

1942.
NEW ZEALAND.

ANNUAL REPORT

OF THE

GOVERNMENT INSURANCE COMMISSIONER

FOR THE YEAR ENDED 31ST DECEMBER, 1941.

Presented to both Houses of the General Assembly pursuant to the Provisions of the Government Life Insurance Act, 1908.

Government Insurance Office, Wellington, 7th May, 1942.

I HAVE the honour to submit the following report upon the transactions of the Department for the year ended 31st December, 1941, and its position at that date. The Revenue Account, Balance-sheet, and Statement of Business are appended.

New Business and Amount of Business in Force. New business for the year amounted to 6,858 policies, assuring the sum of £2,800,408, the premiums thereon being £54,528 per annum. Thirty-nine annuities were also granted, the purchase-money being £26,370. The total business in force at the end of the year (including immediate, deferred, and contingent annuities for £95,632 per annum) comprises 95,581 policies, bearing an annual premium income of £799,903. The total sum assured is £32,445,977, to which reversionary bonuses amounting to £3,814,177 have been added.

Income. The total income amounted to £1,360,056, made up as follows: Premium income, £823,048; interest income (net), £510,638; annuity-purchase money, £26,370. The total for the year exceeded that for the previous year by £33,952.

Outgoings.—During the year 1,802 policies became claims by the death of the policyholders and by maturity, the payment involved being £621,968. The total amount paid in claims since the inception of the Department amounts to £18,419,002.

Accumulated Funds.—Assurance, Annuity, and Endowment Funds, apart from special reserves of £382,154, now stand at £11,854,254, an increase of £436,732 over the previous year.

Annual Bonus.—The usual bonus investigation was carried out by the Actuary, and his report, which is appended hereto, discloses a net surplus of £198,650, excluding interim bonuses paid during the year. The surplus is amply sufficient to enable bonuses to be declared at the same rates as for 1940, but, in view of the conditions arising out of the war, it has been decided to postpone the allotment of the surplus. Interim bonuses, however, will be granted at the present rates on all policies becoming claims during the year.

Expense Ratios.—The ratio of expenses to (a) total income and (b) premium income for 1939, 1940, and 1941 is as follows:—

Ratio of Expenses to	1939.	1940.	1941.
(a) Total income	8.55	7.97	8.62
(b) Premium income	13.31	12.75	13.81

The increase in the expense ratios is accounted for by the expenditure relating to new commission, land and income tax, and war-damage insurance.

A large number of the Department's officers are engaged on active service.

In conclusion, I should like to pay a tribute to the good work done by members of the depleted staff who have cheerfully undertaken the extra duties occasioned by the war. It is due to their efficiency, zeal, and loyalty that the Department holds such a high position in the keenly competitive field of life insurance.

W. E. ARNOLD, Commissioner.

REVENUE ACCOUNT OF THE GOVERNMENT LIFE INSURANCE DEPARTMENT FOR THE YEAR ENDED 31ST DECEMBER, 1941.

	£		£
Amount of funds at 1st January, 1941 ..	11,417,522	Death claims under assurance policies including bonus additions	260,005
Renewal premiums: Assurance, annuity, and endowment, less reinsurance premiums ..	742,900	Endowment assurances matured, including bonus additions	348,829
New premiums (including instalments of first year's premiums falling due in the year), less reinsurance premiums	46,356	Endowments matured	12,565
Single premiums: Assurance and endowment ..	33,792	Premiums returned on endowments ..	569
Consideration for annuities	26,370	Bonuses surrendered for cash	6,428
		Annuities	34,487
		Surrenders	32,557
Interest, rent, and other income ..	521,648	Loans released by surrender	47,739
Less property expenses ..	11,010		
	510,638		£
		Commission, new	41,029
		Commission, renewal	6,165
			47,194
		Contribution to Public Service Superannuation Fund	619
		Land and income tax	45,986
		Agents' retiring-allowances	1,329
		Expenses of management	63,432
		War-damage-insurance premiums ..	4,701
		Property depreciation	6,884
		Transfer to Investment Reserve Account ..	10,000
		Amount of funds, 31st December, 1941 ..	11,854,254
	<u>£12,777,578</u>		<u>£12,777,578</u>

BALANCE-SHEET OF THE GOVERNMENT LIFE INSURANCE DEPARTMENT ON 31ST DECEMBER, 1941.

<i>Liabilities.</i>	£	<i>Assets.</i>	£
Total assurance, annuity, and endowment funds (as per Revenue Account) ..	11,854,254	Loans on policies	1,165,772
Claims admitted, proofs not yet completed ..	76,720	New Zealand Government securities ..	2,929,772
Annuities	560	Loans to local bodies	2,129,764
Medical fees	287	Landed and house property	512,401
Premium and other deposits	30,943	Landed and house property (leasehold) ..	515
Sundry creditors	4,083	Mortgages on property	5,061,755
Accident and Fidelity Fund	5,000	Properties acquired by foreclosure ..	23,857
Investment Reserve Account	377,154	Overdue premiums on policies in force	2,950
		Outstanding premiums due but not overdue	73,079
Sinking funds on local-body loans ..	2,257		76,029
Interest accrued thereon	28	Overdue interest	3,525
	2,285	Outstanding interest due but not overdue	12,050
		Interest accrued but not due	106,630
			122,205
		Sundry debtors	1,350
		Income-tax paid in advance	40,000
		Office furniture and fittings	3,000
		Cash in hand and on Current Account ..	284,866
	<u>£12,351,286</u>		<u>£12,351,286</u>

W. E. ARNOLD, Commissioner.
J. W. MACDONALD, Secretary.

Government Life Insurance Department,
14th April, 1942.

