

1902.
NEW ZEALAND.

ANNUAL REPORT

OF THE

GOVERNMENT INSURANCE COMMISSIONER

FOR THE YEAR ENDED 31ST DECEMBER, 1901.

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

Government Insurance Office,
Wellington, 17th June, 1902.

I HAVE the honour to submit my report upon the transactions of the Department for the past year, together with the accounts and usual statement in detail of the progress of business.

NEW BUSINESS.

During the year 4,414 proposals were dealt with, for the assurance of £878,897, of which 3,196 proposals for life insurance, assuring the sum of £630,346, were completed. One hundred and four pure endowments were granted for £13,700, and also twenty-six immediate annuities for £1,014 per annum, for which the purchase-money was £11,615. The annual premiums on these new policies amount to £22,246, in addition to £2,815 of single premiums, representing considerable increases on the annual and single premiums for the previous year.

INCOME.

The total income of the Department (excluding £16,753 transferred from the Tontine No. 1 Fund) was £444,000, comprising £142,449 from interest and £301,542 from premiums, which is £14,811 in excess of the premium income of the previous year.

CLAIMS, ETC.

Three hundred and thirty-five policies, representing with bonus additions the sum of £122,471, became claims during the year through the death of the persons insured. The payments on this account are naturally increasing with the growth of the Department, but the amount is considerably less than is provided for in the tables on which the premiums are calculated.

One hundred and fifty-seven endowment policies also matured during the year, securing to their holders the sum of £42,389.

The total amount paid by the Department since its inception in 1870, in respect of death claims and matured endowments, has been £2,165,305.

The ordinary surrenders and loans released by surrender amounted to £37,948, which represents a total decrease of £8,845 on the previous year. In addition to the above there was a sum of £25,375 paid to tontine-policy holders who selected the option of closing their contracts on the termination of the tontine period. This, however, will not be a recurring item.

The disbursements on account of commission and management expenses show not only an absolute decrease during the year in the total amount so disbursed, but the ratio of the total expenses and commission to the premium income declined from 21·4 per cent. to 19·6 per cent., and is now lower than for many years past.

ACCUMULATED FUNDS.

The assurance and annuity funds on the 31st December last amounted to £3,285,416, being an increase during the year of £145,459, of which the sum of £16,753 represents the Tontine No. 1 Fund reserve, which was transferred to the ordinary funds as the equivalent of the special reversionary bonuses allotted to tontine policies at 31st December, 1900.

THE BALANCE-SHEET.

On the 31st December, 1901, the total assets of the Department amounted to £3,363,126, and were invested as shown in the following comparative statement :—

At 31st December, 1900.			At 31st December, 1901.		
Amount.	Percentage of Total Assets.	Class of Investment.	Amount.	Percentage of Total Assets.	
£ 1,488,759	46·3 per cent.	Mortgages on freehold property ...	£ 1,614,479	48·0 per cent.	
727,899	22·6 "	Government securities ...	728,911	21·7 "	
579,494	18·0 "	Loans on policies ...	602,189	17·9 "	
135,263	4·2 "	Local bodies' debentures ...	132,227	3·9 "	
122,687	3·8 "	Landed and house property ...	123,563	3·7 "	
91,522	2·9 "	Miscellaneous assets ...	95,097	2·8 "	
64,916	2·0 "	Cash on current account ...	61,508	1·8 "	
5,589	0·2 "	Properties acquired by foreclosure ...	5,152	0·2 "	
£3,216,129	100·0 per cent.	Total ...	£3,363,126	100·0 "	

The chief points of interest brought out by the above summary of the balance-sheet are—(1) An increase of £125,720 in the amount lent on freehold mortgage, and (2) an increase of £22,695 in loans on policies. Attention might also be drawn to the extreme smallness of the item "Overdue interest," which last year stood at only £653, and has now fallen to £472, or about 0·3 per cent. of the income from interest, which amounted to £142,449. This affords a convincing testimony to the character of the Department's investments, and the care with which they are watched.

GENERAL REMARKS.

It is not necessary to remark on the Accident Branch, which was inaugurated during the year, as an independent report will be presented to Parliament in connection therewith, further than to say that the life and accident funds of the Department have been kept entirely distinct, as demanded by the Act, and to point out that the reduction in the ratio of expenses in the Life Branch is a conclusive answer to the statements which have been circulated that the interests of the life-policy holders would be sacrificed to the needs of the new branch.

As was stated in my previous report, the tontine which expired at the end of 1900 was valued and the resulting fund distributed in accordance with the regulations early in the year now under review. Later in the year the tontine-policy holders exercised their right to select one of several options offered to them at the initiation of the tontine, with the result that a considerable number selected the option which enabled them to terminate their policies and draw the full value available. These discontinuances, which were, of course, a necessary consequence of the maturity of the tontine, had the effect of swelling to some extent the business going off the books. Apart from this cause, however, the voids show a marked decrease on the previous year.

