

1948
NEW ZEALAND

ANNUAL REPORT

OF THE

GOVERNMENT INSURANCE COMMISSIONER

FOR THE YEAR ENDED 31st DECEMBER, 1947

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

Government Insurance Office,
Wellington, 11th May, 1948.

I HAVE the honour to submit the following report upon the transactions of the Department for the year ended 31st December, 1947, and its position at that date. The Revenue Account, Balance-sheet, and Statement of Business are appended.

New Business and Business in Force.—New business for the year amounted to 11,510 policies, assuring the sum of £7,052,219, the premiums thereon being £171,170 per annum. Thirty-three annuities were also granted, the purchase-money being £59,312. The total business in force at the end of the year (including immediate, deferred, and contingent annuities for £232,764 per annum) comprises 121,737 policies bearing an annual premium income of £1,190,935. The total sum assured is £50,999,042, to which reversionary bonuses amounting to £4,383,316 have been added.

Income.—The total income amounted to £1,929,781, made up as follows:—

	£
Premium income	1,311,990
Interest income (net)	558,479
Annuity-purchase money	59,312

The total for the year exceeded that for the previous year by £223,919.

Outgoings.—During the year 1,828 policies became claims by death of the life assured and by maturity, the payment involved being £685,723. The total amount paid in claims since the inception of the Department is £22,817,812.

Accumulated Funds.—Assurance, annuity, and endowment funds, apart from special reserves of £620,000, now stand at £14,835,563, an increase of £725,046 on the previous year.

Bonus Distribution.—The bonus investigation carried out by the Actuary discloses a net cash surplus of £245,796, including interim bonuses paid during the year, and this surplus enables bonuses to be allotted for 1947 to all participating policyholders at the same rates as for the previous six years. This result has been achieved after creating a reserve for income-tax of £90,000 and strengthening the actuarial reserves by the adoption of a lower interest basis for the valuation of liabilities.

Expense Ratios.—The ratio of expenses to (a) total income and (b) premium income for 1945, 1946, and 1947 is as follows:—

Ratio of expenses to—		1945.	1946.	1947.
(a) Total income .. ..	.. ..	.. 10·66	12·13	11·67
(b) Premium income .. ..	.. ..	.. 16·37	17·77	16·42

Expenses ratios increased steadily of recent years owing to greater new business and to increased working-costs arising out of current economic conditions, but it is pleasing to record an appreciable reduction in the percentages for the last year, despite a further increase in the volume of new business.

Investments.—In common with all life-insurance institutions, the Department has been faced with the twofold problem of keeping funds held against the performance of contracts adequately and safely invested, and of securing a reasonable return on those investments. Interest yields have continued to fall as maturing investments are replaced by lower-interest-bearing securities, and the end of the difficulties in this respect is not yet in sight.

General.—The results for the year have given cause for considerable satisfaction. An increased volume of new business has been written, the record figures for 1946 having been exceeded by over £500,000; the ratio of expenses has been reduced; and the Department has been able to maintain its rates of bonus distribution and at the same time to change from an O^m —3 per cent. basis to the more stringent A 1924/29—2½ per cent. basis in the valuation of liabilities, thus providing a guarantee of stability in the Department's future operations.

Apart from ordinary new business, the Department has gained ground in securing group and staff superannuation schemes. A full range of technical services combined with efficient management assures to employers and employees alike the best contracts available, a fact which is becoming more widely appreciated amongst the business community.

It would not be fitting to conclude without a word of appreciation for the work of the members of the Department's staff (both office and field), who have co-operated so energetically throughout the year to further the interests of the institution which they serve. With a continuation of this enthusiasm on all sides the Department may well look to the future with every degree of confidence.

