

1875.  
NEW ZEALAND.

**GOVERNMENT INSURANCE COMMISSIONER,**  
(ANNUAL REPORT OF THE).

*Presented to the General Assembly in accordance with section 41 of "The Government Insurance and Annuities Act, 1874."*

SIR,—

Government Insurance Office, Wellington, 31st July, 1875.

In forwarding to you for presentation to the General Assembly my Sixth Report on the business of this Department, it is gratifying to me to be able to report its satisfactory progress.

## NEW BUSINESS.

I subjoin a statement of the particulars of proposals received, and of the number of policies issued during the year ended the 30th ultimo.

BRANCH.	RECEIVED.			DECLINED, AND NOT COMPLETED.			POLICIES ISSUED.		
	No.	Amount.		No.	Amount.		No.	Amount.	
Insurance ... ..	1,855	£	s. d.	508	£	s. d.	1,347	£	s. d.
Endowment ... ..	25	649,481	0 0	8	161,123	0 0	17	488,358	0 0
Annuity ... ..	8	3,200	0 0	1	1,200	0 0	7	2,000	0 0
Industrial ... ..	90	(£1,085 per annum)		11	(£120 per annum)		79	(£965 per annum)	
		9,927	11 0		1,570	5 0		8,357	6 0
Totals ... ..	1,978	662,608	11 0	528	163,893	5 0	1,450	498,715	6 0

The following is a summary of the particulars of the new business effected:—

BRANCH.	No. of Policies.	Sum Assured.	Single Premiums.	Annual Premiums.				
Insurance ... ..	1,347	£	s. d.	£	s. d.			
Endowment ... ..	17	488,358	0 0	346	11 10			
Annuity ... ..	7	2,000	0 0	128	16 11			
Industrial ... ..	79	(£965 per annum)		7,144	5 0			
		8,357	6 0	...	284	1 0		
Totals ... ..	1,450	498,715	6 0	7,619	13 9	15,484	7 8	
						7,619	13 9	
TOTAL NEW PREMIUMS				...	...	...	£23,104	1 5

The foregoing return shows that the sum of £15,484 7s. 8d., in the shape of New Annual Premiums, has been added during the last year to the gross annual income of the department, exclusive of New Single Premiums, which amount to £7,619 13s. 9d.

## CLAIMS.

The claims, amounting to £12,050 during the year, have been 32 in number, caused by the death of 30 persons.

## POLICIES DISCONTINUED.

A summary of the policies discontinued since the establishment of the department is given below.

How Discontinued.	No. of Policies.	ASSURANCE BRANCH.		No. of Policies.	ENDOWMENT BRANCH.		No. of Policies.	ANNUITY BRANCH.		No. of Policies.	INDUSTRIAL BRANCH.	
		Sum Assured.	Annual Premiums.		Sum Assured.	Annual Premiums.		Amount of Annuity per Annum.	Annual Premiums.		Sum Assured.	Annual Premiums.
By Death ... ..	61	£	£ s. d.	...	£	£ s. d.	...	£ s. d.	£ s. d.	...	£ s. d.	£ s. d.
„ Expiry ... ..	4	24,750	849 2 5	...	...	...	...	...	...	...	...	...
„ Surrender ... ..	12	3,300	46 4 11	1	100	4 11 6	1	50 0 0	21 5 0	...	...	...
„ Change ... ..	8	4,400	162 1 8	...	...	...	...	...	...	...	...	...
„ Lapse ... ..	762	5,600	141 3 11	...	...	...	...	...	...	...	...	...
Not taken ... ..	...	216,750	6,241 18 1	12	1,400	70 19 7	...	...	...	1	99 8 0	3 0 8
	...	...	...	...	...	...	...	...	...	2	152 14 0	6 10 0
Totals ... ..	847	254,800	7,440 11 0	13	1,500	75 11 1	1	50 0 0	21 5 0	3	252 2 0	9 10 8

The number of policies issued since the establishment of this department is 5,928, assuring £2,097,874 4s., of which 864 have been discontinued, leaving 5,064 existing policies, assuring £1,841,322 2s.

