

SESSION II.
1912.
NEW ZEALAND.

ANNUAL REPORT
OF THE
GOVERNMENT INSURANCE COMMISSIONER
FOR THE YEAR ENDED 31st DECEMBER, 1911.

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

Government Insurance Office, Wellington, 18th May, 1912.

I HAVE the honour to submit the following report upon the transactions of the Department for the year ended 31st December, 1911, and its position at that date. The Revenue Account, Balance-sheet, and Statement of Business are appended.

New Business, and Amount in Force.—During the year 4,311 proposals were dealt with for the assurance of £1,060,672, and the number of policies actually completed was 3,520, assuring £871,954, being an advance in the sums assured of upwards of £50,000 on the new business of the previous year. The annual premiums on new policies amounted to £27,134. Thirty-four annuities were also granted, on which the purchase-money was £17,339. The new business of the Department has shown a steady increase for some years past.

The total business now in force is 48,999 policies, assuring £11,514,657 (and £1,168,620 bonuses) at death or maturity, together with 377 immediate and deferred annuities for £21,405 per annum; the total business bearing an annual premium income of £348,285.

In relation to the new business and amount in force the results are given hereunder for the past eight years:—

Year.	New Sum assured.	Policies in Force.	Sums assured in Force (excluding Bonuses).
	£		£
1904	694,556	44,194	10,259,562
1905	716,021	45,137	10,468,316
1906	729,105	45,981	10,667,591
1907	752,065	46,945	10,855,153
1908	780,597	47,033	10,955,749
1909	795,339	48,016	11,151,094
1910	820,179	48,932	11,360,796
1911	871,954	49,376	11,514,657

It will be seen that the new business last year was greater by £177,398 than was the case in 1904, and that the total business in force increased during the same period by 5,182 policies and £1,255,095 sums assured.

Income.—The total income of the year was £575,849 (an increase of £14,699 on the previous year), made up as follows:—

	£
New premiums (including single premiums)	26,803
Renewal premiums	316,174
Purchase-money for annuities	17,339
Interest	215,530
Fees	3
Total income for 1911	£575,849

The income from interest showed an increase of £8,978, and the average rate of interest earned on the mean funds was £4 13s. per cent.

In regard to the income from premiums and interest, the past eight years' results are given, together with the accumulated funds and the yearly rates of interest earned by them:—

Year.	Premium Income (excluding Annuities).	Interest Income.	Total Income.	Accumulated Funds.	Rate of Interest on Mean Funds.
	£	£	£	£	£ s. d.
1904	309,239	158,196	480,716	3,665,583	4 8 2
1905	314,003	169,153	490,925	3,822,577	4 10 4
1906	319,775	175,512	507,070	3,991,599	4 9 10
1907	325,903	183,618	526,713	4,147,411	4 10 3
1908	330,806	193,870	534,441	4,264,685	4 12 2
1909	330,927	201,327	546,566	4,405,141	4 12 11
1910	338,487	206,552	561,150	4,554,730	4 12 3
1911	342,977	215,530	575,849	4,699,970	4 13 0

The return on the growing funds is substantial and keeps up well, being considerably higher than eight years ago.

Outgo.—During the year 399 policies became void by death, for claims amounting to £126,813 (a decrease of £27,201), and this amount is considerably under what is provided for in the tables of mortality used by the Department. Four hundred and thirty-two policies also matured as claims during lifetime for £106,762. The total sum which has been paid in respect of claims by death and survival since the foundation of the Department forty-two years ago has amounted to £4,410,914.

In view of the triennial distribution of profits, and having regard to the increase in the investments during the past period, it has been thought wise to increase the Investment Fluctuation Reserve by £30,000. This reserve now stands at £113,663.

Accumulated Funds.—The net increase in the funds during the year was £145,240, and the total assurance, annuity, and endowment funds at the close of the year (apart from special reserves) amounted to £4,699,970.

The Balance-sheet.—On the 31st December, 1911, the total assets of the Department were £4,856,102, invested as shown in the following comparative statement:—

At 31st December, 1910.		Class of Investment.	At 31st December, 1911.	
Amount.	Percentage of Total Assets.		Amount.	Percentage of Total Assets.
£			£	
2,723,876	57.9 per cent.	Mortgages on freehold property	2,899,753	59.7 per cent.
775,190	16.5 ..	Loans on policies	791,704	16.3 ..
668,049	14.2 ..	Government securities	668,069	13.7 ..
168,436	3.6 ..	Local bodies' debentures	168,208	3.5 ..
135,334	2.9 ..	Landed and house property	135,879	2.8 ..
111,577	2.4 ..	Miscellaneous assets	114,808	2.4 ..
117,886	2.5 ..	Cash on current account	77,681	1.6 ..
4,700,348	100.0 per cent.	Total	4,856,102	100.0 per cent.

Triennial Investigation.—The valuation of the Department's liabilities on the 31st December, 1911, was completed early this year, and full particulars are contained in the Actuary's Report.

After strengthening the valuation basis, thereby making it equivalent to an H^m 3¼ per cent. valuation, and adding £30,000 to the Investment Fluctuation Reserve, there remained a surplus of £216,071, of which £207,105 was divided amongst the policyholders by way of bonus, and the balance of £8,966 carried forward. As on former occasions, the surplus divided was allotted as a compound reversionary bonus on the sum assured and bonuses in force, thus giving bonuses increasing with the duration of the policies to those policyholders who had not surrendered their previous bonuses. The bonuses so allotted range from 2ls. to 3ls. per cent. per annum on the sums assured, and show a substantial increase all round compared with those for the last triennium, with the exception that, whereas the bonuses in the Temperance Section were slightly higher than those in the General Section at the previous valuation, on this occasion they are equal in the two sections.

