

1881.
NEW ZEALAND.

GOVERNMENT INSURANCE COMMISSIONER
(REPORT FOR THE YEAR ENDED 30TH JUNE, 1881, OF THE.)

Prepared for Presentation to the General Assembly in pursuance of Section 41 of "The Government Insurance and Annuities Act, 1874."

Government Insurance Office, Wellington, 27th August, 1881.

IN accordance with the provisions of the statute, I have the honor to Report as follows on the business of this Department for the financial year ended 30th June, 1881, and to submit the annual accounts of the office for the same period.

NEW BUSINESS.

The new business completed during the year has been effected in the face of a more than usually keen competition on the part of foreign offices, and also of repeated misrepresentations to which the Department has been subjected with respect to its position and prospects. The report of the Consulting Actuaries, which has now arrived from London, showing the profits obtained in the first ten years of the existence of the Department, affords perhaps the best refutation of the mistaken statements alluded to.

New proposals for the twelve months to 30th June last, numbered 2,306 for a total sum of £735,920. Of these, 516 were either declined by the Department or were not completed by the proposers, and the remainder, numbering 1,790 proposals, became policies insuring the sum of £550,351, and representing a new premium income of £19,288 12s. 10d. In the subjoined table the particulars of this new business will be found narrated:—

Class.	No. of Policies.	Sum Assured.	Single Premiums.	Annual Premiums.
		£	£ s. d.	£ s. d.
Assurance	1,784	550,026	967 0 3	17,502 0 10
Endowment	4	325	56 10 11	13 0 10
Annuity	2	£73 19s. 4d. per annum	750 0 0	...
Total	1,790	550,351	1,773 11 2	17,515 1 8
Add Single Premiums ... ..	...	...	...	1,773 11 2
TOTAL NEW PREMIUMS				£19,288 12 10

MORTALITY AND CLAIMS.

Death-claims which accrued in the year embraced 80 policies, and arose from the death of 70 insured persons. They amounted in all to £28,425. Among the number of claims are included 14, which arose from 13 deaths by accident, 9 of which were deaths by drowning, and of this last-mentioned number 4 persons (holding policies for an aggregate amount of £2,000) perished in the wreck of the steamship "Tararua" in April last; 2 of the claims were caused by the suicide of the policy-holders. The ratio of mortality continues greatly under the average expectancy

POLICIES DISCONTINUED.

The table given below shows larger numbers than in former years, partly as a consequence of the growth of the numbers insured, and partly owing to the general depression experienced in the colony, and the other causes already spoken of, producing a greater than usual proportion of lapses, chiefly through inability of policy-holders to maintain their policies in force.

Mode of Termination.	No. of Policies.	Assurance Policies.		No. of Policies.	Endowment Policies.		No. of Policies.	Annuity Policies.		No. of Policies.	Industrial Policies.	
		Sum Assured.	Annual Premiums.		Sum Assured.	Annual Premiums.		Amount of Annuity.	Annual Premiums.		Sum Assured.	Annual Premiums.
By death ...	80	£ 28,425	£ 938 s. d. 8 10	...	£ ...	£ ... s. d. ...	...	£ ...	£ ... s. d. ...	...	£ ... s. d. ...	£ ... s. d. ...
„ maturity ...	1	100	9 10 3	6	655	50 14 8	...	...	...	...	...	...
„ surrender ...	143	60,901	2,117 1 8	3	400	19 0 10	...	...	...	...	...	...
„ lapse ...	795	265,678	7,853 4 0	2	200	10 16 6	...	...	...	...	...	...
„ expiry ...	6	3,650	369 16 4	1	200	12 5 0	...	...	...	...	...	...
„ reduction ...	...	8,300	273 4 9	...	...	...	...	...	...	...	...	...
„ cancellation ...	2	850	22 17 2	...	...	...	...	...	...	...	...	...
„ transfer to ordinary branch ...	...	..	...	...	..	...	...	..	..	11	1,064 3 0	39 0 0
Total decrease	1,027	367,904	11,584 3 0	12	1,455	92 17 0	...	..	...	11	1,064 3 0	39 0 0

TOTAL BUSINESS.

At the close of the year now reported on, there were in force 12,447 policies, assuring a sum of £4,355,777.

ACCOUNTS.

The accounts for the year in the form prescribed by regulation, and certified by the Audit Office, are appended to this report. These accounts show the income of the Department for the year from all sources (including £208 15s. 6d. received in the Industrial Branch) to be £156,824 5s. 11d., giving an increase on the year's income of £10,371 14d. 8d. as compared with the year preceding.

ACCUMULATED FUNDS AND THEIR INCREASE.

The funds of the Department, which are promptly invested as they accrue, amounted at the end of the year to £557,230 11s. 10d., being an increase of £97,894 14s. 10d. since 30th June, 1880. The interest received on the invested funds for the twelve months amounted to £26,505 13s. 7d., or within £2,000 of the sum payable for the death-claims arising for the same period. The rapid advance of the accumulated fund year by year is a noticeable feature in the history of the office.

