

1909.  
NEW ZEALAND.  
ANNUAL REPORT  
OF THE  
GOVERNMENT INSURANCE COMMISSIONER

FOR THE YEAR ENDED 31st DECEMBER, 1908.

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

Government Insurance Office,  
Wellington, 15th May, 1909.

I HAVE the honour to submit the following report upon the transactions of the Department for the year ended the 31st December, 1908, and its position at that date. The Revenue Account, Balance-sheet, and Statement of business are appended.

*New Business.*—During the year 3,863 proposals were dealt with, for the assurance of £908,691, and the number of policies actually completed was 3,282, assuring £780,597, being £28,532 in advance of the new business for the previous year. The annual premiums on new policies amounted to £24,562. Twenty-four annuities were also granted, on which the purchase-money amounted to £9,755.

The very steady rate of progress of the Department's new business will be seen from a comparison of the figures for the past five years:—

Year.	New Sum assured.	Increase on Previous Year.
	£	£
1904 ... ..	694,556	...
1905 ... ..	716,021	21,465
1906 ... ..	729,105	13,084
1907 ... ..	752,065	22,960
1908 ... ..	780,597	28,532

*Total Business in Force.*—The total business now in force is 46,674 policies, assuring £10,955,749 (and £1,068,950 bonuses) at death or maturity, together with 359 immediate and deferred annuities for £20,679 per annum; the total business bearing an annual premium income of £331,830.

In the Civil Service section, which is included in the foregoing total business, there were 142 policies, assuring £33,046 (and £1,071 bonuses), and entitling the survivors at age sixty to annuities amounting to £3,820 per annum, the annual premium income being £1,554. As was foreshadowed in last year's report, the bulk of the Civil Service annuity assurances were relinquished during the year, this being the natural result of "The Public Service Superannuation Act, 1907. In a number of cases, however, policies under other tables were effected in exchange to make further family provision in the event of death, the amount provided by the Superannuation Fund—viz., £18 per annum to widows, and £13 per annum to children under fourteen—not being sufficiently large to render other provision unnecessary.

<i>Income.</i> —The total income of the year was £534,441, made up as follows:—						£
New premiums (including single premiums)	...	...	...	...	...	25,957
Renewal premiums	...	...	...	...	...	304,849
Purchase-money for annuities	...	...	...	...	...	9,755
Interest	...	...	...	...	...	193,870
Fees	...	...	...	...	...	10

Total income for 1908 ... .. £534,441

The renewal premiums showed only a relatively small increase during the year owing to the large number of Civil Service policies which were discontinued through the operation of the Superannuation Act, but the income from interest showed a satisfactory increase of £10,252, the average rate earned on the mean funds having increased from £4 10s. 3d. to £4 12s. 2d. per cent.

Attention is drawn to the steady increase of income from the two principal sources, premiums and interest, during the past few years, as shown by the following:—

Year.	Premium Income (excluding Annuities).	Interest.	Total Income.
	£	£	£
1904 ... ..	309,239	158,196	480,716
1905 ... ..	314,003	169,153	490,925
1906 ... ..	319,775	175,512	507,070
1907 ... ..	325,903	183,618	526,713
1908 ... ..	330,806	193,870	534,441

*Outgo.*—During the year 407 policies became void by death, for claims amounting to £132,428. This is a decrease in amount as compared with the previous year, and considerably under what is provided for in the tables of mortality used by the Department. Three hundred and eighty-two policies also matured as claims during lifetime for £101,829, and it will be of interest to know that £3,661,650 has been paid in respect of claims by death and survival since the Department was founded thirty-nine years ago.

The ordinary surrenders amounted to £33,927 (as against £25,770 in 1907, and £32,810 in 1906), and a further sum of £25,234 has been paid to Civil servants on relinquishing their policies in order to join the Superannuation Fund. There is reason to believe that the passing of the Public Service Superannuation Act, besides being responsible for the whole of the latter item, has also been partly the cause of the increase in ordinary surrenders, as quite a number of ordinary policies have been given up by Civil servants on the ground that they could not afford to keep them in force after joining the Superannuation Fund. On the other hand, loans released by surrender decreased from £20,680 to £18,121, and the sum assured under lapsed policies is about £12,000 less than in 1907.