H. L. RYAN, Commissioner.

REVENUE ACCOUNT OF THE GOVERNMENT LIFE INSURANCE DEPARTMENT FOR THE YEAR ENDED 31ST DECEMBER, 1947

<p>Amount of funds at 1st January, 1947</p> <p>Renewal premiums : Assurance, annuity, and endowment, less reinsurance premiums</p> <p>New premiums (including instalments of first year's premiums falling due in the year), less reinsurance premiums</p> <p>Single premiums : Assurance and endowment</p> <p>Consideration for annuities</p> <p>Interest, rent, and other income</p> <p>Less property expenses and war damage insurance premiums</p>	<p>£</p> <p>14,110,517</p> <p>1,011,655</p> <p>162,729</p> <p>137,606</p> <p>59,312</p> <p>£</p> <p>568,488</p> <p>10,009</p>	<p>Death claims under assurance policies, including bonus additions</p> <p>Endowment assurances matured, including bonus additions</p> <p>Endowments matured</p> <p>Premiums returned on endowments</p> <p>Bonuses surrendered for cash</p> <p>Annuities</p> <p>Surrenders</p> <p>Loans released by surrender</p> <p>Commission—</p> <p style="padding-left: 20px;">New</p> <p style="padding-left: 20px;">Renewal</p> <p>Expenses of management</p> <p>Contributions to Public Service Superannuation Fund</p> <p>Agents' retiring-allowances</p> <p>Land and income tax</p> <p>Property depreciation</p> <p>Reserve for income-tax</p> <p>Transfer to investment reserve</p> <p>Amount of funds at 31st December, 1947</p>	<p>£</p> <p>256,598</p> <p>415,168</p> <p>13,654</p> <p>303</p> <p>3,465</p> <p>43,101</p> <p>70,172</p> <p>25,713</p> <p>£</p> <p>105,381</p> <p>9,381</p> <p>114,762</p> <p>107,397</p> <p>861</p> <p>2,187</p> <p>47,323</p> <p>6,630</p> <p>90,000</p> <p>7,401</p> <p>14,835,563</p>
		<p>£16,040,298</p>	

BALANCE-SHEET OF THE GOVERNMENT LIFE INSURANCE DEPARTMENT ON 31ST DECEMBER, 1947

	£	Assets	£
<i>Liabilities</i>			
Total assurance, annuity, and endowment funds (as per Revenue Account)	14,835,563	Loans on policies	748,514
Claims admitted, proofs not yet completed	77,488	New Zealand Government securities	7,210,096
Annuities	376	Loans to local bodies	2,723,760
Medical fees	329	Landed and house property	487,520
Premium and other deposits	70,767	Landed and house property (leasehold)	5,500
Sundry creditors	16,718	Mortgages on property	4,042,606
Accident and Fidelity Fund	5,000	Overdue premiums on policies in force	4,688
Reserve for income-tax	90,000	Outstanding premiums due but not overdue	114,440
Investment Reserve Account	525,000	Overdue interest	2,128
Sinking funds on local-body loans	3,708	Outstanding interest due but not overdue	5,886
Interest accrued thereon	46	Interest accrued but not due	141,600
	<u>3,754</u>	Sundry debtors	149,614
		Income-tax paid in advance	4,882
		Cash in hand and on current account	40,000
			93,375
			<u>£15,624,995</u>
			<u>£15,624,995</u>

H. L. RYAN, Commissioner.
W. K. WATSON, Secretary.

Government Life Insurance Department,
22nd March, 1948.

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.—J. P. RUTHERFORD, Controller and Auditor-General.

STATEMENT OF BUSINESS FOR THE YEAR 1947

Year 1947.	Number.	Sum assured.	Reversionary Bonuses.		Annual Premiums.		Annuitties.					
			£	s. d.	£	s. d.	£	s. d.	£	s. d.		
Policies in force at 31st December, 1946	114,224	45,687,107	4,235,873	4 0	1,081,779	16 1	2,246	9 2	39,061	5 2	114,573	14 2
New business	11,543	7,052,219	..	..	170,663	2 0	506	19 0	5,118	0 0	87,596	16 0
Bonus allotted	..	..	342,080	8 0	..	..	..	..	..	..	..	..
Total	125,767	52,739,326	4,577,953	12 0	1,252,442	18 1	2,753	8 2	44,179	5 2	202,170	10 2
Policies discontinued during 1947	4,030	1,740,284	194,637	14 0	44,170	15 8	90	10 11	-1,187	13 2	14,773	3 6
Total policies in force at 31st December, 1947	121,737	50,999,042	4,383,315	18 0	1,188,272	2 5	2,662	17 3	45,366	18 4	187,397	6 8

