

1893.
NEW ZEALAND.

ANNUAL REPORT

OF THE

GOVERNMENT INSURANCE COMMISSIONER

FOR THE YEAR ENDED 31st DECEMBER, 1892.

Presented to both Houses of the General Assembly pursuant to the provisions of the Acts relating to Government Life Insurance.

Government Insurance Office,
Wellington, 8th July, 1893.

I HAVE the honour to submit herewith the revenue account, balance-sheet, and tables of business of the department for the year 1892.

New Business.—During the year 3,481 proposals for a total amount of £870,437 were received. Of the whole of the proposals submitted, 407 were deferred or declined. Of every 100 proposals received, 79 were accepted at ordinary rates, 9 were loaded—i.e., accepted with an extra premium, and 12 were deferred or declined. Of every 100 policies completed, 92 were at ordinary rates, and 8 with an extra premium or the equivalent contingent debt. The number of policies issued was 2,634, of which the following are the particulars:—

	No.	Sum Assured.
Whole-life and term assurances	1,304	£374,534
Endowment assurances	1,274	263,696
Children's endowments	37	3,874
Annuity policies (the amount payable to the annuitants being at the rate of £906 per annum)	19	...
	2,634	£642,104

In the General Section, the policies issued were 2,130, assuring £532,745, and in the Temperance Section, 504, assuring £109,359. The Temperance section has been especially successful during the year, the new business transacted in this section being nearly three times that of the immediately preceding year.

Premiums received.—The total new premiums received amounted to £20,688, being slightly in excess of the previous year. The renewal premiums received amounted to £212,437, being an increase over 1891 of £9,585. The gross premiums received, £241,965, exceeded those of 1891 by £7,469.

Interest.—The interest earned during the year amounted to £100,639, being £4,260 in excess of the previous year.

Total Revenue.—The total revenue from all sources showed an increase of £11,722, and amounted to £342,617.

Claims under Policies.—The claims preferred for deaths of assured persons amounted (after deduction of contingent debts) to £84,366, while those for endowment assurances and endowments matured amounted to £23,449.

Expenses of Management.—The expenses of management (including commission £12,696, property-tax £3,724, and land-tax £2,137) amounted to £52,707, and show a decrease both in actual amount and in relation to the premium income. In the latter case the reduction is 1 per cent. During the last three years the total reduction in the ratio of expenditure to premium income has been very nearly 4 per cent.

Accumulated Funds.—The funds have increased by £132,501, and at the end of the year amounted to £1,980,297.

General Remarks.—While there has been a slight falling off in the amount of new business, fewer policies have run off the books, the improvement being no less than £72,579 in the amount assured. There has been a great improvement in the lapses, the decrease in that item being partly due to the application of the bonus last declared. The decrease in the policies void more than compensates for the slight falling off in the new business, and the net increase in the policies in force is therefore greater than for the previous year.

A heavy lapse rate is undoubtedly a prominent characteristic of colonial life insurance, and is probably caused to a considerable extent by social conditions beyond the control of the offices themselves. However, this unpleasant feature is common to all colonial life offices, but it will be apparent from a consideration of the following facts that the constant efforts of this department to minimise the evil have not been without good results:—

- (1.) The increase in the renewal premium income of the department has been steady and progressive, as will be seen from the following table:—

Year.	Renewal Premiums.	Increase.
	£	£
1887	174,163	...
1888	181,225	7,062
1889	187,736	6,511
1890	195,213	7,477
1891	202,852	7,639
1892	212,437	9,585

- (2.) The total amount of insurance retained by the department after twenty-three years of existence is over eight millions, being equal to an average of £350,000 of sum assured for each year's operations. This very substantial average net increase is more than a whole year's new business of many first-class British offices.
- (3.) The amount of insurance voided by lapse and surrender has absolutely decreased year by year, although the total insurance in force (from which these terminations arise, and with which they must be contrasted) has constantly increased in volume. The following table will show that the proportion which these terminations bear to the total business in force has fallen from 8 per cent. in 1887 to 3·6 per cent. in 1892, a decrease of over 50 per cent. :—

