

1931.  
NEW ZEALAND.  
  
ANNUAL REPORT  
  
OF THE  
  
GOVERNMENT INSURANCE COMMISSIONER

FOR THE YEAR ENDED 31ST DECEMBER, 1930.

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

Government Insurance Office, Wellington, 6th June, 1931.

I HAVE the honour to submit the following report upon the transactions of the Department for the year ended 31st December, 1930, 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 5,780 policies, assuring the sum of £1,946,322, the premiums thereon being £62,137 per annum. Twenty-nine annuities also were granted, the purchase-money being £18,598.

The introduction of a new policy of deferred assurance for children, incorporating various liberal options exercisable on the attainment of age 21, has met with a ready response from the assuring public.

The total business in force at the end of the year (including immediate and deferred annuities for £25,152 per annum) comprises 71,868 policies, bearing an annual premium income of £665,447. The total sum assured is £21,418,413, to which reversionary bonuses amounting to £2,426,621 have been added.

*Income.*—The total yearly income continues to expand steadily, the income for 1930 being £1,114,322, made up as follows: Premium income, £656,751; interest and rents (after deduction of land and income tax amounting to £20,621), £438,973; consideration for annuities, £18,598.

*Claims.*—During the year maturity claims amounting to £307,664 on 1,131 policies arose, and 577 policies, assuring the sum of £224,345, became claims by death of the assured. The total amount paid in claims since the inception of the Department amounts to £12,269,927.

*Accumulated Funds.*—The Assurance Funds increased by £322,323, and now amount to £8,248,847. In addition, the Department has an Investment Fluctuation Reserve, constituted in respect of mortgages and other investments, which now amounts to £238,882, a sum of £25,000 having been transferred thereto at the end of the year.

*Investments.*—The funds of the Department have been kept closely invested, and the cash in hand and on current account at the end of the year stood at the low figure of £2,006. The distribution of the investments is as follows:—

Class of Investment.	Percentage of Total Assets.
Mortgages of freehold property .. .. .	43·0
Government securities .. .. .	26·7
Local-body debentures .. .. .	13·6
Loans on policies .. .. .	12·5
Miscellaneous assets .. .. .	2·4
Landed and house property .. .. .	1·8
	100·0

*Expense Ratios and Rate of Interest.*—The ratio of expenses to (a) total income and (b) premium income have further declined, and the effective rate of interest (after deduction of taxes) earned on the funds has increased. The respective figures for 1930 and the two preceding years are :—

				1928.	1929.	1930.
Ratio of expenses to—				Per Cent.	Per Cent.	Per Cent.
(a) Total income	..	..	..	9·35	8·79	8·41
(b) Premium income	..	..	..	15·29	14·40	13·88
Net effective rate of interest	..	..	..	£5 9 9	£5 10 10	£5 11 7

*Annual Bonus Distribution.*—The attached Valuation Report, pursuant to section 40 of the Government Life Insurance Act, 1908, discloses a net surplus of £228,799 (excluding interim bonuses paid during the year), and of this sum £224,145 has been allotted in the form of compound reversionary bonuses upon the sum assured and existing bonuses. The total reversionary bonuses thus allotted amount to £371,096.

The rate of bonus allotted in the case of ordinary endowment and whole-life assurances under the present premium tables ranges from £1 18s. per cent. to £2 2s. per cent. on the sum assured for policies one year in force, and up to £3 15s. per cent. in the case of policies of long duration. The declaration of such satisfactory rates of bonuses, coupled with the stringent basis employed in the valuation, speaks for itself of the Department's strong financial position.

*General.*—Notwithstanding trade conditions prevailing in the Dominion, the new business for the year was very satisfactory, and was again the highest in the history of the Department. The rate of bonus declared for 1928–29 has been maintained, and this rate, in conjunction with the low premiums charged by the Department, provides contracts which will bear comparison with those of any other life-insurance office transacting business in the Dominion.

A. E. ALLISON, Commissioner.

REVENUE ACCOUNT OF THE GOVERNMENT LIFE INSURANCE DEPARTMENT FOR THE YEAR ENDED  
31ST DECEMBER, 1930.

