

1903.
NEW ZEALAND.

ANNUAL REPORT OF THE GOVERNMENT INSURANCE COMMISSIONER

FOR THE YEAR ENDED 31st DECEMBER, 1902.

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

Government Insurance Office,
Wellington, 26th May, 1903.

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.

The number of proposals received during the year was 4,199, for assurances of £863,674, and the number of policies issued was 3,352, assuring the sum of £679,403, an increase of £35,357 on the previous year. Twenty-seven annuities were also granted during the year, the purchase-money for which amounted to £9,664. The premiums on the new policies issued amount to £23,739 per annum.

INCOME.

The total income of the Department was £451,348, comprising £147,486 from interest and £303,847 from premiums, or an increase in the total income for the year of £7,348.

CLAIMS, MATURITIES, AND EXPENSES OF MANAGEMENT.

Three hundred and fifty-nine policies, representing with bonus additions the sum of £121,883, became claims during the year through the death of the persons insured. Three hundred and twenty-six policies matured during the year for the sum of £89,291, an increase of £46,902 over the previous year.

The amount paid on account of matured policies is higher than in any previous year, and is, of course, a satisfactory feature, implying as it does the payment of the premiums and the maintenance of the policies until the sums assured become payable by effluxion of the periods agreed upon. The amounts required being known in advance, the payments cause no strain on the resources of the Department, proper provision being made beforehand to meet the payments as they become due.

The total amount paid by the Department since its inception in 1870 in respect of death claims and matured policies has been £2,376,495.

The expenses, which were reduced last year to 13·3 per cent. of the total income, have been kept down to the same low figure, in spite of the special expenses incidental to the triennial valuation.

INVESTMENT FLUCTUATION RESERVE AND ACCUMULATED FUNDS.

In accordance with the Department's practice for many years past, all securities have undergone a rigid scrutiny preliminary to the ascertainment and distribution of the surplus as at 31st December, 1902. The investment fluctuation reserve, which has been increased to £56,595, is believed to be much in excess of all probable requirements, but in making periodical provisions of this character the Department has always sought to amply provide for all possible contingencies. It is believed that this course is approved and appreciated by the policyholders, whose best interests demand that the Department's finances shall be maintained in an impregnable position.

After making provision for the investment reserve as narrated above, the accumulated funds have increased by £97,402, and amounted at 31st December to £3,382,817.

BALANCE-SHEET.

On 31st December, 1902, the total assets of the Department amounted to £3,474,134, and were invested as follows :—

At 31st December, 1901.		Class of Investment.	At 31st December, 1902.	
Amount.	Percentage of Total Assets.		Amount.	Percentage of Total Assets.
£ 1,614,479	48·0 per cent.	Mortgages on freehold property ...	£ 1,808,683	52·1 per cent.
728,911	21·7 "	Government securities	668,923	19·2 "
602,189	17·9 "	Loans on policies	607,588	17·5 "
132,227	3·9 "	Local bodies' debentures	131,178	3·8 "
123,563	3·7 "	Landed and house property	123,575	3·5 "
95,097	2·8 "	Miscellaneous assets	98,909	2·8 "
61,508	1·8 "	Cash on current account	33,445	1·0 "
5,152	0·2 "	Properties acquired by foreclosure ...	1,833	0·1 "
£3,363,126	100·0 per cent.	Total	£3,474,134	100·0 per cent.

During the year a parcel of Treasury bills amounting to £60,000 was paid off by the Treasury, whilst the amount on current account with the bank, which earns only a low rate of interest, was reduced by over £28,000. These amounts, in conjunction with the year's accretions, have been invested in more remunerative securities, chiefly in mortgages of freehold property, which, it will be noted, show an increase of over £194,000.

The overdue interest, which at the end of 1901 stood at the low figure of £472, was down at the close of 1902 to the unprecedentedly low amount of £400, or the small ratio of 5s. 5d. per £100 of interest due. Viewing the position as a whole it will be seen that the amount collected actually exceeded the amount falling due by £72, a very satisfactory index of the character of the Department's securities.

The foreclosed properties were further substantially reduced, and at the close of the year stood in the Department's books as £1,833 only. The Department has since sold the last of these properties, and the small amount remaining at the debit of the account represents the balances of purchase-money not yet due.

GENERAL REMARKS.