*Accumulated Funds.*—The net increase in the funds during the year (after payment of the surrender value of the Civil Service policies and providing a further addition of £20,000 to strengthen the Investment Fluctuation Reserve) amounted to £117,273, and the total assurance, annuity, and endowment funds, apart from special reserves, now exceed four and a quarter millions, standing as an actual fact at £4,264,685. The following statement shows the progressive growth of the Department in this and other respects during the past twenty years :—

Year.	Policies in Force.				Total Income.	Accumulated Funds.	Total Expenses (excluding Taxes).	Ratio of Total Expenses (excluding Taxes) to	
	Number.	Sum assured.	Bonuses.	Annuities.				Total Income.	Premium Income.
1888 .. ..	26,168	£ 7,076,252	£ 286,236	£ 4,540	£ 282,201	£ 1,452,479	£ 42,361	Per cent. 15·0	Per cent. 20·3
1898 .. ..	37,848	9,304,741	819,486	20,906	410,148	2,861,534	50,075	12·2	18·0
1908 .. ..	47,933	10,955,749	1,068,950	20,679	534,441	4,264,685	56,420	10·6	16·6

*The Balance-sheet.*—On the 31st December, 1908, the total assets of the Department amounted to £4,399,848, and were invested as shown in the following comparative statement :—

At 31st December, 1907.		Class of Investment.	At 31st December, 1908.	
Amount.	Percentage of Total Assets.		Amount.	Percentage of Total Assets.
£ 2,388,021	56·2 per cent.	Mortgages on freehold property ...	£ 2,571,865	58·5 per cent.
697,054	16·4 "	Loans on policies ...	730,865	16·6 "
667,996	15·7 "	Government securities ...	668,013	15·2 "
176,804	4·2 "	Local bodies' debentures ...	179,509	4·1 "
122,436	2·9 "	Landed and house property ...	124,325	2·8 "
104,467	2·4 "	Miscellaneous assets ...	107,983	2·4 "
94,644	2·2 "	Cash on current account ...	17,288	0·4 "
£4,251,422	100·0 per cent.	Total ...	£4,399,848	100·0 per cent.

The chief items of interest in the balance-sheet are the following :—

(1) The item "Properties acquired by foreclosure" has again disappeared from the assets, the Department having no foreclosed properties on its hands.

(2) The total investments show an increase of £221,471, now amounting to £4,276,470.

(3) Cash in hand and on current account has decreased from £94,644 to £17,288, the difference being invested in mortgages on property and other securities bearing a higher rate of interest than that of the bank.

*Triennial Investigation.*—The valuation of the Department's liabilities on the 31st December last was completed early in the present year, and the full particulars are contained in the Actuary's report. A strict net premium valuation on the basis of H<sup>m</sup> 3½ per cent. disclosed a surplus of £249,196, after allowing for £13,138 interim bonuses paid during the triennium, and making a further provision of £20,000 towards the Investment Fluctuation Reserve. Of the surplus £56,766 was carried forward for the purpose of still further strengthening the valuation basis in the near future, and the balance of £192,430 was applied to provide bonus additions to all participating policies by the compound reversionary bonus method, by which policyholders receive bonuses not only on the sum assured, but on all the previously allotted bonuses which have not been surrendered. The resulting bonus rate to policies in the General Section was 20s. per cent. per annum, and in the Temperance Section 22s. per cent.

In the Valuation report attention is drawn to the satisfactory results of the last triennium, in consequence of which "the Department is now in a position to allot increased bonuses all round, and also to make such substantial reserves as will enable it to commence another triennial period of activity with every confidence."

J. H. RICHARDSON,

Government Insurance Commissioner.

REVENUE ACCOUNT of the GOVERNMENT LIFE INSURANCE DEPARTMENT for the Year ended 31st December, 1908.