	£	s.	d.		£	s.	d.
Amount of funds at 1st January, 1930	7,926,524	12	11	Death claims under assurance policies, including bonus additions	224,226	4	0
Renewal premiums—Assurance, Annuity, and Endowment	592,601	7	5	Endowment Assurances matured, including bonus additions	300,053	3	0
New premiums (including instalments of first year's premiums falling due in the year)	58,380	14	3	Endowments matured	7,611	5	0
Single premiums—Assurance and Endowment	5,769	6	2	Premiums returned on endowments	118	7	3
Consideration for Annuities	18,598	2	10	Bonuses surrendered for cash	9,195	5	9
				Annuities	23,459	18	2
Interest and Rent	463,757	0	8	Surrenders	41,938	2	10
Less land and income tax, £20,620				Loans released by surrender	66,632	11	5
16s. 10d.; property expenses, £4,163 15s. 8d.	24,784	12	6				
	438,972	8	2	Commission, new*	34,463	16	11
				„ renewal	4,542	3	7
					39,006	0	6
				Contribution to Public Service Superannuation Fund	1,465	9	10
				Expenses of management—			
				Salaries—	£	s.	d.
				Head Office	21,992	9	10
				Branch offices and agents	12,532	18	3
				Extra clerical assistance	3,130	3	2
				Medical fees and expenses	2,626	13	9
				Travelling-expenses	623	6	8
				Advertising	592	10	2
				Printing and stationery	1,537	0	4
				Rent	4,973	5	11
				Postage and telegrams	1,795	11	4
				Exchange	43	9	10
				General expenses	3,445	9	0
					53,292	18	3
				Transfer to Investment Fluctuation Reserve Account	25,000	0	0
				Amount of funds, 31st December, 1930	8,248,847	5	9
	£9,040,846	11	9		£9,040,846	11	9

\* Including agents' allowances.

BALANCE-SHEET OF THE GOVERNMENT LIFE INSURANCE DEPARTMENT ON 31ST DECEMBER, 1930.

Liabilities.	£	s.	d.	Assets.	£	s.	d.
Total Assurance, Annuity, and Endowment Funds (as per Revenue Account)	8,248,847	5	9	Loans on policies	1,073,398	8	1
Claims admitted, proofs not yet completed	33,427	4	2	New Zealand Government securities	2,198,160	0	0
Annuities	349	7	0	Rural Advances Bonds	85,395	0	0
Commission	884	13	5	Municipal Corporation debentures	266,767	13	2
Medical fees	218	18	6	County securities	105,660	0	5
Premium and other deposits	11,474	15	9	Harbour Board debentures	27,600	0	0
Sundry creditors	5,307	3	2	Town Board debentures	28,778	12	11
Accident and Fidelity Fund	4,381	18	5	Road Board debentures	21,800	0	0
Investment Fluctuation Reserve	238,881	10	0	Drainage Board debentures	1,759	8	8
Sinking Funds on Local Body Loans	14,790	4	4	Power Board debentures	715,331	10	9
				Landed and house property	143,248	0	1
				Landed and house property (leasehold)	1,775	9	3
				Mortgages on property	3,677,923	8	5
				Properties acquired by foreclosure	4,993	5	0
				Overdue premiums on policies in force	9,124	9	8
				Outstanding premiums due but not overdue	59,619	17	9
					68,744	7	5
				Overdue interest	9,684	7	7
				Outstanding interest due but not overdue	12,826	18	6
				Interest accrued but not due	111,416	0	5
					133,927	6	6
				Sundry debtors	1,294	1	4
				Cash in hand and on current account	2,006	8	6
	£8,558,563	0	6		£8,558,563	0	6

A. E. ALLISON, Commissioner.

H. ROSE, Secretary.

Government Life Insurance Department.

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.—G. F. C. CAMPBELL, Controller and Auditor-General.