Finally, it may be stated that the course of business has been distinctly favourable throughout the year, as instanced by the following features, to which attention is specially drawn : (1.) Increase in new premium income. (2.) Increase in total premium income. (3.) Increase in accumulated funds. (4.) Decrease in ordinary surrenders. (5.) Decrease in total expenses. (6.) Decrease in ratios of expenses to premium income and to total income. (7.) Decrease in overdue interest, already abnormally low. (8.) And, lastly, it may be said that an official valuation of all the policies as they stood at the end of last year discloses exceptionally large profits for the two years of the current triennium which have already elapsed, and renders it practically certain that the bonus to be divided early next year will be considerably higher than at the last triennial valuation.

J. H. RICHARDSON,
Government Insurance Commissioner.

REVENUE ACCOUNT of the GOVERNMENT LIFE INSURANCE DEPARTMENT for the Year ended 31st December, 1901.

	£	s.	d.		£	s.	d.
Amount of funds at 1st January, 1901	3,139,956	13	6	Death claims under policies, Assurance, including bonus additions ..	122,471	8	0
* Tontine Savings Fund No. 1, transferred at maturity ..	16,752	13	11	Endowment Assurances matured, including bonus additions ..	41,212	11	0
Renewal premiums—Assurance, Annuity, and Endowment ..	266,815	14	10	Endowments matured ..	1,176	1	9
New premiums (including instalments of first year's premiums falling due in the year) ..	20,295	15	10	Premiums returned on endowments ..	10	9	8
Single premiums—Assurance and Endowment ..	2,815	3	8	Bonuses surrendered for cash ..	16,276	17	6
Consideration for Annuities ..	11,614	19	0	Annuities ..	11,628	15	6
Interest ..	142,449	6	0	Surrenders, ordinary ..	23,919	4	2
Fees ..	9	1	9	Surrenders—Tontine policies at maturity of their tontine periods ..	25,375	9	10
				Loans released by surrender ..	14,028	13	4
				Commission, new ..	£12,038	7	9
				" renewal ..	2,045	7	7
					14,083	15	4
				Land- and income-tax ..	10,142	15	4
				Expenses of management—			
				Salaries—			
				Head Office ..	£10,640	13	6
				Branch offices and agents ..	6,174	8	2
				Extraclerical assistance ..	2,765	1	9
				Medical fees and expenses ..	4,564	3	5
				Travelling-expenses ..	803	0	1
				Advertising ..	988	12	0
				Printing and stationery ..	1,455	16	2
				Rent ..	2,175	13	4
				Postage ..	1,191	6	8
				Telegrams ..	446	4	3
				Exchange ..	105	7	3
				Office-furniture depreciation ..	310	2	2
				General expenses ..	2,673	15	7
				Triennial expenses ..	673	10	0
					34,967	14	4
				Amount of funds, 31st December, 1901	3,285,415	12	9
	£3,600,709	8	6		£3,600,709	8	6

* The equivalent of this amount has been allotted as reversionary bonuses, amounting to £33,350 3s., to policies participating in the Tontine Savings Fund No. 1.

BALANCE-SHEET of the GOVERNMENT LIFE INSURANCE DEPARTMENT on 31st December, 1901.

LIABILITIES.				ASSETS.			
	£	s.	d.		£	s.	d.
Total Assurance, Annuity, and Endowment Funds (as per Revenue Account) ..	3,285,415	12	9	Loans on policies ..	602,189	6	5
Claims admitted, proofs not yet completed ..	23,092	18	6	Government securities—			
Annuities ..	53	11	0	Consolidated stock ..	625,900	0	0
Commission ..	427	6	3	Treasury bills ..	60,000	0	0
Medical fees ..	456	15	0	Railway debentures (guaranteed by Government) ..	40,000	0	0
Premium and other deposits ..	5,827	6	4	Debentures issued under "The Immigration and Public Works Act, 1870" ..	2,010	12	1
Fire-insurance moneys in suspense ..	1,327	10	0	Advance on hypothecation of Debentures issued under "The Government Accident Insurance Act, 1899" ..	1,000	0	0
Tontine Savings Fund No. 2 ..	5,228	5	1		728,910	12	1
Investment Fluctuation Reserve ..	36,296	19	7	Municipal Corporation debentures ..	91,883	13	9
				County securities ..	843	13	0
				Harbour Board debentures ..	39,000	0	0
				Town Board debentures ..	500	0	0
				Landed and house property ..	123,563	5	10
				Office furniture (Head Office and agencies) ..	2,633	1	2
				Mortgages on property ..	1,614,478	17	8
				Properties acquired by foreclosure ..	5,152	1	4
				Overdue premiums on policies in force ..	5,794	13	11
				Outstanding premiums due but not overdue ..	34,093	15	4
					39,888	9	3
				Overdue interest ..	471	12	8
				Outstanding interest due but not overdue ..	5,692	0	4
				Interest accrued but not due ..	40,279	5	3
					46,442	18	3
				Agents' balances ..	3,388	1	11
				Sundry accounts owing ..	2,744	4	2
				Cash in hand and on current account ..	61,507	19	8
	£3,363,126	4	6		£3,363,126	4	6