Year.	Total Amount of Insurance in Force at end of Year.	Amount of Insurance Terminated by Lapse and Surrender during the Year.	Percentage of Lapses and Surrenders to Amount in Force.
	£	£	
1887	6,832,000	544,000	8·0 per cent.
1888	7,076,000	466,000	6·6 "
1889	7,326,000	454,000	6·2 "
1890	7,544,000	400,000	5·3 "
1891	7,783,000	371,000	4·8 "
1892	8,036,000	289,000	3·6 "

As may be gathered from the accounts and returns presented herewith, the policy now being pursued by the department is that of aiming for a healthy increase of business each year, and, at the same time, reducing the expenditure to such a point as will lessen as much as possible the cost of insurance to each policyholder. This policy is, in my opinion, the only sound one to pursue in the management of a life-insurance institution; and this view appears to prevail more than formerly in life-insurance circles throughout the world.

JOSEPHUS H. RICHARDSON,
Commissioner.

**REVENUE ACCOUNT of the GOVERNMENT LIFE INSURANCE DEPARTMENT for the Year ended
31st December, 1892.**

	£	s.	d.		£	s.	d.	£	s.	d.
Amount of Funds at 31st December, 1891	1,847,796	10	7	Death claims under policies, Assurance, including bonus additions .. .. .	..	..	84,366	2	0	
Renewal premiums — Assurance, Annuity, and Endowment	212,436	10	5	Endowment Assurances matured, including bonus additions .. .. .	..	..	22,108	12	7	
New premiums on 2,615 policies, assuring £642,104, and yielding an annual revenue of £19,443 16s. 2d. (including instalments of first year's premium falling due in the year)	18,892	18	2	Endowments matured .. .. .	..	..	1,341	0	9	
Single premiums—Assurance and Endowment	2,295	5	9	Premiums returned on Endowments .. .. .	..	..	49	9	3	
Consideration for annuities	8,840	14	3	Bonuses surrendered for cash .. .. .	..	..	20,137	5	6	
Interest	100,638	14	11	Annuities .. .. .	..	..	6,253	12	8	
Fees	12	10	2	Surrenders .. .. .	..	..	21,150	16	3	
				Loans released by surrender .. .. .	..	..	2,001	9	0	
				Commission, new .. .. .	..	..	11,173	12	7	
				" renewal .. .. .	..	..	1,522	16	5	
				Property-tax .. .. .	..	..	3,723	19	4	
				Land-tax .. .. .	..	..	2,137	6	1	
				Expenses of management,—						
				Salaries—Head Office	10,534	11	3			
				" Branch Offices						
				and Agents	4,937	6	7			
				Extra clerical assistance	1,288	13	6			
				Medical fees and expenses	3,849	14	4			
				Travelling-expenses	896	4	7			
				Advertising	842	5	11			
				Printing and stationery	1,395	10	1			
				Rent	1,575	2	6			
				Postage	1,563	17	1			
				Telegrams	419	9	4			
				Exchange	283	1	5			
				Office furniture depreciation	436	6	5			
				General expenses	2,002	13	11			
				Quinquennial expenses	3,084	10	4			
				Compensation for loss of office	1,040	1	5			
							34,149	8	8	
				Amount of funds at 31st December, 1892			1,980,297	13	2	
							£2,190,413	4	3	

BALANCE-SHEET of the GOVERNMENT LIFE INSURANCE DEPARTMENT on 31st December, 1892.