	£	s.	d.		£	s.	d.
Amount of Funds at 1st January, 1908	4,147,411	9	6	Death claims under policies, Assurance, including bonus additions ..	132,427	13	0
Renewal premiums—Assurance, Annuity, and Endowment ..	304,848	9	0	Endowment Assurances matured, including bonus additions ..	97,928	18	0
New premiums (including instalments of first year's premiums falling due in the year) ..	22,600	14	11	Endowments matured ..	3,900	0	0
Single premiums—Assurance and Endowment ..	3,356	8	11	Premiums returned on endowments ..	65	5	4
Consideration for Annuities ..	9,755	8	9	Bonuses surrendered for cash ..	2,039	14	10
Interest ..	193,869	11	3	Annuities ..	15,118	17	2
Fees ..	9	17	8	Surrenders—Ordinary ..	33,927	9	8
				“ Civil Service policies relinquished in terms of section 14 of “The Public Service Superannuation Act, 1907” ..	25,234	3	0
				Loans released by surrender ..	18,121	4	11
				Commission, new* ..	£15,378	18	3
				“ renewal ..	2,358	13	3
					17,737	11	6
				Land and Income Tax ..	11,984	2	0
				Expenses of management—			
				Salaries—			
				Head Office ..	£15,801	19	2
				Branch offices and agents ..	6,942	19	0
				Extra clerical assistance ..	303	3	0
				Medical fees and expenses ..	4,449	8	10
				Travelling expenses ..	668	3	9
				Advertising ..	1,022	14	9
				Printing and stationery ..	1,113	15	1
				Rent ..	2,661	10	11
				Postage and telegrams ..	1,418	4	2
				Exchange ..	86	1	4
				Office furniture depreciation ..	270	9	3
				General expenses ..	2,968	5	6
				Triennial expenses ..	975	6	8
					38,682	1	5
				Investment Fluctuation Reserve ..	20,000	0	0
				Amount of Funds, 31st December, 1908	4,264,684	19	2
					£4,681,852	0	0

\* Including Agents' allowances.

BALANCE-SHEET of the GOVERNMENT LIFE INSURANCE DEPARTMENT on 31st December, 1908.

LIABILITIES.				ASSETS.			
	£	s.	d.		£	s.	d.
Total Assurance, Annuity, and Endowment Funds (as per Revenue Account) ..	4,264,684	19	2	Loans on policies ..	730,865	5	10
Claims admitted, proofs not yet completed ..	30,292	7	1	Government securities—			
Annuities ..	249	0	2	Consolidated stock ..	625,900	0	0
Commission ..	353	5	8	Railway debentures (guaranteed by Government) ..	40,000	0	0
Medical fees ..	491	8	0	Debentures issued under “The Immigration and Public Works Act, 1870” ..	2,112	18	5
Premium and other deposits ..	5,355	14	11		668,012	18	5
Tontine Savings Fund No. 2 ..	14,757	10	8	Municipal Corporation debentures ..	137,947	12	1
Investment Fluctuation Reserve ..	83,663	6	1	County securities ..	360	15	6
				Harbour Board debentures ..	39,000	0	0
				Town Board debentures ..	2,200	0	0
				Landed and house property ..	124,325	1	2
				Office furniture (Head Office and agencies) ..	1,893	5	0
				Mortgages on property ..	2,571,865	1	11
				Properties acquired by foreclosure ..	Nil.		
				Overdue premiums on policies in force ..	5,468	5	8
				Outstanding premiums due but not overdue ..	37,840	4	5
					43,308	10	1
				Overdue interest ..	1,013	19	11
				Outstanding interest due but not overdue ..	7,044	4	2
				Interest accrued but not due ..	51,485	4	6
					59,543	8	7
				Agents' balances ..	2,641	18	9
				Sundry accounts owing ..	595	12	3
				Cash in hand and on current account ..	17,288	2	2
					£4,899,847	11	9

Government Life Insurance Department, 12th February, 1909.

J. H. RICHARDSON,  
Commissioner.  
W. B. HUDSON,  
Secretary.

Audited and found correct.  
J. K. WARBURTON,  
Controller and Auditor-General.

Inset—H. 8.

