

1896.
NEW ZEALAND.

ANNUAL REPORT

OF THE

GOVERNMENT INSURANCE COMMISSIONER

FOR THE YEAR ENDED 31st DECEMBER, 1895.

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

Government Insurance Office, Wellington, 6th July, 1896.

I HAVE the honour to submit herewith the accounts and tables of business of the department for the year 1895, and to report thereon in compliance with the law.

New Business.—During the year 3,808 proposals, for a total amount of £833,059, were received. Of the whole of the proposals submitted, 381 were deferred or declined. Of every 100 proposals received, 79 were accepted at ordinary rates of premium, 11 were loaded—i.e., accepted with an extra premium—and 10 were deferred or declined. Of every 100 policies completed, 94 were at ordinary rates, and 6 with an extra premium, or the equivalent contingent debt. There were also granted 38 annuities, securing to their holders £1,513 per annum.

The following is a condensed summary of the new policies issued by the department during the year:—

	No.	Sum assured.	Annual Premium.
Whole-life and term assurances	964	£235,395	£6,250
Endowment assurances	1,401	262,349	9,546
Double-endowment assurances... .. .	400	100,900	2,853
Children's endowments	30	3,404	131
Annuity assurances	41	6,000*	327
Annuities	2,836	£608,048	£19,107
	38	£1,513 per annum	18†
Total policies	2,874	...	£19,125

In the General Section the policies issued were 2,391, assuring £518,173, and in the Temperance Section 483 policies, assuring £89,875.

The particulars of the new and discontinued business of the year, and the progress of the department from its inception, are given in great detail in the annexed statement of progress of business.

Civil Service Insurance Scheme.—There are now in force 113 policies under the Civil Service Insurance Regulations, insuring £19,848, and entitling the survivors at age 60 to annuities amounting to £3,998 per annum.

Premiums received.—The total new premiums received amounted to £19,938. The renewal premiums received amounted to £230,052, being £10,745 in excess of the previous year. The consideration for annuities granted during the year was £16,042.

Interest.—The interest earned during the year amounted to £119,973, being £4,703 in excess of the interest for the previous year.

Total Revenue.—The total revenue from all sources showed the substantial increase of £16,534, and amounted to £386,012.

Claims under Policies.—Death claims arose under 271 policies through the deaths of 248 policyholders, representing (after deduction of contingent debts) a total sum assured, including bonus additions, of £99,689. Matured endowment assurances and children's endowments amounted to £28,289. Since its foundation the department has paid over £1,250,000 sterling in the liquidation of insurance claims.

Expenses of Management.—The expenses of management (including commission £12,544, and land- and income-tax £6,623) amounted to £50,462. There has thus been an absolute decrease of £5,260 in the year's expenditure, representing a reduction of about 3 per cent. in the ratio of expenses to premium income.

* And deferred annuities securing £2,052 per annum.

† And single premiums amounting to £16,042.

Accumulated Funds.—The funds have increased by £164,006, and at the end of the year amounted to £2,428,245. This is the largest increment in any one year since the foundation of the department. The total assets now amount to £2,499,190, and on the 31st December, 1895, were invested as follows:—

Class of Investment.	Amount.	Percentage of Total Assets.
Government securities	£ 916,988	36·7 per cent.
Mortgages on freehold property	662,315	26·5 "
Loans on policies	441,959	17·7 "
Local bodies' debentures	167,435	6·7 "
Landed and house property	164,986	6·6 "
Miscellaneous assets	77,934	3·1 "
Cash on current account	67,573	2·7 "
	£2,499,190	100·0 per cent.

General Remarks.—The most noticeable feature of the business of the year 1895 has been a marked decline in the expenses of management. In proportion to the premium income of the department the rate of expense has declined during the year from 22 per cent. to 19 per cent., and in the last six years the reduction in the ratio of expenses to premium income has been more than 6½ per cent.

The department has, in common with other institutions, experienced a slight fall in the rate of interest earned on its funds, as was to be expected in view of the general tendency in that direction. Having regard to the lower rates ruling in other investments, the department has considered it right to reduce the rates charged to policyholders for advances on the security of their policies.

