

ACCOUNTS.

I attach the account (No. 1) prescribed by the 29th section of "The Government Annuities Act, 1869," and also a statement of the receipts and expenditure of the department, in accordance with the form of account prescribed by law for private Insurance Companies. The income for the year from all sources amounts to £45,734 14s. 5d., and the excess of receipts over disbursements is £30,303 16s. The balance at the credit of the department on the 30th June last is £67,105 9s. 8d.

A summary of the policies discontinued since the establishment of the department is given in the following table :—

How Discontinued.	No. of Policies.	ASSURANCE BRANCH.		No. of Policies.	ENDOWMENT BRANCH.		No. of Policies.	ANNUITY BRANCH.	
		Sum Assured.	Annual Premiums.		Sum Assured.	Annual Premiums.		Amount of Annuity per Annum.	Annual Premiums.
By Death or Maturity.	31	£ 13,800	£ s. d. 457 14 11	...	£ ...	£ s. d.	£ s. d. ...	£ s. d. ...
„ Surrender.	5	3,200	88 3 3	1	100	4 11 6	1	50 0 0	21 5 0
„ Lapse.	470	130,050	3,760 9 7	6	700	38 5 5
	506	147,050	4,306 7 9	7	800	42 16 11	1	50 0 0	21 5 0

Making a total of 514 policies, assuring £147,850; discontinued from all causes since the establishment of the department to the 30th June, 1874, which is less than 12 per cent. on the number of policies issued.

CONSOLIDATING AND AMENDING ACT.

At your request, I prepared, with the assistance of the Attorney-General, a Consolidating and Amending Insurance Bill. The chief amendments are,—

1. The power of making loans to policy-holders upon the security of the surrender value of their policies.
2. The investment of Insurance funds in securities of New Zealand, or of the United Kingdom, or of the Australasian colonies, issued under the authority of the Parliaments of the said countries respectively, or in any provincial or municipal securities in New Zealand issued under Parliamentary authority.
3. The requirement of a quinquennial Actuarial investigation and valuation of the business of the department, and of the publication of annual accounts, in the form required by law from private Insurance Companies.
4. The distribution of clear profits, when ascertained by actual calculation, after the deduction of a sufficient reserve similarly ascertained, among holders of policies, in accordance with resolutions to be passed by both Houses for regulating that distribution. The calculation to be made at the time of the second and subsequent quinquennial Actuarial investigations.

As this Bill is now under the consideration of the Legislature, I refrain from remark on these proposed changes, beyond stating generally that I believe their adoption would be conducive to public interests.

There is another subject of importance to which I would call attention. It is obvious that, in order to secure fully the beneficial object of State Insurance, its operation should be extended to the mass of the community. Experience every day shows that in the poorer classes, of which that mass is constituted, the want of posthumous provision for the support of families is a prolific cause of destitution, ignorance, and crime. The aim should be to facilitate the insurance of the multitude who live from hand to mouth, and who are practically unable to lay by savings for the payment of premiums at long intervals. In pursuance, therefore, of that aim, it is advisable to make arrangements for enabling weekly payments to be made, thus rendering this institution as accessible as possible, and extending its benefits to the large majority whose adoption of it is of vast social importance, but who otherwise would not generally adopt it. Actuated by these views, I have caused a special table to be prepared, under which weekly payments will secure life insurances for sums not exceeding £200. I propose that for the present the use of this table should be confined to members of Friendly Societies, whose co-operation will be invited. The rates are higher than under existing tables, in order to meet the necessarily greater expenditure incurred in the collection of weekly premiums, and the greater risk of loss from lapses; but the facilities of payment given to insurers will, it is expected, far outweigh, as experience has shown elsewhere, this excess. As this proposal has met with your approval, I trust that the table and the regulations accompanying it may soon come into force. The proposal, I may observe, is in the direction pursued with unparalleled success in the United Kingdom by the Prudential Assurance Company in its Industrial Branch.