Statement of Business

YEAR 1908.	TOTAL.					ASSURANCES.			
	No.	Sum Assured.	Rever-sionary Bonuses.	Annual Premiums.		Whole-life and Term Assurances.			
				1. Ordinary.	2. Extra.	No.	Sum Assured.	Rever-sionary Bonuses.	Annual Premiums.
									1. Ordinary.
									2. Extra.

POLICIES ISSUED AND DISCON.

	No.	£	£	£	s.	d.	£	s.	d.		£	£	£	s.	d.
Policies in force at 31st December, 1907	46,945	10,855,153	1,124,970	328,531	14	11	15,124	2	5	13,123	3,809,301	714,509	90,509	9	11
New business, 1908	3,306	780,597	..	2,714	4	9	44,493	1	9	3	2,662	..	1,877	5	11
				24,482	11	0	799	1	2				114	1	10
				79	4	3	1,055	3	4				10	0	0
Total	50,251	11,635,750	1,124,970	353,014	5	11	15,923	3	7	13,126	3,811,963	714,509	90,623	11	9
Policies discontinued during 1908	3,218	680,001	56,020	2,793	9	0	45,548	5	1	475	135,297	25,552	1,887	5	11
				24,006	13	4	516	17	0				3,973	16	6
				172	15	0	40,275	11	1				95	18	9
Total Policies in force at 31st December, 1908	47,033	10,955,749	1,068,950	329,007	12	7	15,406	6	7	12,651	3,676,666	688,957	86,649	15	3
				2,620	14	0	5,272	14	0				1,791	7	2

PARTICULARS OF POLICIES DISCON.

How Discontinued.	No.	£	£	£	s.	d.	£	s.	d.	No.	£	£	£	s.	d.
By Death	419	110,280	19,281	3,378	9	11	594	8	0	256	78,629	16,347	2,255	18	10
				70	4	4	..	..	..	..	..	..	59	9	10
Maturity	382	83,101	16,563	3,299	2	1	..	..	..	..	..	..	..	..	..
				21	3	7	..	..	..	..	..	..	..	..	..
Surrender	604	134,550	7,519	4,297	12	4	1,148	9	1	111	31,762	4,051	907	4	4
				29	6	3	..	..	..	..	..	..	17	10	2
*Surrender of Civil Service Policies	770	110,103	3,142	5,783	0	0	38,854	17	10	6	1,890	141	80	0	0
				2	19	0	..	..	..	..	..	..	..	..	..
Surrender of Bonus	..	..	3,361	..	..	..	..	..	..	..	..	2,047	..	..	..
Lapse	1,043	241,967	6,154	7,023	10	7	194	13	2	102	23,016	2,966	588	0	11
				33	17	4	..	..	..	..	..	..	7	4	4
Expiry of Policy	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Expiry of Premiums	..	..	..	141	12	5	..	..	..	..	..	..	125	9	7
				1	7	2	..	..	..	..	..	..	1	7	2
Miscellaneous	..	..	..	83	6	0	..	..	..	..	..	..	17	2	10
				13	17	4	..	..	..	..	..	..	10	7	3
Total	3,218	680,001	56,020	24,006	13	4	40,792	8	1	475	135,297	25,552	3,973	16	6
				172	15	0	..	..	..	..	..	..	95	18	9

PROGRESS OF BUSINESS OF THE GOVERNMENT LIFE INSURANCE

Total issued	107,343	26,046,968	2,222,728	806,621	0	0	84,209	0	0	39,612	11,703,057	1,436,988	308,702	6	10
				14,351	16	6	..	..	..	..	..	..	10,807	14	11
Total void	60,310	15,091,219	1,153,778	477,613	7	5	63,529	19	5	26,961	8,026,391	748,031	222,052	11	7
				11,731	2	6	..	..	..	..	..	..	9,016	7	9
Total in force	47,033	10,955,749	1,068,950	329,007	12	7	20,679	0	7	12,651	3,676,666	688,957	86,649	15	3
				..	..	..	..	..	..	..	..	..	1,791	7	2

Extra Premiums	..	..	..	2,620	14	0	NOTE.—The Ordinary Premium is the premium charged								
Reduction of Premiums by Bonus, &c.	..	..	..	201	13	3									

Wellington, 1st March, 1909. £331,829 19 10 \*Civil Service policies relinquished in terms

at end of Year 1908.