The new insurances of the year, although a little less than in 1894, amounted to considerably over £600,000 sterling, which is a greater business than that transacted by the majority of British life offices. Considering the very limited population to which the operations of the department are confined, the yearly increase in the business in force is highly satisfactory, as may be seen from the following table of total assurance in existence at different periods:—

Year.	Insurance in Force.
	£
1870	30,000
1875	1,837,000
1880	4,172,000
1885	6,552,000
1890	7,808,000
1895	9,345,000

The total insurances therefore, amount to £9,345,000. Of this, £3,365,000 relates to endowment insurances, and the amount of provision for old age or early death thus made by New Zealanders in the Government Office alone is greater than the similar provision made by the policy-holders of any English office, with two exceptions.

The insurance discontinued from all causes during the year shows a decrease of £100,000 as compared with the discontinuances of 1894.

The success of the department's efforts to induce policy-holders to maintain their policies in force is shown by the following table, from which it will be seen that the lapses and surrenders have declined from 7·3 per cent. of the total business in force in 1885 to 3·9 per cent. in 1895:—

Year.	Insurance in Force.	Insurance terminated by Lapse and Surrender during the Year.	Percentage of Lapses and Surrenders to Insurance in Force.
	£	£	
1885	6,552,000	479,000	7·3 per cent.
1890	7,808,000	408,000	5·2 "
1895	9,345,000	369,000	3·9 "

In connection with the appalling disaster by which the lives of sixty-seven miners were lost through the explosion in the Brunner Mine on the 26th of March last it may be of interest to learn that the department held insurances on the lives of no less than nineteen of the victims of the accident. Unfortunately, in the case of one of the policyholders, the insurance had been allowed to lapse, but in the case of the others the policy-moneys will no doubt afford acceptable assistance to the widows and orphans so suddenly deprived of their breadwinners. Although not falling within the operations of the year, the magnitude and recent date of the disaster are my excuse for making this reference thereto. So far as I can ascertain, the insurances held by private companies only amounted to four.

The actuarial valuation, which is due at the end of the current year, is now in progress, and efforts will be made to declare the triennial bonus as early as possible next year.

JOSEPHUS H. RICHARDSON,
Commissioner.

**REVENUE ACCOUNT of the GOVERNMENT LIFE INSURANCE DEPARTMENT for the Year ended
31st December, 1895.**

	£	s.	d.		£	s.	d.
Amount of Funds at 31st December, 1894	2,264,239	4	11	Death claims under policies, Assurance, including bonus additions	99,688	19	0
Renewal premiums—Assurance, Annuity, and Endowment	230,052	7	11	Endowment Assurances matured, including bonus additions	27,663	7	0
New premiums (including instalments of first year's premiums falling due in the year)	18,951	13	9	Endowments matured	625	8	0
Single premiums—Assurance and Endowment	986	15	8	Premiums returned on endowments	23	6	8
Consideration for annuities	16,041	11	2	Bonuses surrendered for cash	2,842	3	7
Interest	119,973	4	5	Annuities	8,729	18	4
Fees	6	8	10	Surrenders	22,282	12	9
				Loans released by surrender	9,688	2	7
				Commission, new £10,946	6	4	
				" renewal	1,597	19	5
					12,544	5	9
				Land- and income-tax	6,622	14	7
				Expenses of management—			
				Salaries—Head Office £10,010	3	11	
				" Branch Offices			
				and Agents	5,490	4	5
				Extra clerical assistance	1,729	7	7
				Medical fees and expenses	4,185	12	9
				Travelling-expenses	674	2	4
				Advertising	760	2	11
				Printing and stationery	1,139	19	10
				Rent	2,208	4	6
				Postage	1,509	13	7
				Telegrams	524	0	3
				Exchange	70	8	0
				Office furniture depreciation	431	7	11
				General expenses	2,261	18	11
				Triennial expenses	300	0	0
					31,295	6	11
				Amount of funds at 31st December, 1895	2,428,245	1	6
					£2,650,251	6	8

BALANCE-SHEET of the GOVERNMENT LIFE INSURANCE DEPARTMENT on 31st December, 1895.