Statement of Business

YEAR 1930.	TOTAL.					Whole-life and Term Assurances.						
	No.	Sum assured.	Rever-sionary Bonuses.	Annual Premiums.		No.	Sum assured.	Rever-sionary Bonuses.	Annual Premiums.			
				1. Ordinary.	2. Extra.				1. Ordinary.	2. Extra.		
POLICIES ISSUED AND DISCON-												
		£	£	£	s. d.	£	s. d.		£	£	£	s. d.
Policies in force at 31st December, 1929	70,189	20,700,069	2,265,539	{ 640,227 4 0	23,439 9 4 }	9,863	3,623,355	613,749	{ 91,868 18 6 }			
				{ 1,912 17 6 }	1,511 13 2 }				{ 715 9 3 }			
New business .. ..	5,809	1,946,322	..	{ 62,066 17 1	1,552 10 4 }	153	83,425	..	{ 3,107 19 2 }			
				{ 70 11 10 }	4 0 4 }				{ 10 8 5 }			
Bonus allotted .. ..	..	..	352,347	{ ..	..	..	..	37,100	{ ..			
Total.. ..	75,998	22,646,391	2,617,886	{ 702,294 1 1	24,991 19 8 }	10,016	3,706,780	650,849	{ 94,976 17 8 }			
				{ 1,983 9 4 }	1,515 13 6 }				{ 725 17 8 }			
Policies discontinued during 1930	4,130	1,227,978	191,265	{ 38,638 4 3	1,305 11 8 }	628	256,466	55,204	{ 6,832 4 0 }			
				{ 192 14 7 }	49 16 4 }				{ 95 6 8 }			
Total policies in force at 31st December, 1930	71,868	21,418,413	2,426,621	{ 663,655 16 10	23,686 8 0 }	9,388	3,450,314	595,645	{ 88,144 13 8 }			
				{ 1,790 14 9 }	1,465 17 2 }				{ 630 11 0 }			
PARTICULARS OF POLICIES DISCON-												
How discontinued.												
By Death .. ..	577	166,686	56,201	{ 5,245 1 9	1,355 9 2 }	302	98,198	44,037	{ 2,616 11 7 }			
				{ 58 0 1 }	..				{ 41 6 7 }			
Maturity .. ..	1,131	241,119	64,658	{ 9,265 13 1	..	..	..	..	{ ..			
				{ 19 17 0 }	..				{ ..			
Surrender .. ..	1,083	343,187	42,076	{ 10,375 19 1	..	138	65,724	6,342	{ 1,677 10 4 }			
				{ 41 14 6 }	..				{ 25 0 1 }			
Changes to other Tables	75	28,250	1,103	{ 717 3 2	..	24	11,150	..	{ 299 18 4 }			
				{ ..	..				{ ..			
Cancellation .. ..	142	45,100	137	{ 1,456 5 11	..	2	1,250	..	{ 24 16 4 }			
				{ 1 12 0 }	..				{ ..			
Lapse .. ..	1,122	403,636	27,090	{ 11,578 1 3	(-)49 17 6 }	162	80,144	4,225	{ 2,213 7 5 }			
				{ 71 11 0 }	(+)49 16 4 }				{ 29 0 0 }			
Total discontinued during year 1930	4,130	1,227,978	191,265	{ 38,638 4 3	1,305 11 8 }	628	256,466	55,204	{ 6,832 4 0 }			
				{ 192 14 7 }	49 16 4 }				{ 95 6 8 }			
PROGRESS OF BUSINESS OF THE GOVERNMENT LIFE INSURANCE												
Total issued .. ..	207,988	56,813,363	6,031,762	{ 1,762,067 3 5	117,721 1 4 }	50,609	16,481,554	2,301,127	{ 433,120 19 1 }			
				{ 40,372 7 11 }	..				{ 18,530 12 10 }			
Total void .. ..	136,120	35,394,950	3,605,141	{ 1,098,411 6 7	92,568 16 2 }	41,221	13,031,240	1,705,482	{ 344,976 5 5 }			
				{ 38,581 13 2 }	..				{ 17,900 1 10 }			
Total in force .. ..	71,868	21,418,413	2,426,621	{ 663,655 16 10	25,152 5 2 }	9,388	3,450,314	595,645	{ 88,144 13 8 }			
Extra Premiums .. ..	..	..	..	{ 1,790 14 9	..	..	..	..	{ 630 11 0 }			
				{ ..	..				{ ..			
				{ £665,446 11 7	..				{ £88,775 4 8			

NOTE.—The "ordinary" premium is the premium charged

at End of Year 1930.

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.	Annuities. 1. Immediate or entered upon. 2. Deferred.	Annual Premiums.	No.	Annual Premiums.	Annuities. 1. Immediate or entered upon. 2. Deferred.	No.	1. Sum assured. 2. Rever- sionary Bonuses.	Annual Premiums. 1. Ordinary. 2. Extra.