The following figures (which omit fractional parts of a pound) will show how these accumulations have grown during the past six years :—

Year ended 30th June.	Amount of Funds.	Increase on previous Year.
1876	£153,717	£43,750
1877	219,394	65,677
1878	292,523	73,129
1879	371,889	79,366
1880	459,335	87,446
1881	557,230	97,895

In the three years ended on 30th June, 1881, the Funds at the credit of the Department have risen from £292,523 to £557,230, being an increase of £264,707 or upward of 81 per cent. of an addition for the three years. These figures are exclusive of the Funds at the credit of the Industrial Branch, which amount to £829 13s. 9d.

EXPENSES OF MANAGEMENT

As heretofore, the expenses of management continue low, being for the year reported on slightly under 15 per cent. of the premium income, which is an extremely low ratio for an office that has existed less than twelve years.

THE QUINQUENNIAL INVESTIGATION, AND DIVISION OF BONUS.

Herewith will be presented the Valuation Report of the Consulting Actuaries, Mr. Bailey and Mr. Hardy, of London, to whom were submitted the official data on which their valuation is founded. These data were prepared and collated under the immediate superintendence of Mr. Knight, the Actuary of the Department, and their accuracy was carefully verified and certified to by Mr. F. W. Frankland, the Actuary in the Government Statist's Department, prior to their being transmitted to London.

The testimony borne by Messrs. Bailey and Hardy, whose eminence in their profession is well known, to the success and condition of this Department, is a circumstance that cannot fail to be gratifying. It is also satisfactory to learn that these gentlemen concur with the Actuary of the Department both as to the basis of the Valuation and the mode of distributing the surplus, the sum recommended for division by each Valuation being also nearly approximated the latter advising that £56,000 be divided, while the Consulting Actuaries recommend for division "a sum not exceeding £60,000." Section 45 of the Act, under which the Consulting Actuaries were appointed, provides that the sum recommended for division, or such less sum as shall be fixed by resolution of both Houses of the General Assembly as the amount for division, shall be divided amongst policy-holders according to such scheme as shall be approved by such resolution.

Immediately the amount to be divided has been determined, and the scheme of distribution approved by Parliament, the requisite calculations for allotment will be proceeded with. When these are completed, notices of the bonuses allocated will be sent to the respective policy-holders. As the latter are numerous, and the calculations laborious, some weeks must elapse before the work can be accomplished. It will, however, be pressed on with all possible speed.

BALANCE-SHEET of the GOVERNMENT INSURANCE DEPARTMENT (Ordinary Branch) on 30th June, 1881.

LIABILITIES.			ASSETS.		
	£	s. d.		£	s. d.
Total Assurance, Annuity, and Endowment Funds (as per Revenue Account) ...	557,230	11 10	Loans on policies ...	28,258	10 5
Claims announced, but not paid ...	8,480	16 9	Government securities ..	470,500	0 0
Surrenders ...	14	17 0	Railway debentures (guaranteed by Government) ...	40,000	0 0
Annuities (unclaimed) ...	800	0 0	Municipal Corporation debentures ...	2,500	0 0
Commission (new) ...	620	14 3	Office furniture (Head Office and Agencies) ...	1,328	3 1
Medical fees ...	88	4 0	Overdue premiums on policies in force ...	£6,143	7 3
Sundry accounts owing	96	2 2	Outstanding premiums due in June, 1881... ..	9,393	3 3
Quinquennial valuation expenses (fees to Consulting Actuaries) ...	525	0 0		15,536	10 6
Premium deposits ..	811	19 7	Interest accrued, not due ...	2,993	16 7
			Agents' balances ...	781	10 9
			Cash on current account ...	6,769	14 3
	<u>£568,668</u>	<u>5 7</u>		<u>£568,668</u>	<u>5 7</u>

Government Insurance Office, Wellington, 29th July, 1881.

D. M. LUCKIE,
Commissioner.

Examined and found correct :

C. T. BATKIN,
Assistant Controller and Auditor.
13th August, 1881.

REVENUE ACCOUNT of the INDUSTRIAL BRANCH, 30th June, 1881.

	£	s. d.		£	s. d.
Amount of funds on 1st July, 1880 ...	722	14 6	Surrenders	76	7 10
Renewal premiums	160	18 6	Commission	15	8 5
Interest	37	17 0	Amount of funds on 30th June, 1881 ...	829	13 9
	<u>£921</u>	<u>10 0</u>		<u>£921</u>	<u>10 0</u>

BALANCE-SHEET of the INDUSTRIAL BRANCH, 30th June, 1881.

LIABILITIES.			ASSETS.		
	£	s. d.		£	s. d.
Total funds (as per Revenue Account) ...	829	13 9	Agents' balances	1	19 9
Commission	2	13 0	Cash on current account ..	830	7 0
	<u>£832</u>	<u>6 9</u>		<u>£832</u>	<u>6 9</u>

Government Insurance Office, Wellington, 29th July, 1881.

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