Government Life Insurance Department, 22nd April, 1902.

J. H. RICHARDSON,
Commissioner.

W. B. HUDSON,
Secretary.

Audited and found correct.

J. K. WARBURTON,
Controller and Auditor-General.

Statement of Business

TOTAL.						ASSURANCES.							
YEAR 1901.						Whole-life and Term Assurances.							
	No.	Sum Assured.	Rever-sionary Bonus.	Annual Premiums.		Annuities.		No.	Sum Assured.	Rever-sionary Bonus.	Annual Premiums.		
				1. Ordinary.	2. Extra.	1. Immediate.	2. Deferred.				1. Ordinary.	2. Extra.	
POLICIES ISSUED AND DISCON-													
		£	£	£	s. d.	£	s. d.	£	£		£	s. d.	
Policies in force at 31st December 1900	40,368	9,697,035	942,942	285,256	10 1	11,496	2 10	17,414	5,090,383	664,999	125,439	2 2	
				3,696	18 7	15,725	14 9				2,884	7 9	
New business, 1901	3,326	644,046	..	22,155	15 0	1,013	19 6	3	1,234	..	81	2 6	
				89	18 5	4,175	17 1				3	18 0	
Tontine Bonus allotted .. ..	..	..	33,350	..	..	..	..	..	..	26,444	..	..
Total	43,694	10,341,081	976,292	307,412	5 1	12,510	2 4	17,417	5,091,617	691,443	125,520	4 8	
				3,786	17 0	19,901	11 10				2,888	5 9	
Policies discontinued during 1901 ..	2,403	598,979	91,131	17,718	18 1	732	19 10	1,078	329,083	73,555	8,455	4 5	
				350	15 4	489	14 4				275	9 11	
Total in force at 31st December, 1901	41,291	9,742,102	885,161	289,693	7 0	11,777	2 6	16,339	4,762,534	617,888	117,065	0 3	
				3,436	1 8	19,411	17 6				2,612	15 10	
PARTICULARS OF POLICIES DISCON-													
How Discontinued.													
By Death	349	104,177	16,782	3,088	15 0	732	19 10	233	83,382	15,175	2,270	11 7	
				136	2 7	20	0 0				128	10 9	
Maturity	157	35,379	6,435	1,691	2 0	..	..	..	..	..	..	..
				16	12 1	..	..				
Surrender	379	95,243	6,100	2,939	5 1	..	..	145	45,682	4,438	1,238	3 2
				60	12 10	351	1 3				48	12 4	
Surrender of Bonus .. ..	..	..	37,693	..	..	..	..	..	..	32,257	..	..
Lapse	1,078	236,107	5,603	6,811	4 7	..	..	299	80,646	4,290	2,101	19 11
				62	15 9	118	13 1				32	5 3	
Winding up Tontine No. 1 ..	439	127,973	18,518	3,003	2 11	..	..	400	119,273	17,395	2,677	15 3
				47	6 11	..	..				44	4 3
Expiry of Policy	1	100	..	1	10 0	..	..	1	100	..	1	10 0
				5	0 0	..	..				5	0 0
Expiry of Premium .. ..	..	..	..	150	13 3	..	..	..	..	..	150	13 3
				7	2 4	..	..				7	2 4
Miscellaneous .. ..	..	..	..	33	5 3	..	..	..	..	..	14	11 3
				15	2 10	..	..				9	15 0
Total	2,403	598,979	91,131	17,718	18 1	732	19 10	1,078	329,083	73,555	8,455	4 5	
				350	15 4	489	14 4				275	9 11	
PROGRESS OF BUSINESS OF THE GOVERNMENT LIFE INSURANCE													
Total issued	84,699	20,992,870	1,629,745	640,304	0 11	40,430	12 1	39,571	11,687,953	1,139,207	308,173	16 11	
				13,699	9 3						10,678	15 8	
Total void	43,408	11,250,768	744,584	350,610	13 11	9,241	12 1	23,232	6,925,419	521,319	191,108	16 8	
				10,263	7 7						8,065	19 10	
Total in force	41,291	9,742,102	885,161	289,693	7 0	31,189	0 0	16,339	4,762,534	617,888	117,065	0 3	
											2,612	15 10	
Extra Premiums .. ..	..	..	..	3,436	1 8	NOTE.—The Ordinary Premium is the premium charged						
Reduction of Premiums by Bonus, &c. ..	..	..	..	264	0 5							
				£293,393	9 1								

Wellington, 1st March, 1902.

at end of Year 1901.