TINUED DURING THE YEAR 1930.

£ s. d.				£ s. d.				£ s. d.				£ s. d.			
57,984	16,710,579	1,620,322	{ 537,903 6 9 } { 1,195 18 9 }	27	{ 5,785 } { 1,298 }	{ 264 2 9 } { 1,211 13 2 }	229 16 6	408	91 12 6	{ 23,175 6 7 } { 300 0 0 }	1,907	{ 360,350 } { 21,170 }	10,133 9 9	1 9 6	
5,196	1,655,241	..	{ 56,390 0 7 } { 58 0 11 }	..	{ 100 } { .. }	{ .. } { 4 0 4 }	25 19 0	29	..	{ 1,552 10 4 } { .. }	431	{ 207,556 } { .. }	2,542 18 4	2 2 6	
..	..	312,015	{ .. } { .. }	..	{ 132 } { .. }	{ .. } { .. }	..	..	..	{ .. } { .. }	..	{ 3,100 } { .. }	..	..	
63,180	18,365,820	1,941,337	{ 594,293 7 4 } { 1,253 19 8 }	27	{ 5,885 } { 1,430 }	{ 264 2 9 } { 1,215 13 6 }	255 15 6	437	91 12 6	{ 24,727 16 11 } { 300 0 0 }	2,338	{ 567,906 } { 24,270 }	12,676 8 1	3 12 0	
3,319	935,674	134,075	{ 30,826 5 10 } { 97 7 11 }	2	{ 138 } { 112 }	{ (-)24 2 0 } { (+)49 16 4 }	45 6 0	26	..	{ 1,329 13 8 } { .. }	155	{ 35,700 } { 1,874 }	934 8 5	..	
59,861	17,430,146	1,807,262	{ 563,467 1 6 } { 1,156 11 9 }	25	{ 5,747 } { 1,318 }	{ 288 4 9 } { 1,165 17 2 }	210 9 6	411	91 12 6	{ 23,398 3 3 } { 300 0 0 }	2,183	{ 532,206 } { 22,396 }	11,741 19 8	3 12 0	

TINUED DURING THE YEAR 1930.

245	68,288	12,164	{ 2,619 18 11 } { 16 13 6 }	..	{ .. } { .. }	{ .. } { .. }	..	28	..	{ 1,355 9 2 } { .. }	2	{ 200 } { .. }	8 11 3	..	
1,090	234,919	63,154	{ 9,015 16 0 } { 19 17 0 }	..	{ .. } { 111 }	{ .. } { .. }	..	..	..	{ .. } { .. }	41	{ 6,200 } { 1,393 }	249 17 1	..	
874	257,663	35,133	{ 8,259 16 11 } { 16 14 5 }	..	{ .. } { 1 }	{ .. } { .. }	..	..	..	{ .. } { .. }	71	{ 19,800 } { .. }	438 11 10	..	
51	17,100	1,103	{ 417 4 10 } { .. }	..	{ .. } { .. }	{ .. } { .. }	..	..	..	{ .. } { .. }	..	{ .. } { .. }	..	..	
130	40,650	137	{ 1,326 19 9 } { 1 12 0 }	..	{ .. } { .. }	{ .. } { .. }	..	..	..	{ .. } { .. }	10	{ 3,200 } { .. }	104 9 10	..	
929	317,054	22,384	{ 9,186 9 5 } { 42 11 0 }	2	{ 138 } { .. }	{ (-)24 2 0 } { (+)49 16 4 }	45 6 0	(-)2	..	{ (-)25 15 6 } { .. }	31	{ 6,300 } { 481 }	132 18 5	..	
3,319	935,674	134,075	{ 30,826 5 10 } { 97 7 11 }	2	{ 138 } { 112 }	{ (-)24 2 0 } { (+)49 16 4 }	45 6 0	26	..	{ 1,329 13 8 } { .. }	155	{ 35,700 } { 1,874 }	934 8 5	..	

DEPARTMENT SINCE DATE OF ESTABLISHMENT TO 31st DECEMBER, 1930.