Particulars of Policies discontinued during the Year 1947														
	Number	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.	
How Discontinued—	622	207,852	54,711	8 0	6,835	13 9	22	15 5	1,129	16 2	888	0 0	888	0 0
By death	..	323,169	103,140	8 0	12,506	14 2	21	11 6	..	..	144	0 0	144	0 0
By maturity	..	482,030	25,911	4 0	12,509	12 7	20	3 6	..	..	7,788	3 0	7,788	3 0
By surrender	..	57,944	3,282	17 0	775	12 10	1	7 0	..	..	3,303	13 0	3,303	13 0
By change to other tables	194	90,519	266	8 0	2,067	16 10	4	1 8	..	..	..	..	..	..
By cancellation	680	320,231	7,325	9 0	9,187	7 5	17	2 10	-2,317	9 4	2,649	7 6	2,649	7 6
By lapse and alteration	219	248,489	..	..	285	18 1	3	9 0	..	..	..	..	..	..
Total discontinued during year	4,030	1,740,284	194,637	14 0	44,170	15 8	90	10 11	-1,187	13 2	14,773	3 6	14,773	3 6

Progress of Business of the Government Life Insurance Department since Date of Establishment to 31st December, 1947

	Number	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.	
Total issued	325,925	109,406,006	11,582,028	11 0	2,925,932	3 11	43,054	0 3	332,962	18 6	332,962	18 6	332,962	18 6
Total void	204,188	58,406,964	7,198,712	13 0	1,737,660	1 6	40,391	3 0	160,198	13 6	160,198	13 6	160,198	13 6
Total in force	121,737	50,999,042	4,383,315	18 0	1,188,272	2 5	2,662	17 3	232,764	5 0	232,764	5 0	232,764	5 0

H. L. RYAN, Commissioner.
S. BECKINGSALE, F.I.A., Actuary.

GOVERNMENT INSURANCE DEPARTMENT

STATEMENTS

IN CONNECTION WITH THE VALUATION OF LIABILITIES (FOURTH AND FIFTH SCHEDULES)

FOR THE

TRIENNIUM ENDING 31st DECEMBER, 1947

Presented to both Houses of the General Assembly pursuant to Section 38 of the Government Life Insurance Act, 1908



REPORT BY THE ACTUARY

RESPECTING THE

VALUATION OF THE LIABILITIES

UNDER LIFE POLICIES AND ANNUITIES

OF THE

NEW ZEALAND

GOVERNMENT INSURANCE DEPARTMENT

In terms of Section 36 of the Government Life Insurance Act, 1908

FOURTH SCHEDULE

I

THE date up to which the valuation was made was the 31st December, 1947.

II

The principles upon which the valuation and distribution of profits were made were as follows:—

- (1) *Principles of Valuation.*—In making the valuation no credit whatever has been taken for any loadings or extra premiums, and in no case has there been valued for inclusion among the assets a valuation premium greater than the pure premium derived from the A 1924–29 Ultimate table of mortality with $2\frac{1}{2}$ per cent. interest. The liability has been ascertained by taking the difference between the present value of the sums assured (including reversionary bonuses) and the present value of the valuation premiums. Where the original premiums have been reduced by the application of amounts received in consideration of the surrender of former policies the valuation premiums have been reduced by an equal amount. In all cases where an extra premium was payable the policy has been valued at the true age, and an additional reserve of one year's extra premium has been made. Adequate extra reserves have been made for limited-premium policies and the immediate payment of claims in the case of whole-life assurances, and allowance has been

FOURTH SCHEDULE—*continued*

made for the actual incidence of the premium income. Endowments have been valued as sums certain payable at the end of their respective terms, $2\frac{1}{2}$ per cent. interest being used. Annuities have been valued by the $a(f)$ and $a(m)$ Ultimate tables of mortality using 3 per cent. interest.