LIABILITIES.				ASSETS.			
	£	s.	d.		£	s.	d.
Total Assurance, Annuity, and Endowment Funds (as per Revenue Account)	2,428,245	1	6	Loans on policies	441,959	3	9
Claims admitted, proofs not yet completed	15,243	19	0	Government securities—			
Commission	839	2	11	Consolidated stock	670,116	0	0
Medical fees	647	17	0	Treasury bills	140,000	0	0
Premium and other deposits	3,256	12	7	Debtures issued under			
Tontine Savings Funds	7,957	13	0	" The Government			
Reserve for possible depreciation in freehold and mortgage securities	43,000	0	0	Loans to Local Bodies			
				Act, 1886"	10,000	0	0
				Railway debentures			
				(guaranteed by Government)	79,925	0	0
				Debtures issued under			
				" The Native Land			
				Purchases Act, 1892"	15,000	0	0
				Debtures issued under			
				" The Immigration			
				and Public Works			
				Act, 1870"	1,947	1	0
					916,988	1	0
				Municipal Corporation debentures	106,691	6	1
				County securities	1,000	0	0
				Otago University debentures	15,000	0	0
				Harbour Board debentures	43,809	2	10
				River Board debentures	485	0	0
				Town Board debentures	500	0	0
				Landed and house property	132,586	10	11
				Office furniture (Head Office and Agencies)	3,882	11	3
				Mortgages on property	662,314	10	6
				Properties acquired by foreclosure	32,399	19	5
				Overdue premiums on			
				policies in force	£7,359	3	3
				Outstanding premiums			
				due in December, 1895	29,166	7	0
					36,525	10	3
				Interest outstanding	3,476	19	0
				Interest accrued, but not due	28,940	9	3
					32,417	8	3
				Agents' balances	3,624	9	8
				Sundry accounts owing	1,483	17	1
				Cash in hand and on current account	67,572	15	0
					£2,499,190	6	0

Government Life Insurance Department, 21st February, 1896.

JOSEPHUS H. RICHARDSON,
Commissioner.

W. B. HUDSON,
Secretary.

Audited and found correct.

JAMES EDWARD FITZGERALD,
Controller and Auditor-General.

Statement of Business

YEAR 1895.	TOTAL.					ASSURANCES.			
						Whole-life and Term Assurances.			
	No.	Sum Assured.	Rever-sionary Bonus.	Annual Premium. 1. Ordinary. 2. Extra.	Annuities.	No.	Sum Assured.	Rever-sionary Bonus.	Annual Premium. 1. Ordinary. 2. Extra.

POLICIES ISSUED AND DISCON-

Policies in force at 31st De-cember, 1894	32,907	£ 8,506,289	£ 726,254	£ s. d. { 245,593 10 1 4,486 15 7 }	£ s. d. { 10,850 16 10 }	18,603	£ 5,510,273	£ 521,324	£ s. d. { 138,199 15 9 3,653 11 4 }
New Business, 1895 ..	2,874	608,048	..	{ 18,966 3 7 158 16 2 }	{ 3,565 1 5 }	964	235,395	..	{ 6,143 19 8 106 5 1 }
Total	35,781	9,114,337	726,254	{ 264,559 13 8 4,645 11 9 }	{ 14,415 18 3 }	19,567	5,745,668	521,324	{ 144,343 15 5 3,759 16 5 }
Policies discontinued during 1895	1,813	462,370	32,992	{ 14,568 3 8 318 16 2 }	{ 347 9 4 }	1,050	306,155	22,278	{ 8,570 13 9 252 3 3 }
Total Policies in force at 31st December, 1895	33,968	8,651,967	693,262	{ 249,991 10 0 4,326 15 7 }	{ 14,068 8 11 }	18,517	5,439,513	499,046	{ 135,773 1 8 3,507 13 2 }

PARTICULARS OF POLICIES DISCON-

How Discontinued.									
By Death	277	88,270	10,134	{ 2,787 18 7 71 5 8 }	{ 347 9 4 }	208	74,260	8,622	{ 2,233 15 7 64 10 8 }
Maturity	104	23,689	4,150	{ 1,158 10 7 16 13 4 }	..	..	..	..	..
Surrender	398	103,494	7,014	{ 3,219 9 4 54 8 2 }	..	216	63,519	4,868	{ 1,678 16 11 42 2 8 }
Surrender of Bonus .. ..	..	..	5,746	..	..	..	..	4,101	..
Lapse	1,033	246,817	5,948	{ 6,674 8 5 100 11 4 }	..	625	168,277	4,687	{ 3,980 12 10 76 19 9 }
Expiry of Policy	1	100	..	{ 1 1 11 597 9 7 }	..	1	100	..	{ 1 1 11 597 9 7 }
Expiry of Premium .. ..	..	..	..	{ 30 11 9 129 5 3 }	..	..	..	..	{ 30 11 9 78 16 11 }
Miscellaneous .. ..	..	..	..	{ 45 5 11 14,568 3 8 318 16 2 }	..	..	-(1)	..	{ 37 18 5 8,570 13 9 252 3 3 }
	1,813	462,370	32,992	{ 14,568 3 8 318 16 2 }	{ 347 9 4 }	1,050	306,155	22,278	{ 8,570 13 9 252 3 3 }