LIABILITIES.	£	s.	d.	ASSETS.	£	s.	d.
Total Assurance, Annuity, and Endowment Funds (as per Revenue Account)	1,980,297	13	2	Loans on policies .. .. .	..	..	333,734
Claims admitted (proofs not yet completed)	20,288	10	0	Government securities,—	£	s.	d.
Annuities	27	19	2	Consolidated stock	681,993	0	0
Commission	1,870	15	3	Treasury bills	140,000	0	0
Medical fees	884	2	0	Debentures issued under "The Government			
Premium deposits	2,466	4	8	Loans to Local Bodies			
Valuation-fee deposits	1	11	6	Act, 1886	10,000	0	0
Fire-insurance and mortgage moneys in suspense	150	0	0	Railway debentures (guaranteed by Government)	79,850	0	0
Tontine Savings Funds	3,245	3	7				911,843
Reserve for possible depreciation in freehold and mortgage securities	25,000	0	0	Municipal Corporation debentures			105,572
				County securities			1,000
				Otago University debentures			15,000
				Harbour Board debentures			19,000
				River Board debentures			935
				Landed and house property			101,367
				Office furniture (Head Office and Agencies)			3,454
				Mortgages on property			425,647
				Properties acquired by foreclosure			37,684
				Overdue premiums on policies in force	6,421	18	2
				Outstanding premiums due in December, 1892	24,862	1	7
							31,283
				Interest outstanding	2,171	4	11
				Interest accrued but not due	22,533	14	6
							24,704
				Agents' balances			2,090
				Sundry accounts owing			1,292
				Cash on current account			19,622
							£2,034,231
							19
							4

Government Insurance Office, 16th April, 1893.

JOSEPHUS H. RICHARDSON,
Commissioner.

W. B. HUDSON,
Secretary.

Audited and found correct.

JAMES EDWARD FITZGERALD,
Controller and Auditor-General.

Statement of Business

POLICIES ISSUED AND DISCON-													
YEAR 1892.	ASSURANCES.												
	Whole-life and Term Assurances.								Endowment Assurances.				
	No.	Sum Assured.	Rever-sionary Bonus.	Annual Premium.				No.	Sum Assured.	Rever-sionary Bonus.	Annual Premium.		
				Ordinary.	Extra.						Ordinary.	Extra.	
Policies in force at 31st Dec., 1891 ..	17,646	£ 5,293,118	£ 440,590	£ 135,909	s. d. 14 11	£ 4,053	s. d. 10 9	10,977	£ 2,459,999	£ 167,479	£ 88,750	s. d. 3 0	£ 982 10 5
New Business, 1892 ..	1,304	374,534	— (18)	9,362	0 10	179	7 6	1,274	263,696	18	9,698	9 1	45 6 0
Total ..	18,950	5,667,652	440,572	145,271	15 9	4,232	18 3	12,251	2,723,695	167,497	98,448	12 1	1,027 16 5
Policies discontinued during 1892 ..	869	249,593	45,404	7,137	0 1	272	1 5	591	134,806	18,068	5,315	18 8	183 18 8
Total Policies in force at 31st Dec., 1892 ..	18,081	5,418,059	395,168	138,134	15 8	3,960	16 10	11,660	2,588,889	149,429	93,132	13 5	843 17 9

PARTICULARS OF POLICIES DISCON-											
How Discontinued.											
By Death ..	188	30,635	5,543	1,918	18 7	96	15 1	59	15,900	1,375	556 14 6 7 2 0
Maturity ..	..	..	..	..	..	..	..	75	18,901	2,871	1,160 14 0 13 1 3
Surrender ..	238	63,058	3,635	1,697	11 0	61	19 9	177	45,005	2,670	1,655 0 4 20 2 7
Surren. of Bonus ..	..	..	33,865	..	..	..	..	..	..	10,717	..
Lapse ..	440	123,500	2,361	2,754	19 7	63	16 6	280	55,000	435	1,901 6 9 41 12 6
Expiry of Policy ..	3	2,400	..	33	15 3	..	..	..	..	..	..
Expiry of Prem. ..	..	..	..	698	15 6	6	11 10	..	..	..	..
Miscellaneous ..	..	..	..	33	0 2	42	18 3	..	..	..	42 3 1 102 0 4
	869	249,593	45,404	7,137	0 1	272	1 5	591	134,806	18,068	5,315 18 8 183 18 8

