages on property within the United Kingdom . . . . .	10.9	10.3
16. Mortgages on property out of the United Kingdom . . . . .	.0	.0
17. Rent charges, freehold and leasehold ground rents, etc. . . . .	1.4	1.3
18. House Property . . . . .	4.5	4.5
19. Cash, deposits and bank balances . . . . .	.6	.5
20. Miscellaneous . . . . .	2.0	1.9
	<u>100.0</u>	<u>100.0</u>