Policies have been valued in groups where practicable.

- (2) *Principles of Distribution of Surplus.*—The divisible surplus is distributed among the policyholders entitled to participate as a compound reversionary bonus per cent. on sums assured and existing bonuses, the rate of such bonus for each class of assurance being determined as far as practicable by the profit earned. An interim bonus is also paid, at the same rate, in respect of those policies which may become claims before the next distribution of surplus.

The divisible surplus has been converted into reversionary bonuses by means of the A 1924–29 Ultimate table of mortality with $2\frac{1}{2}$ per cent. interest.

III

The tables of mortality used in the valuation were,

- (1) For assurances, the A 1924–29 Ultimate Table ;
- (2) For annuities, the $a(f)$ and $a(m)$ Ultimate Tables.

IV

The rates of interest assumed in the valuation were $2\frac{1}{2}$ per cent. for assurances and 3 per cent. for annuities.

V

The proportion of the annual premium income reserved as a provision for future expenses and profits is represented by the difference between the premiums actually payable and the valuation premiums, and amounts to 23·0 per cent. of the annual premium income. In addition, special provision has been made for future expenses and profits under assurances by limited premiums.

VI

The Consolidated Revenue Account for the period 1st January, 1945, to 31st December, 1947, is given on page 11.

VII

1. The liabilities of the Department under life policies and annuities at the date of the valuation, showing the number of policies, the sums assured, and the amount of premiums payable annually under each class of policies, both with and without participation in profits, will be found in detail in the Valuation Summary given on page 12.

2. The net liabilities and assets of the Department, with the amount of surplus, are shown in the Valuation Balance-sheet given on page 11

VIII

All participating policies in force at the date of the valuation share in the profits. The surplus is allotted in the form of compound reversionary bonuses which vest immediately and are payable with the sum assured in the event of a claim ; but, except in the case of short-term double-endowment policies, they do not acquire a cash value for surrender purposes until the policies to which they belong have been two years in existence.

FOURTH SCHEDULE—*continued*

IX

The results of the valuation are as follows :—

- (1) The surplus arising during the year ended the 31st December, 1947, including a balance of £15,707 carried forward from 1946, was £245,796, of which amount £4,304 has been paid as interim bonuses during the year.
- (2) The surplus divided among the policyholders as at the 31st December, 1947, was £230,089, which has been converted into reversionary bonuses amounting to £371,600. The number of policies which participated was 90,930, assuring the sum of £31,663,939, or, including reversionary additions, £36,047,255.
- (3) The following are specimens of the bonuses which have been allotted for the year ended the 31st December, 1947, to policies for £100 issued under the present premium tables and upon which all previously allotted bonuses had been allowed to remain :—