#### ACCOUNTS.

I attach to this Report the accounts prescribed in the 41st section of "The Government Insurance and Annuities Act, 1874." The receipts for the year from all sources amounts to £63,699 1s. 6d., and the excess of receipts over disbursements is £41,419 11s. 11d. The balance at the credit of the department on the 30th June last was £108,525 1s. 7d.

In the Ordinary Branch the yearly ratio of expenses of management, including commission, to the premium income, has been reduced from 37·41 per cent. in 1872, to 19·24 per cent. in 1875. Agencies having now been fully established throughout the colony, a further reduction year by year may safely be anticipated. It is, in the meantime, a gratifying fact to record that the present ratio of such expenditure, in the sixth year of the age of this department, has so much decreased. The average ratio of the cost of management of 120 Life Insurance Companies in Great Britain was 15·12 per cent. for 1874, and their average age was 39 years; but taking only those whose age did not exceed 10 years, the average was 57·32 per cent.

#### INVESTMENTS.

The receipts, with the exception of a small working balance, are invested week by week in Treasury Bills, bearing interest at the rate of £5 2s. 6d. per cent. per annum; the total amount so invested at the close of the past financial year was £105,300. The working balance, upon which the department receives interest at the rate of 3 per cent., has averaged less than £2,000.

#### INDUSTRIAL BRANCH.

Since my last Report, a table and regulations have been issued, with a view to the introduction of what is known as the Industrial System of Life Insurance, the special feature of which is a scale of weekly payments of premiums; and the use of that table has been, for the short time during which it has been in force, confined to members of Friendly Societies. The returns show the amount of business done, and the total expenditure incurred in establishing the Branch:—No claims have as yet arisen. Experience and information otherwise gained on this subject have induced me to recommend the extension of this system to all who may desire to avail themselves of it.

#### QUINQUENNIAL INVESTIGATION.

The law requires in this year, and at the end of every subsequent period of five years, an investigation to be made by an Actuary into the financial condition of the Government Insurance Department, and prescribes the form in which the report of such Actuary shall be made. It was contemplated by the Government to arrange, if possible, for the visit to this colony from England of an Actuary of high standing and reputation for the purpose of this investigation. This arrangement has been found impracticable, but another one has been made, by means of which two eminent Actuaries in London, Mr. W. P. Pattison and Mr. A. H. Bailey, will there make that investigation, on detailed information specified by them as requisite, and furnished to them. The required information, in the form in which they prescribe, will be checked in this colony by some properly qualified officer from the Audit Office or the Treasury, wholly independent of this department. Mr. Pattison has, on the part of Mr. Bailey and himself, expressed their "full intention to do all the work necessary, not only to ascertain the sufficiency of the premiums charged, but also to form a complete opinion of the position of the department;" and he adds, "We consider that if the returns for which we will give instructions are correctly made, the valuation can be made as well in England as if we were to visit the colony for the purpose."

The required returns are in course of preparation and as soon as they are completed, and their correctness checked by an Audit or Treasury officer, they will be forthwith sent to the Actuaries named.

#### GENERAL REMARKS.

The consolidating and amending Government Insurance Act of last Session is a valuable measure. Consolidation of law is in itself a great advantage, and the amendments made are of an important and beneficial kind. I allude specially to the following amendments:—the power of making loans to policyholders; the continuous profitable investment of insurance funds in undoubted securities; the requirement of a quinquennial actuarial investigation and valuation, and of the yearly publication of full accounts; and the periodical distribution of ascertained profits, on certain conditions, among the holders of policies.

The Government, moreover, have been able, by departmental regulations, to make the terms of Life Insurance more liberal; to form a special table for the assistance of Religious Denominations in establishing pensions and charitable funds for their ministers; and to commence an Industrial Branch, with a view to bringing its benefits practically within the reach of the mass of the community.