The valuation of the Department's policy liabilities at the 31st December last was completed early in the present year, and particulars thereof are contained in the report by the Actuary on the triennial valuation. The results were eminently satisfactory, and, after a stringent valuation at the low rate of 3½ per cent. interest, and reservation of the whole of the premium loading for future expenses, a sum of £167,933 was divided, representing additions to the sums assured of £290,074.

Since its inauguration in 1870 the Department has divided cash profits amounting to £1,001,285, representing additions to the sums assured of no less than £1,919,820.

It has hitherto been the practice to allow prospective bonuses only in the case of policies emerging by claim between two distributions of surplus. Arrangements have now been made to include interim bonuses in all computations of surrender value either in cases where policies are actually surrendered or borrowed upon, or for the purpose of giving the largest possible cover where the premiums are overdue. Even in the case of a yearly distribution of surplus the policyholder who is unfortunately compelled to surrender forfeits on the average half a year's bonus, but under the Department's new system he would receive the proper proportion of accrued bonus for every premium paid since the last distribution.

J. H. RICHARDSON,
Government Insurance Commissioner.

Statement of Business

YEAR 1902.	TOTAL.					ASSURANCES.			
						Whole-life and Term Assurances.			
	No.	Sum Assured.	Rever- sionary Bonus.	Annual Premiums. 1. Ordinary. 2. Extra.	Annuities. 1. Immediate. 2. Deferred.	No.	Sum Assured.	Rever- sionary Bonus.	Annual Premiums. 1. Ordinary. 2. Extra.

POLICIES ISSUED AND DISCON-

		£	£	£ s. d.	£ s. d.		£	£	£ s. d.
Policies in force at 31st December, 1901	41,291	9,742,102	885,161	{ 289,693 7 0 3,436 1 8 23,538 3 0 200 9 5 }	{ 11,777 2 6 19,411 17 6 1,216 9 4 5,356 5 2 }	16,339	4,762,534	617,889	{ 117,065 0 3 2,612 15 10 80 7 10 100 0 1 }
New business, 1902	3,379	679,403	..			16	3,474	..	
Total	44,670	10,421,505	885,161	{ 313,231 10 0 3,636 11 1 16,629 7 9 253 3 10 }	{ 12,993 11 10 24,768 2 8 875 15 7 494 4 7 }	16,355	4,766,008	617,889	{ 117,145 8 1 2,712 15 11 4,885 18 4 180 13 9 }
Policies discontinued during 1902 ..	2,264	524,933	47,073			611	181,378	25,923	
Total in force at 31st December, 1902	42,406	9,896,572	838,088	{ 296,602 2 3 3,383 7 3 }	{ 12,117 16 3 24,273 18 1 }	15,744	4,584,630	591,966	{ 112,259 9 9 2,532 2 2 }

PARTICULARS OF POLICIES DISCON-

How Discontinued.									
By Death	370	103,555	15,867	{ 3,072 16 3 89 16 7 3,091 2 6 24 0 3 }	{ 875 15 7 80 19 9 }	255	80,558	14,479	{ 2,170 7 9 76 4 11 }
Maturity	326	73,067	13,895	{ 3,091 2 6 24 0 3 3,093 5 1 20 15 0 }	{ 294 9 10 .. }	..	..	..	{ .. .. .. .. }
Surrender	420	98,070	5,701			149	42,929	3,338	{ 1,127 6 8 15 11 0 }
Surrender of Bonus .. ..	..	..	4,126			..	..	3,304	{ }
Lapse	1,143	249,141	7,484	{ 7,127 19 11 63 5 6 16 0 5 33 5 10 165 18 6 0 15 0 62 5 1 21 5 8 }	{ .. 118 15 0 }	202	56,791	4,802	{ 1,383 8 11 36 2 10 16 0 5 33 5 10 165 18 6 0 15 0 22 16 1 18 14 2 }
Expiry of Policy	5	1,100	..			5	1,100	..	
Expiry of Premium .. ..	..	..	..			..	..	..
Miscellaneous .. ..	..	..	..			..	..	..
Total	2,264	524,933	47,073	{ 16,629 7 9 253 3 10 }	{ 875 15 7 494 4 7 }	611	181,378	25,923	{ 4,885 18 4 180 13 9 }