ASSURANCES.								ANNUITIES.			SIMPLE ENDOWMENTS, INVESTMENTS, ETC.		
Endowment Assurances.				Annuity Assurances.									
No.	Sum Assured.	Rever- sionary Bonuses	Annual Premiums. 1. Ordinary. 2. Extra.	No.	1. Sum Assured. 2. Rever- sionary Bonuses.	Deferred Annuities.	Annual Premiums.	No.	Annual Premiums.	Annuities. 1. Immediate. 2. Deferred.	No.	1. Sum Assured. 2. Rever- sionary Bonuses.	Annual Premiums.

TINUED DURING THE YEAR 1908.

31,861	£ 6,827,664	£ 406,780	£ s. d. 227,809 10 1 836 18 10	862	£ 120,195 3,681 5,050	£ s. d. 44,370 17 16 1,055 3 4	£ s. d. 6,407 0 8 284 18 0	343 7 24 ..	£ s. d. 77 10 7 ..	£ s. d. 15,124 2 5 122 4 8 799 1 2 ..	749	£ 97,993 13,100	£ s. d. 3,728 3 8 543 8 2
3,178	759,785	..	23,540 3 0 69 4 3	6	..	..	..	..	..	..	95	..	..
35,039	7,587,449	406,780	251,349 13 1 906 3 1	868	125,245 3,681	45,426 0 5	6,691 18 8	367 7	77 10 7	15,923 3 7 122 4 8	844	111,093	4,271 11 10
1,908	431,043	27,602	14,094 14 8 76 16 3	764	104,750 2,866	40,250 19 15	5,580 11 4	13 2	9 0 0	516 17 0 24 12 0	56	8,911	348 10 10
33,131	7,156,406	379,178	237,254 18 5 829 6 10	104	20,495 815	5,175 1 4	1,111 7 4	354 5	68 10 7	15,406 6 7 97 12 8	788	102,182	3,923 1 0

TINUED DURING THE YEAR 1908.

149	31,401	2,925	1,110 1 1 10 14 6	2	250 9	97 13 4	12 10 0	12	..	496 14 8	..	..	..
369	79,190	16,563	3,151 19 2 21 3 7	..	..	..	..	..	..	..	13	3,911	147 2 11
436	96,638	3,365	3,116 6 2 11 16 1	20	2,400 103	1,103 14 9	124 19 0	3	9 0 0	44 14 4	34	3,750	140 2 10
26	6,513	247	289 11 0 2 19 0	738	101,700 2,754	38,854 17 10	5,413 9 0	..	..	..	..	..	..
..	..	1,314	..	..	..	..	..	..	..	..	..	..	..
928	217,301	3,188	6,369 9 5 26 13 0	4	400	194 13 2	20 18 0	..	..	..	9	1,250	45 2 3
..	..	..	..	..	..	..	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..	..	..	..	16 2 10
..	..	..	57 7 10 3 10 1	..	..	..	8 15 4	..	..	..	..	..	..
1,908	431,043	27,602	14,094 14 8 76 16 3	764	104,750 2,866	40,250 19 15	5,580 11 4	15	9 0 0	541 9 0	56	8,911	348 10 10

DEPARTMENT SINCE DATE OF ESTABLISHMENT TO 31st DECEMBER, 1908.

63,100	13,953,422	781,167	{ 479,331 11 0 3,544 1 7	1105	{ 156,250 4,563	57,158 17 2	8,332 11 6	610	265 2 0	27,050 2 10	2,916	{ 234,239 10	9,989 8 8
29,969	6,797,016	401,989	{ 242,076 12 7 2,714 14 9	1001	{ 135,755 3,748	51,983 15 10	7,221 4 2	251	196 11 5	11,546 3 7	2,128	{ 132,057 10	6,066 7 8
33,131	7,156,406	379,178	{ 237,254 18 5 829 6 10	104	{ 20,495 815	5,175 1 4	1,111 7 4	359	68 10 7	15,503 19 3	788	{ 102,182 ..	3,923 1 0

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

of section 14 of "The Public Service Superannuation Act, 1907."

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

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