

The rate of interest realized on the mean funds, after deduction of land and income tax from interest, was £5 2s. 4d.

Jubilee of the Department.—The Department, which was established under the Government Annuities Act, 1869, at the instance of the late Sir Julius Vogel, commenced operations in January, 1870, and has therefore completed the first fifty years of its existence. The first Commissioner was the Hon. W. Gisborne (1869–76), who was followed by Mr. Jonas Woodward, Deputy Commissioner (1876–78), Major Charles Heaphy, V.C. (1878–79), Mr. D. M. Luckie (1879–89), and Mr. F. W. Frankland (1889–90). In 1890 the Department came under my charge.

The progress of the Department is illustrated by the following figures:—

Date.	Funds. £
June, 1879	371,890
December, 1889	1,582,448
December, 1899	2,997,681
December, 1909	4,405,141
December, 1919	5,354,904

The following Consolidated Revenue Account shows the total receipts from the commencement, and the manner of their disposal by payments to policyholders and otherwise:—

Consolidated Revenue Account, January, 1870, to December, 1919.

	£		£	£
Funds at commencement	Nil.	Paid to policyholders—		
Premiums	11,578,973	By Death	4,739,563	
Consideration for annuities	425,678	Maturity	2,691,047	
Interest	£5,826,882	Annuities	435,079	
Less taxes	356,150	Other	1,830,215	
	5,470,732			9,695,904
Tontine funds transferred	35,314	Commission		655,961
Miscellaneous	786	Expenses of management		1,475,554
		Reserve for depreciation in securities		329,160
		Funds at 31st December, 1919		5,354,904
	£17,511,483			£17,511,483

It will be seen from this that the total amount paid in by policyholders since the establishment of the Department has been £12,004,651, of which £9,695,904 has been returned to them in claims, surrenders, &c., while funds have at the same time been accumulated amounting to £5,354,904. The sums paid to policyholders or reserved for future claims therefore amount to £15,050,808, or 125 per cent. of the premiums received, the interest earned being sufficient to meet all expenses and add 25 per cent. to the payments of the assured.

In reviewing the Department's history it is impossible to avoid notice of the gigantic event which overshadowed the closing years of the period, and it may be of interest to set out the Department's position in relation thereto.

The Department having always made a feature of charging minimum rates of premium and issuing a policy free from restrictions, there were no restrictions as to military service in respect of those who insured before the war: consequently the bulk of the war losses had to be borne without extra premium. When the war commenced, persons then insuring were charged an extra premium of 5 per cent. on the sum assured, increased for later entrants to 7½ per cent., which was known to be considerably below the actual cost of the war mortality. The war claims numbered 1,756, representing sums assured of £357,514, and of these 1,756 claims an extra premium to cover the war risk had been paid in 216 cases only, and in the remaining 1,540 cases, or 88 per cent. of the total, no extra premium was charged.

I may say that the mortality amongst the oversea Forces in the different war years ranged from 8 per cent. to 15 per cent. per annum of the total Force, the average being about 10 per cent., or considerably in excess of the rate charged. The extra premiums were remitted without proof of health at the close of the war or on the return of the assured to New Zealand, consequently an addition to the loss must be made for subsequent extra mortality through wounds and generally impaired health. The claims from influenza (which is more or less attributable to the war) amounted to about £100,000, and when this is taken into account the total sum paid by the Department to the representatives of policyholders dying from war causes cannot have been less than £500,000, an amount giving some indication of the importance of the insurance principle in general, and of the operations of the Department in particular, in the social economy of the country. As already stated, £1,009,900 has been invested in Government securities since the commencement of the war, and it is satisfactory that the Department has been able to meet the large losses due to the war and render substantial aid financially towards its successful conclusion.

It may finally be remarked that while the origin of State life insurance in New Zealand is to be found primarily in the panic resulting from the breakdown of large insurance concerns in Great Britain in the late "sixties," the Department has not only assisted in placing life insurance in New Zealand upon a sound basis, but a great feature of its fifty years' work has been the provision of insurance protection at a low cost in direct and successful competition with commercial companies. As a matter of fact, the premiums charged by the Department are the lowest in Australasia. It is owing in no small degree to the Department's operations that the population of New Zealand is one of the best insured in the world, the sum assured per head working out at £42 in 1917, as against £31 in Australia and approximately £29 in Great Britain.

Notwithstanding the restriction of its business to so small an area as New Zealand, and in the face of the intensive competition indicated by these striking figures, the Department has nevertheless attained a magnitude that would give it a considerable rank in a country like England; and it can furthermore take credit not only for past achievements, but also for the firm and solid basis upon which are built its hopes for the future.

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Government Insurance Commissioner.