Number of Years in Force.	Age at Entry, 20.		Age at Entry, 30.		Age at Entry, 40.		Age at Entry, 50.		Number of Years in Force.	
	Reversionary Bonus.	Cash Value.	Reversionary Bonus.	Cash Value.	Reversionary Bonus.	Cash Value.	Reversionary Bonus.	Cash Value.		
ENDOWMENT ASSURANCES MATURING AT AGE 80										
5	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	5
10	1 5 0	0 6 1	1 5 0	0 7 8	1 5 0	0 9 11	1 5 0	0 12 11	1 5 0	10
15	1 7 0	0 7 4	1 7 0	0 9 5	1 7 0	0 12 3	1 7 0	0 15 9	1 7 0	15
20	1 10 0	0 9 3	1 10 0	0 11 11	1 10 0	0 15 6	1 10 0	0 19 9	1 10 0	20
25	1 13 0	0 11 7	1 13 0	0 15 0	1 13 0	0 19 3	1 13 0	1 4 4	1 13 0	25
30	1 16 0	0 14 3	1 16 0	0 18 7	1 16 0	1 3 8	1 16 0	1 10 2	1 16 0	30
5	1 18 0	0 17 3	1 18 0	1 2 2	1 18 0	1 8 1	1 18 0	1 18 0	1 18 0	30
ENDOWMENT ASSURANCES.—TERM 20 YEARS										
5	1 1 0	0 11 4	1 1 0	0 11 6	1 1 0	0 11 9	1 1 0	0 12 5	1 1 0	5
10	1 2 0	0 14 6	1 2 0	0 14 7	1 2 0	0 14 11	1 2 0	0 15 3	1 2 0	10
15	1 4 0	0 19 4	1 4 0	0 19 5	1 4 0	0 19 6	1 4 0	0 19 8	1 4 0	15
20	1 6 0	1 6 0	1 6 0	1 6 0	1 6 0	1 6 0	1 6 0	1 6 0	1 6 0	20

The cash values of the reversionary bonuses are computed by the H^m Table of Mortality, with interest at 4½ per cent.

S. BECKINGSALE, F.I.A., Actuary.

FOURTH SCHEDULE—continued
SUMMARY AND VALUATION OF THE POLICIES OF THE GOVERNMENT LIFE INSURANCE DEPARTMENT AS AT 31ST DECEMBER, 1947

Description of Transactions.	Particulars of Policies for Valuation.				Valuation (the bases used are those stated in Section II (1) of the Fourth Schedule).			
	Number of Policies.	Sums assured and Bonuses.	Office Yearly Premiums.	Net Premiums.	Sums assured and Bonuses.	Office Yearly Premiums.	Net Premiums.	Net Liability.
		£	£	£	£	£	£	£
ASSURANCES								
I.—WITH PARTICIPATION IN PROFITS								
Whole-life assurances	10,886	6,439,261	168,079	116,816	3,382,138	2,933,437	2,028,313	1,353,825
" with extra profits	185	132,388	2,900	2,169	90,058	40,698	30,439	59,619
Endowment assurances	75,238	28,078,405	786,253	607,656	17,944,262	10,540,228	8,124,861	9,819,401
" with extra profits	217	88,277	2,146	1,813	76,040	14,752	12,461	63,579
Double-endowment assurances	2,333	817,823	15,583	13,943	730,663	61,166	54,741	675,922
Deferred assurances	18,401	12,997,874	101,724	76,889	2,959,570	3,052,121	2,306,960	652,610
Joint-life assurances	6	8,944	302	185	7,210	2,250	1,382	5,828
Simple endowments	2,055	479,167	17,951	16,867	325,802	202,218	190,002	135,800
Annuity assurances	10	2,790	101	93	2,212	50	47	2,165
Extra premiums payable .. .. .	.. .. .	.. .. .	2,437	.. .. .	2,437	.. .. .	.. .. .	2,437
Total assurances with profits	109,331	49,045,129	1,097,476	835,931	25,520,392	16,846,920	12,749,206	12,771,186
II.—WITHOUT PARTICIPATION IN PROFITS								
Whole-life assurances	3,988	1,843,886	48,526	41,129	1,241,347	537,720	472,680	768,667
Endowment assurances	320	91,950	2,514	2,876	72,503	17,625	16,657	55,846
Deferred assurances	17	6,050	72	66	3,034	1,295	1,182	1,852
Joint-life assurances	3	1,217	29	22	786	476	363	423
Temporary assurances	7,476	4,280,740	.. .. .	294,457	294,457	.. .. .	.. .. .	294,457
Sinking-fund assurances	14	113,386	4,296	4,167	71,092	40,737	39,515	31,577
Extra premiums payable .. .. .	.. .. .	.. .. .	226	.. .. .	226	.. .. .	.. .. .	226
Total assurances without profits	11,818	6,337,229	55,663	47,760	1,683,445	617,853	530,397	1,153,048
Reserve for prepaid loading, &c. .. .. .	.. .. .	.. .. .	.. .. .	.. .. .	132,791	.. .. .	.. .. .	132,791
Total assurances	121,149	55,382,358	1,153,139	883,691	27,336,628	17,464,773	13,279,603	14,037,025
ANNUITIES								
Immediate	543	45,367	.. .. .	.. .. .	434,761	.. .. .	.. .. .	434,761
Deferred	35	120,786	34,440	33,407	561,639	480,477	466,067	95,572
*Contingent .. .. .	.. .. .	66,611	3,356	.. .. .	6,713	.. .. .	.. .. .	6,713
Total annuities	588	232,764	37,796	33,407	1,003,113	480,477	466,067	537,046
Total of results	121,737	55,382,358 and 232,764 p.a.	1,190,935	917,098	28,339,741	17,945,250	13,745,670	14,594,071