PROGRESS OF BUSINESS OF THE GOVERNMENT INSURANCE DEPART-											
Total issued ..	32,353	9,830,335	612,586	259,931	5 7 9,908	11 9	21,339	4,968,414	227,767	180,119	3 0 2,398 1 11
Total void ..	14,272	4,412,276	217,418	121,796	9 11 5,947	14 11	9,679	2,379,525	78,938	86,986	9 7 1,554 4 2
Total in force ..	18,081	5,418,059	395,168	138,134	15 8 3,960	16 10	11,660	2,588,889	149,429	93,132	13 5 843 17 9

NOTE.—The Ordinary Premium is the premium at the true age; the

at end of Year 1892.

TINUED DURING THE YEAR 1892.

SIMPLE ENDOWMENTS, IN- VESTMENTS, &c.			ANNUITIES.			TOTAL.					
No.	Sum Assured.	Annual Premium.	No.	Annual Premium	Annuities.	No.	Sum Assured.	Rever- sionary Bonus.	Annual Premium.		Annuities.
									Ordinary.	Extra.	
	£	£ s. d.		£ s. d.	£ s. d.		£	£	£ s. d.	£ s. d.	£ s. d.
482	29,617	1,248 12 6	121	10 16 0	6,347 0 8	29,226	7,782,734	608,069	225,919 6 5	5,036 1 2	6,347 0 8
37	3,874	145 16 7	19	12 16 2	906 7 3	2,634	642,104	..	19,219 2 8	224 13 6	906 7 3
519	33,491	1,394 9 1	140	23 12 2	7,253 7 11	31,860	8,424,838	608,069	245,138 9 1	5,260 14 8	7,253 7 11
80	4,219	187 8 0	4	..	204 3 8	1,544	388,618	63,472	12,640 6 9	456 0 1	204 3 8
439	29,272	1,207 1 1	136	23 12 2	7,049 4 3	30,316	8,036,220	544,597	232,498 2 4	4,804 14 7	7,049 4 3

TINUED DURING THE YEAR 1892.

..	..	..	4	..	204 3 8	251	76,535	6,918	2,475 13 1	103 17 1	204 3 8
22	1,341	61 7 0	..	..	..	97	20,242	2,871	1,222 1 0	13 1 3	..
41	1,483	57 17 4	..	..	..	456	109,546	6,305	3,410 8 8	82 2 4	..
..	..	..	..	..	..	..	..	44,582	..	..	..
17	1,395	68 3 8	..	..	..	737	179,895	2,796	4,724 10 0	105 9 0	..
..	..	..	..	..	..	3	2,400	..	33 15 3	..	..
..	..	..	..	..	..	..	..	..	698 15 6	6 11 10	..
..	..	..	..	..	..	..	..	..	75 3 3	144 18 7	..
80	4,219	187 8 0	4	..	204 3 8	1,544	388,618	63,472	12,640 6 9	456 0 1	204 3 8

MENT SINCE DATE OF ESTABLISHMENT TO 31ST DECEMBER, 1892.

1,778	88,657	4,311 14 0	191	137 7 5	9,568 15 1	55,661	14,887,406	840,353	444,499 10 0	12,306 13 8	9,568 15 1
1,339	59,385	3,104 12 11	55	113 15 3	2,519 10 10	25,345	6,851,186	295,756	212,001 7 8	7,501 19 1	2,519 10 10
439	29,272	1,207 1 1	136	23 12 2	7,049 4 3	30,316	8,036,220	544,597	232,498 2 4	4,804 14 7	7,049 4 3
Extra Reduction of Premium by Bonus, &c. ..									4,804 14 7		
extra, the additional premium imposed for any reason whatsoever.									293 19 4		
									£237,596 16 3		

JOSEPHUS H. RICHARDSON, Commissioner.
MORRIS FOX, Actuary.

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