PROGRESS OF BUSINESS OF THE GOVERNMENT INSURANCE

Total issued	65,099	16,964,895	1,117,670	{ 508,589 0 5 12,843 16 1 }	{ 17,515 3 5 }	36,161	10,819,086	804,767	{ 284,948 7 6 10,271 3 3 }
Total void	31,131	8,312,928	424,408	{ 258,597 10 5 8,517 0 6 }	{ 3,446 14 6 }	17,644	5,379,573	305,721	{ 149,175 5 10 6,763 10 1 }
Total in force	33,968	8,651,967	693,262	{ 249,991 10 0 4,326 15 7 }	{ 14,068 8 11 }	18,517	5,439,513	499,046	{ 135,773 1 8 3,507 13 2 }
Extra Premiums .. ..	..	..	..	{ 4,326 15 7 307 1 0 }	NOTE.—The Ordinary Premium is the premium charged				
Reduction of Premium by Bonus, &c. ..	..	..	..	..	

£254,625 6 7

Wellington, 13th February, 1896.

at end of Year 1895.

ASSURANCES.								ANNUITIES.			SIMPLE ENDOWMENTS, IN- VESTMENTS, &c.		
<i>Endowment Assurances.</i>				<i>Annuity Assurances.</i>									
No.	Sum Assured.	Rever- sionary Bonus.	Annual Premium. <i>1. Ordinary.</i> <i>2. Extra.</i>	No.	Sum Assured.	Annuities.	Annual Premium.	No.	Annual Premium	Annuities.	No.	Sum Assured.	Annual Premium.

TINUED DURING THE YEAR 1895.

13,695	£ 2,961,011	£ 204,930	{ 105,867 6 9 833 4 3 }	42	£ 5,300	£ 1,927 5 1	£ 281 6 0	181	£ 43 12 2	£ 8,923 11 9	386	£ 29,705	£ 1,201 9 5
1,801	363,249	..	{ 12,346 6 0 52 11 1 }	41	6,000	2,052 9 0	326 14 0	38	18 0 0	1,512 12 5	30	3,404	131 3 11
15,496	3,324,260	204,930	{ 118,213 12 9 885 15 4 }	83	11,300	3,979 14 1	608 0 0	219	61 12 2	10,436 4 2	416	33,109	1,332 13 4
718	153,837	10,714	{ 5,881 3 1 66 12 11 }	..	..	..	..	6	..	347 9 4	39	2,378	116 6 10
14,778	3,170,423	194,216	{ 112,332 9 8 819 2 5 }	83	11,300	3,979 14 1	608 0 0	213	61 12 2	10,088 14 10	377	30,731	1,216 6 6

TINUED DURING THE YEAR 1895.

63	14,010	1,512	{ 554 3 0 6 15 0 }	..	..	..	..	6	..	347 9 4	..	..	..
86	23,064	4,150	{ 1,125 10 8 16 13 4 }	..	..	..	..	..	..	..	18	625	32 19 11
167	38,923	2,146	{ 1,486 0 2 12 5 6 }	..	..	..	..	..	..	..	15	1,052	54 12 3
..	..	1,645	..	..	..	..	..	..	..	..	..	..	..
402	77,840	1,261	{ 2,665 0 11 23 11 7 }	..	..	..	..	..	..	..	6	700	28 14 8
..
..
..	..	..	{ 50 8 4 7 7 6 }	..	..	..	..	..	..	..	..	1	..
718	153,837	10,714	{ 5,881 3 1 66 12 11 }	..	..	..	..	6	..	347 9 4	39	2,378	116 6 10

DEPARTMENT SINCE DATE OF ESTABLISHMENT TO 31st DECEMBER, 1895.

26,698	6,034,977	312,903	{ 218,109 16 7 2,572 12 10 }	84	11,400	4,029 5 11	613 0 0	285	175 7 5	13,485 17 6	1871	99,432	4,742 8 11
11,920	2,864,554	118,687	{ 105,777 6 11 1,753 10 5 }	1	100	49 11 10	5 0 0	72	113 15 3	3,397 2 8	1494	68,701	3,526 2 5
14,778	3,170,423	194,216	{ 112,332 9 8 819 2 5 }	83	11,300	3,979 14 1	608 0 0	213	61 12 2	10,088 14 10	377	30,731	1,216 6 6

at the true age; the extra, the additional premium imposed for any reason whatsoever.

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

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