* These annuities are part of family income assurance contracts—the basic assurances in each case have been included under their respective classes above.



REPORT

BY THE

GOVERNMENT INSURANCE COMMISSIONER

In terms of Section 37 of the Government Life Insurance Act, 1908

FIFTH SCHEDULE

Question 9. The average rate of interest at which the funds of the Department were invested at the close of each year during the period since the last investigation.

Answer : The effective rates of interest credited to the funds of the Department for each year of the triennium were as follows :—

						£	s.	d.
1945	..	..	..	..	..	..	4	3 7
1946	..	..	..	..	..	..	4	0 0
1947	..	..	..	..	..	..	3	18 8

Question 10. A table of minimum values, if any, allowed for the surrender of policies for the whole term of life, and for endowments and endowment assurances; or a statement of the method pursued in calculating such surrender values, with instances of its application to policies of different standing, and taken out at various interval ages, from the youngest to the eldest.

Answer : The minimum surrender values at present ruling for whole-life and endowment assurance policies issued at the present rates of premium are given on page 14. In the case of simple endowments, with return of all premiums at death of nominee, the premiums are returned without interest, as surrender value. Other endowments and children's deferred assurances are treated specially.

Question 11. A statement to be furnished of the manner in which policies on unhealthy lives are dealt with.

Answer : When proposals are made on lives which, although not of such inferior quality as to merit total rejection, are considered not to reach the requisite standard for insurance at the ordinary rates of premium, such proposals are accepted either at an increased premium or subject to a contingent debt.

The true age is taken as the basis of surrender calculations.

H. L. RYAN, Government Insurance Commissioner.

FIFTH SCHEDULE—continued
 TABLE SHOWING THE MINIMUM SURRENDER VALUE RULING AT THE VALUATION DATE IN RESPECT OF POLICIES FOR £100