PROGRESS OF BUSINESS OF THE GOVERNMENT LIFE INSURANCE

Total issued	88,078	21,672,274	1,629,746	{ 663,842 3 11 13,899 18 8 367,240 1 8 10,516 11 5 }	{ 47,003 6 7 39,587 11,691,427 1,139,208 }	{ 308,254 4 9 10,778 15 9 195,994 15 0 8,246 13 7 }
Total void	45,672	11,775,702	791,658		{ 10,611 12 3 23,843 7,106,797 547,242 }	
Total in force	42,406	9,896,572	838,088	{ 296,602 2 3 36,391 14 4 }	{ 15,744 4,584,630 591,966 }	{ 112,259 9 9 2,532 2 2 }
Extra Premiums .. ..	..	..	3,383 7 3		NOTE.—The Ordinary Premium is the premium charged	
Reduction of Premiums by Bonus, &c. ..	..	..	270 3 2			

£300 255 12 8

Wellington, 1st March, 1903.

at end of Year 1902.

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 1902.

23,759	4,871,451	266,471	{ 167,770 5 8 823 5 10 22,210 13 3 100 9 4 }	377	{ 49,900 801 }	18,920 12 10	2,642 13 0	{ 277 8 61 4 6 27 .. 14 10 7 }	{ 11,777 2 6 491 4 8 1,216 9 4 - 285 15 0 }	581	58,217	2,154 3 7
8,133	647,604	..	{ 22,210 13 3 100 9 4 }	100	14,500	5,642 0 2	768 11 2	..	..	103	13,825	469 0 2
26,892	5,519,055	266,471	{ 189,980 18 11 923 15 2 11,491 13 3 72 10 1 }	477	{ 64,400 801 }	24,562 18 0	3,406 4 2	{ 304 8 75 15 1 11 .. }	{ 12,993 11 10 205 9 8 875 15 7 .. }	634	72,042	2,623 3 9
1,582	337,546	21,125	{ 11,491 13 3 72 10 1 }	9	{ 1,150 25 }	494 4 7	60 8 8	..	..	51	4,859	191 7 6
25,310	5,181,509	245,346	{ 178,489 5 8 851 5 1 }	468	{ 63,250 776 }	24,068 8 5	3,345 15 6	{ 293 8 75 15 1 }	{ 12,117 16 3 205 9 8 }	583	67,183	2,431 16 3

TINUED DURING THE YEAR 1902.

102	22,797	1,882	{ 891 5 6 13 11 8 3,020 17 6 24 0 3 1,859 10 2 5 4 0 }	2	{ 200 6 }	80 19 9	11 3 0	11	..	875 15 7	..	..	..
308	71,458	13,895	{ 3,020 17 6 24 0 3 1,859 10 2 5 4 0 }	..	..	..	..	..	..	..	18	1,609	70 5 0
244	52,491	2,345	{ 1,859 10 2 5 4 0 }	5	{ 600 18 }	294 9 10	31 9 0	..	..	..	22	2,050	74 19 3
..	..	822	..	..	..	..	..	..	..	..	..	..	..
928	190,800	2,681	{ 5,680 17 9 27 2 8 }	2	{ 350 1 }	118 15 0	17 10 0	..	..	..	11	1,200	46 3 3
..
..
..	..	..	{ 39 2 4 2 11 6 }	..	..	..	0 6 8	..	..	..	..	..	..
1,582	337,546	21,125	{ 11,491 13 3 72 10 1 }	9	{ 1,150 25 }	494 4 7	60 8 8	11	..	875 15 7	51	4,859	191 7 6

DEPARTMENT SINCE DATE OF ESTABLISHMENT TO 31st DECEMBER, 1902.

45,167	9,752,608	489,637	{ 344,717 18 9 3,121 2 11 166,228 13 1 2,269 17 10 }	516	{ 70,550 901 }	26,544 0 7	3,730 4 2	465 218 2 6	20,459 6 0	2,343	157,689	6,921 13 9
19,857	4,571,099	244,291	{ 166,228 13 1 2,269 17 10 }	48	{ 7,300 125 }	2,475 12 2	384 8 8	164 142 7 5	8,136 0 1	1,760	90,506	4,489 17 6
25,310	5,181,509	245,346	{ 178,489 5 8 851 5 1 }	468	{ 63,250 776 }	24,068 8 5	3,345 15 6	301 75 15 1	12,323 5 11	583	67,183	2,431 16 3

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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