ASSURANCES.							ANNUITIES.			SIMPLE ENDOWMENTS, INVESTMENTS, &c.			
Endowment Assurances.				Annuity Assurances.									
No.	Sum Assured.	Rever- sionary Bonus.	Annual Premiums. 1. Ordinary. 2. Extra.	No.	1. Sum Assured. 2. Rever- sionary Bonus.	Deferred Annuities.	Annual Premium.	No.	Annual Premium.	Annuities. 1. Immediate. 2. Deferred.	No.	Sum As- sured.	Annual Premium.
TINUED DURING THE YEAR 1901.													
	£	£	£ s. d.		£	£ s. d.	£ s. d.		£ s. d.	£ s. d.		£	£ s. d.
21,913	4,517,809	277,119	{ 155,794 8 7 812 10 10 20,978 12 7 86 0 5 }	305	{ 40,300 824 }	15,214 10 12	12,127 13 2	{ 264 9	74 0 8	{ 11,496 2 10 511 4 8 }	463	48,543	1,821 5 6
3,112	618,112	..	{ 20,978 12 7 86 0 5 }	81	11,000	4,175 17 1	586 8 0	26	..	1,013 19 6	104	13,700	509 11 11
..	..	6,906	..	..	..	..	..	..	..	..	..	..	..
25,025	5,135,921	284,025	{ 176,773 1 2 898 11 3 9,002 15 6 75 5 5 }	386	{ 51,300 824 }	19,390 7 2	2,714 1 2	{ 290 9	74 0 8	{ 12,510 2 4 511 4 8 732 19 10 20 0 0 }	567	62,243	2,330 17 5
1,266	264,470	17,554	{ 9,002 15 6 75 5 5 }	9	{ 1,400 22 }	469 14 4	71 8 2	{ 13 1	12 16 2	..	36	4,026	176 13 10
23,759	4,871,451	266,471	{ 167,770 5 8 823 5 10 }	377	{ 49,900 802 }	18,920 12 10	2,642 13 0	{ 277 8	61 4 6	{ 11,777 2 6 491 4 8 }	531	58,217	2,154 3 7

TINUED DURING THE YEAR 1901.

102	20,795	1,607	805 7 3 7 11 10 1,619 15 8 16 12 1 1,582 12 5 12 0 6	..	..	..	..	13 1	12 16 2	732 19 10 20 0 0	..	..	..
140	34,203	6,435	..	..	..	..	..	..	..	..	17	1,176	71 6 4
215	46,561	1,648	..	7	1,200 14	351 1 3	61 3 0	..	..	..	12	1,800	57 6 6
..	..	5,436	..	..	..	..	..	..	..	..	..	..	..
770	154,211	1,305	4,651 3 8 30 10 6 325 7 8 3 2 8	2	200 8	118 13 1	10 0 0	..	..	..	7	1,050	48 1 0
39	8,700	1,123	..	..	..	..	..	..	..	..	..	..	..
..
..
..	..	..	18 8 10 5 7 10	..	..	..	0 5 2	..	..	..	..	..	..
1,266	264,470	17,554	9,002 15 6 75 5 5	9	1,400 22	469 14 4	71 8 2	13 1	12 16 2	732 19 10 20 0 0	36	4,026	176 13 10

DEPARTMENT SINCE DATE OF ESTABLISHMENT TO 31st DECEMBER, 1901.

42,034	9,105,003	489,637	322,507 5 6 3,020 13 7 154,736 19 10 2,197 7 9	416	56,050 901	20,902 0 5	2,966 13 0	438	203 11 11	19,528 11 8	2,240	143,864	6,452 13 7
18,275	4,233,552	223,166	..	39	6,150 99	1,981 7 7	324 0 0	153	142 7 5	7,260 4 6	1,709	85,647	4,298 10 0
23,759	4,871,451	266,471	167,770 5 8 823 5 10	377	49,900 802	18,920 12 10	2,642 13 0	285	61 4 6	12,268 7 2	531	58,217	2,154 3 7

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

J. H. RICHARDSON, Commissioner.

MORRIS FOX, Actuary.

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