147,757	38,854,764	3,681,603	{ 1,281,705 18 5 } { 21,817 13 1 }	1,106	{ 160,550 } { 8,448 }	{ 57,501 16 10 } { 8,645 14 8 }	1,175	866 6 8	60,219 4 6	7,341	{ 1,316,495 } { 40,584 }	37,728 4 7	24 2 0	
87,896	21,424,618	1,874,341	{ 718,238 16 11 } { 20,661 1 4 }	1,081	{ 154,803 } { 7,130 }	{ 56,047 14 11 } { 8,435 5 2 }	764	774 14 2	36,521 1 3	5,158	{ 784,289 } { 18,188 }	25,986 4 11	20 10 0	
59,861	17,430,146	1,807,262	{ 563,467 1 6 } { 1,156 11 9 }	25	{ 5,747 } { 1,318 }	{ 1,454 1 11 } { .. }	210 9 6	411	91 12 6	23,698 3 3	2,183	{ 532,206 } { 22,396 }	11,741 19 8	..
..	..	..	{ .. } { .. }	..	{ .. } { .. }	{ .. } { .. }	..	..	..	{ .. } { .. }	..	{ .. } { .. }	3 12 0	
£564,623 13 3				£210 9 6				£91 12 6				£11,745 11 8		

at the true age; the "extra" the additional premium charged for any reason whatsoever.

A. E. ALLISON, Commissioner.  
S. BECKINGSALE, Acting-Actuary.

# REPORT

## OF THE VALUATION OF THE

# GOVERNMENT INSURANCE DEPARTMENT

AS AT 31st DECEMBER, 1930.

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

Wellington, 2nd March, 1931.

IN accordance with your instructions, an investigation and a valuation of the annuity and the assurance contracts of the Department have been made for the year ended 31st December, 1930, with the object of ascertaining the net surplus available for distribution amongst the policyholders, and, in compliance with section 40 of the Government Life Insurance Act, 1908, and amendments, I have the honour to report as follows :—

The business to be valued consisted of 71,868 policies, assuring, inclusive of bonus additions, £23,845,034, and £25,152 immediate and deferred annuities per annum, the Office premiums thereon amounting to £665,447 per annum.

The bases adopted for the valuation were as follows :—

- (a) The British Offices OM Table, 1893, and the British Offices Annuity Tables, 1920, were employed in the case of assurances and annuities respectively, with 3 per cent. interest, and
- (b) The net premium method of valuation has been followed in arriving at the value, according to the above tables, of the liabilities in respect of the Department's contracts, and additional reserves have been included for future bonuses, expenses, and other contingencies.

The valuation has disclosed a total surplus of £232,581 as follows :—

Total funds at 31st December, 1930	..	..	..	..	£	8,248,847
Less value of liabilities	..	..	..	..	£	8,020,048
Net surplus	..	..	..	..		228,799
Add interim bonus paid during year	..	..	..	..		3,782
Total surplus	..	..	..	..		<u>£232,581</u>

Separate investigations of the General and the Temperance Sections, as required by the Act, disclosed that identical rates of bonus should be declared in both sections.

I accordingly recommend that the following rates of compound bonus be declared on the sum assured and existing bonuses in respect of each full year's premium paid during the year :—

Policies issued under present premium tables :—	Per Cent.
Whole-life assurances, and long-term endowment assurances (Tables A, B, and A special)	£ s. d. .. 2 2 0
Endowment assurances (excluding Tables A, B, and A special)	.. 1 18 0
Double-endowment assurances and pure endowments	.. 1 7 6

Policies issued under premium tables which have been closed :—

Whole-life and endowment assurances	..	..	..	..	1 16 0
Double-endowment assurances	..	..	..	..	1 10 0

The above bonuses will absorb £224,145, and I recommend that the balance of the net surplus—£4,654—be carried forward.

The effective rate of interest earned on the funds of the Department, after deduction of taxes, increased from £5 10s. 10d. per cent. in 1929 to £5 11s. 7d. per cent. in 1930.

The expenses of management further declined to 13·88 per cent. of the premium income, or 8·41 per cent. of the total income, the corresponding figures for 1929 being 14·40 per cent. and 8·79 per cent. respectively.

Death claims increased by £28,644 as compared with 1929, the respective figures being £224,226 and £195,582. Nevertheless the incidence of the claims has been such that the present high rates of bonus can safely be maintained without adversely affecting the financial strength of the Department.

S. BECKINGSALE, A.I.A., Acting-Actuary.

The Government Insurance Commissioner, Wellington.

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