True Age at Entry.	MINIMUM SURRENDER VALUES AT THE END OF										Endowment Assurances payable in Thirty-five Years, or at previous Death.					
	5 Years.	10 Years.	15 Years.	25 Years.	35 Years.	5 Years.	10 Years.	20 Years.	24 Years.	5 Years.	10 Years.	20 Years.	30 Years.	34 Years.		
	Whole-life Participating Assurance by Equal Annual Premiums for the Whole Term of Life.					Endowment Assurances payable in fifteen Years, or at previous Death.					Endowment Assurances payable in Twenty-five Years, or at previous Death.					
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.		
15	3 1 0	6 8 0	10 2 0	18 18 0	30 7 0	25 0 0	89 5 0	11 8 0	26 10 0	67 5 0	90 2 0	6 11 0	15 8 0	37 8 0	72 1 0	91 3 0
20	2 16 0	6 19 0	11 4 0	21 15 0	34 17 0	25 0 0	89 5 0	11 8 0	26 10 0	67 5 0	90 2 0	6 11 0	15 8 0	37 8 0	71 6 0	90 12 0
25	3 10 0	8 7 0	13 8 0	25 15 0	40 7 0	25 0 0	89 5 0	11 8 0	26 10 0	67 5 0	90 2 0	6 11 0	15 8 0	37 8 0	70 14 0	89 18 0
30	4 2 0	9 18 0	16 1 0	30 4 0	45 19 0	25 0 0	89 5 0	11 8 0	26 10 0	67 5 0	90 2 0	6 11 0	15 8 0	37 8 0	70 0 0	89 3 0
35	4 10 0	12 0 0	19 3 0	35 5 0	51 17 0	25 0 0	89 5 0	11 8 0	26 10 0	67 5 0	90 2 0	6 11 0	15 8 0	37 8 0	69 6 0	88 6 0
40	6 2 0	14 10 0	22 17 0	40 10 0	57 9 0	24 6 0	88 7 0	11 4 0	26 6 0	65 14 0	88 12 0	7 4 0	16 19 0	38 15 0	68 12 0	87 8 0
45	7 7 0	17 5 0	26 17 0	45 19 0	62 4 0	23 16 0	87 14 0	11 5 0	26 8 0	64 15 0	87 15 0	..	..	..	..	..
50	8 17 0	20 0 0	31 0 0	51 4 0	65 14 0	23 5 0	87 0 0	11 10 0	26 17 0	63 11 0	86 13 0	..	..	..	..	..
55	10 10 0	23 14 0	35 10 0	55 12 0	69 16 0	22 12 0	86 1 0	12 2 0	27 12 0	62 9 0	85 9 0	..	..	..	..	..
60	12 3 0	27 5 0	39 16 0	58 10 0	77 17 0	21 12 0	84 15 0	..	..	..	..	..	..	..	..	..

NOTE.—In addition to the above values the full H.M. 1½ per cent. cash value of all existing ordinary bonuses is granted.

ACTUARY'S REPORT

ON THE VALUATION OF THE

GOVERNMENT LIFE INSURANCE DEPARTMENT

AS AT 31ST DECEMBER, 1947

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

Wellington, 10th May, 1948.

IN accordance with your instructions, a valuation of the Department's liabilities under its policies has been made as at 31st December, 1947, with the object of ascertaining the net surplus available for distribution amongst the policyholders, and in accordance with section 40 of the Government Life Insurance Act of 1908, and amendments, I have the honour to report as follows:—

The liabilities arise in respect of 121,737 policies assuring, inclusive of bonus additions, the sum of £55,382,358 and £232,764 immediate and deferred annuities per annum; the office premiums thereon amounting to £1,190,935 per annum.

The bases adopted for the valuation were as follows:—

- (a) Endowments: $2\frac{1}{2}$ per cent. interest without mortality.
- (b) All other classes of assurance: The A 1924-29 ultimate table of mortality with $2\frac{1}{2}$ per cent. interest.
- (c) Annuities: The *a (m)* and *a (f)* ultimate tables of mortality with 3 per cent. interest.

The net premium method of valuation was employed in respect of groups (a) and (b) above, and, in addition to the liability brought out on that basis, reserves were included for future bonuses, immediate payment of claims, and other contingencies.

The valuation disclosed a total surplus of £245,796 as follows:—

Total funds at 31st December, 1947	£	14,835,563
Less value of liabilities		14,594,071
Net surplus		241,492
Interim bonus paid during year		4,304
		<u>£245,796</u>

I recommend that £230,089 of the above net surplus be divided amongst all participating policies in the form of compound reversionary bonus on the sums assured and bonuses existing at the valuation date, at the undermentioned rates for each full year's premium paid during the year, and that the balance of the net surplus—viz., £11,403—be carried forward :—

Policies issued under present premium tables—		Per Cent.			
Whole-life assurances and endowment assurances matur-		£	s.	d.	
	ing at ages eighty and over .. ..	..	1	4	0
	Other endowment assurances .. ..	..	1	0	0
	Pure and double endowment assurances .. ..	..	0	17	0
Policies issued under closed premium tables .. ..		..	1	0	0

S. BECKINGSALE, F.I.A., Actuary.

The Government Insurance Commissioner, Wellington.

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