Generally, thus, a system has been constructed under which the State offers to every person an easy means of providing for his family, and guarantees that provision, while at the same time it relinquishes to him the profit, if any, of the transaction. The State is satisfied with the recompense which it derives from the increase of provident habits and the decrease of destitution among its people, and the insurer receives the more immediate advantage. The continued success of such a system is a social object of inestimable worth, and should be carefully cherished. The whole community collectively, and members of it individually, are directly interested in that success, and directly share in the gain.

I have the honor to be,

Sir,

Your most obedient humble servant,

W. GISBORNE,  
Commissioner.

The Hon. the Colonial Treasurer, &c., &c.

STATEMENT of Receipts and Expenditure from 1st July, 1874, to 30th June, 1875.

RECEIPTS.			EXPENDITURE.				
—	Ordinary Branch.	Industrial Branch.	Total.	—	Ordinary Branch.	Industrial Branch.	Total.
	£ s. d.	£ s. d.	£ s. d.		£ s. d.	£ s. d.	£ s. d.
Balance at the beginning of the year ...	...	...	67,105 9 8	Claims on Assurance Policies...	...	...	10,266 13 4
Premiums received during the year :—				Surrenders ...	...	...	376 7 11
New ...	8,904 7 2	5 9 3	8,909 16 5	Annuities ...	...	...	910 19 7
Renewal ...	43,726 13 9	40 18 9	43,767 12 6	Commission, New ...	...	...	1,404 13 7
Single ...	475 8 9	...	475 8 9	" Renewal ...	...	...	1,138 7 1
Consideration received for Annuities granted ...	7,144 5 0	...	7,144 5 0	Expenses of Management—	...	...	1,487 19 5
Interest ...	...	...	3,334 17 2	Travelling Expenses of Agents ...	...	...	2,026 18 0
Fines ...	22 4 2	...	22 4 2	Medical Fees ...	...	...	11 16 0
Fees ...	6 5 0	...	6 5 0	Refund of Medical Fee Deposits ...	...	...	263 3 6
Premium Receipt Books ...	...	0 1 0	0 1 0	Advertising ...	...	...	3,289 13 11
Medical Fee Deposits ...	...	38 11 6	38 11 6	Salaries ...	...	...	185 17 0
	60,279 3 10	85 0 6		Extra Clerical Assistance ...	...	...	37 10 11
				Printing and Binding ...	...	...	21 15 0
				Rent ...	...	...	311 5 11
				Furniture for Chief and Sub-Offices ...	...	...	59 16 5
				Miscellaneous ...	...	...	21,781 1 7
				Balance in favour of the Department on 30th June, 1875 ...	...	...	...
		Total ...	130,804 11 2		...	...	106,626 1 7
						Total ...	180,804 11 2

## BALANCE SHEET of the Government Insurance Department on the 30th June, 1875.

LIABILITIES.	£	s.	d.	ASSETS.	£	s.	d.
Assurance, Annuity, and Endowment Fund ... ..	110,084	4	9	Loans upon Policies... ..	83	0	0
Claims admitted or announced, but not paid ... ..	2,450	0	0	Investments, Treasury Bills ... ..	105,300	0	0
Annuities, due and unpaid ... ..	300	0	0	Present Market Value of Furniture ... ..	379	3	0
Commission ... ..	688	1	9	Agents' Balances ... ..	124	1	9
Travelling Expenses of Agents ... ..	148	12	7	Premiums in process of collection and transmission on Policies in force at the end of the year ... ..	4,024	9	2
Medical Fees ... ..	712	9	6	Outstanding Interest ... ..	29	7	1
Medical Fee Deposits ... ..	26	5	0	Accrued Interest ... ..	842	6	6
Advertising ... ..	56	16	6	Cash on Deposit ... ..	3,024	17	11
Miscellaneous ... ..	34	13	1	Cash on Current Account ... ..	200	3	8
				Preliminary Expenses (Industrial Branch)	493	14	1
	<u>£114,501</u>	<u>3</u>	<u>2</u>		<u>£114,501</u>	<u>3</u>	<u>2</u>

By Authority: GEORGE DINSBURY, Government Printer, Wellington.—1875.

Price 3d.]