The Audit Office, having examined the Revenue Account and Balance-sheet and compared them with the relative books, documents, and securities, hereby certifies them to be in accordance therewith.—
CYRIL G. COLLINS, Controller and Auditor-General.

STATEMENT OF BUSINESS FOR THE YEAR 1941.

Year, 1941.	Number.	Sum assured.	Reversionary Bonuses.	Annual Premiums.		Annuities.	
				Ordinary.	Extra.	Immediate.	Deferred.

Policies issued and discontinued during the Year 1941.

		£	£	£	s.	d.	£	s.	d.	£	s.	d.
Policies in force at 31st December, 1940	92,177	30,848,799	3,729,211	773,118	19	0	2,399	7	0	33,947	3	3
New business	6,897	2,800,408	..	54,337	5	8	191	0	8	2,395	5	2
Bonus allotted	..	..	277,196	..	..	..	..	..	..	..	..	..
Total	99,074	33,649,207	4,006,407	827,456	4	8	2,590	7	8	36,342	8	5
Policies discontinued during 1941	3,493	1,203,230	192,230	30,828	18	8	—685	1	9	1,774	18	1
Total policies in force at 31st December, 1941	95,581	32,445,977	3,814,177	796,627	6	0	3,275	9	5	34,567	10	4

Particulars of Policies discontinued during the Year 1941.

How discontinued—		£	£	£	s.	d.	£	s.	d.	£	s.	d.
By death	683	209,834	56,939	6,250	5	7	100	11	8	1,797	10	8
By maturity	1,119	273,417	86,206	10,397	2	10	17	14	1	..	..	..
By surrender	772	268,168	30,693	6,518	19	2	7	17	4	..	..	..
By change to other table	12	3,691	417	92	1	7	..	..	..	..	..	..
By cancellation	134	45,333	99	995	16	9	23	10	8	146	13	4
By lapse	773	402,787	17,876	6,574	12	9	—834	15	6	—169	5	11
Total discontinued during year 1941	3,493	1,203,230	192,230	30,828	18	8	—685	1	9	1,774	18	1

Progress of Business of the Government Life Insurance Department since Date of Establishment to 31st December, 1941.

		£	£	£	s.	d.	£	s.	d.	£	s.	d.
Total issued	277,190	82,182,852	9,828,357	2,317,341	12	7	41,672	15	10	..	..	..
Total void	181,609	49,736,875	6,014,180	1,520,714	6	7	38,397	6	5	..	..	..
Total in force	95,581	32,445,977	3,814,177	796,627	6	0	3,275	9	5	..	..	..

ACTUARY'S REPORT
ON THE VALUATION OF THE
GOVERNMENT INSURANCE DEPARTMENT
AS AT 31st DECEMBER, 1941.

Presented to both Houses of the General Assembly pursuant to Section 40 of the Government Life Insurance Act, 1908.

3rd June, 1942.

IN accordance with your instructions, a valuation of the Department's liabilities under its policies has been made as at 31st December, 1941, with the object of ascertaining the net surplus available for distribution amongst the policyholders, and in accordance with section 40 of the Government Life Insurance Act of 1908, and amendments, I have the honour to report as follows :—

The liabilities arise in respect of 95,581 policies assuring, inclusive of bonus additions, the sum of £36,260,154 and £95,632 immediate and deferred annuities per annum ; the Office premiums thereon amounting to £799,902 per annum.

The bases adopted for the valuation were as follows :

- (a) Endowments : 3 per cent. interest without mortality :
- (b) Temporary Assurances : The proportion of the premiums corresponding to the unexpired risk :
- (c) All other Classes of Assurance : The O^m mortality table with 3 per cent. interest :
- (d) Annuities : The *a* (*m*) and *a* (*f*) mortality tables with 3 per cent. interest.

The net premium method of valuation was employed in respect of groups (a) and (c) above, and, in addition to the liability brought out on that basis, reserves were included for future bonuses, immediate payment of claims, and other contingencies, including those likely to arise out of the present war.

The valuation disclosed a total surplus of £202,182, as follows :—

					£
Total funds at 31st December, 1941	..	..	..	..	11,854,254
Less value of liabilities	..	..	..	..	11,655,604

Net surplus	..	..	..	..	198,650
Interim bonus paid during year	..	..	..	..	3,532

Total surplus	..	..	..	..	£202,182
					=====

The above net surplus is more than sufficient to provide bonuses at the rates allotted for the year ended 31st December, 1940. In view, however, of circumstances arising out of the war, particularly depletion of staff and shortage of paper, I recommend that the above net surplus be carried forward and that interim bonuses be allotted to all policies becoming claims at the rates allotted for the year ended 31st December, 1940.

S. BECKINGSALE, Actuary.

The Government Insurance Commissioner, Wellington.

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