The total reversionary bonuses allotted this year amounted to £333,994. Since the inception of the Department in 1870, £1,598,377 in cash has been distributed by way of bonus, the corresponding additions to the sums assured being £2,907,530.

In summarizing the position it may be stated that the valuation basis has been strengthened, the bonuses have been increased, and the strong reserves indicate still larger bonuses in the future

J. H. RICHARDSON,
Government Insurance Commissioner.

REVENUE ACCOUNT OF THE GOVERNMENT LIFE INSURANCE DEPARTMENT FOR THE YEAR ENDED
31ST DECEMBER, 1911.

	£	s.	d.		£	s.	d.
Amount of Funds at 1st January, 1911	4,554,729	17	2	Death claims under policies, Assurance, including bonus additions ..	126,813	2	0
*Tontine Savings Fund No. 2, transferred at maturity ..	18,561	13	9	Endowment Assurances matured, including bonus additions ..	105,138	10	0
Renewal premiums—Assurance, Annuity, and Endowment ..	316,174	9	0	Endowments matured ..	1,623	0	0
New premiums (including instalments of first year's premiums falling due in the year) ..	25,101	1	6	Premiums returned on endowments ..	86	10	6
Single premiums—Assurance and Endowment ..	1,701	14	8	Bonuses surrendered for cash ..	9,649	9	10
Consideration for Annuities ..	17,338	12	10	Annuities ..	16,665	0	7
Interest ..	215,529	19	1	Surrenders, ordinary ..	35,438	3	10
Fees ..	2	17	7	Surrenders—Tontine policies at maturity of their tontine periods ..	27,000	11	0
				Loans released by surrender ..	22,542	18	0
				Commission, new† ..	£17,383	13	11
				" renewal ..	2,539	15	6
					19,923	9	5
				Land and income tax ..	14,042	15	9
				Expenses of management—			
				Salaries—			
				Head Office ..	£16,515	5	7
				Branch offices and agents ..	7,575	9	10
				Extra clerical assistance ..	245	19	2
				Medical fees and expenses ..	4,697	10	5
				Travelling expenses ..	892	10	11
				Advertising ..	1,109	2	11
				Printing and stationery ..	1,445	19	10
				Rent ..	2,684	3	2
				Postage and telegrams ..	1,507	15	7
				Exchange ..	63	1	11
				Office-furniture depreciation ..	270	9	3
				General expenses ..	2,198	12	4
				Triennial expenses ..	1,041	2	0
					40,247	2	11
				Investment Fluctuation Reserve ..	30,000	0	0
				Amount of Funds, 31st December, 1911	4,699,969	11	9
					£5,149,140	5	7

* The equivalent of this amount has been allotted as reversionary bonuses, amounting to £34,065 1s., to policies participating in the Tontine Savings Fund No. 2. † Including Agents' allowances.

BALANCE-SHEET OF THE GOVERNMENT LIFE INSURANCE DEPARTMENT ON 31ST DECEMBER, 1911.

LIABILITIES.			ASSETS.		
	£	s. d.		£	s. d.
Total Assurance, Annuity, and Endowment Funds (as per Revenue Account) ..	4,699,969	11 9	Loans on policies ..	791,703	11 11
Claims admitted, proofs not yet completed ..	33,223	14 8	Government securities—		
Annuities ..	277	12 5	Consolidated stock ..	625,900	0 0
Commission ..	215	16 5	Debentures issued under the District Railways Purchasing Act 1885 Extension and Amendment Act, 1886 ..	40,000	0 0
Medical fees ..	324	9 0	Debentures issued under the Immigration and Public Works Act, 1870 ..	2,168	16 0
Premium and other deposits ..	6,266	8 9		668,068	16 0
Fire-insurance moneys in suspense ..	1,300	0 0	Municipal Corporation debentures ..	123,161	7 10
Sundry accounts owing ..	861	0 11	County securities ..	97	0 3
Investment Fluctuation Reserve ..	113,663	6 1	Harbour Board debentures ..	39,000	0 0
			Town Board debentures ..	5,950	0 0
			Landed and house property ..	135,590	18 8
			Landed and house property (leasehold) ..	287	14 3
			Office furniture (Head Office and agencies) ..	1,081	17 3
			Mortgages on property ..	2,899,753	0 7
			Properties acquired by foreclosure ..	1,933	1 11
			Overdue premiums on policies in force ..	£5,647	18 2
			Outstanding premiums due but not overdue ..	39,028	17 11
				44,676	16 1
			Overdue interest ..	£1,268	1 7
			Outstanding interest due but not overdue ..	6,918	5 7
			Interest accrued but not due ..	55,876	16 2
				64,063	3 4
			Agents' balances ..	3,053	0 3
			Cash in hand and on current account ..	77,681	11 8
				£4,856,102	0 0

Government Life Insurance Department, 29th February, 1912.

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

Audited and found correct.

ROBERT J. COLLINS,
Controllor and Auditor-General.

Statement of Business

YEAR 1911.	TOTAL.						Whole-life and Term Assurances.					
	No.	Sum assured.	Rever- sionary Bonuses.	Annual Premiums.		Annuities.		No.	Sum assured.	Rever- sionary Bonuses.	Annual Premiums.	
				1. Ordinary.	2. Extra.	1. Immediate.	2. Deferred.				1. Ordinary.	2. Extra.
POLICIES ISSUED AND DISCON-												
Policies in force at 31st December, 1910	48,992	11,860,796	1,226,008	£ 340,318	6 7	16,520	2 6	11,947	3,468,466	798,802	£ 80,809	0 7
New Business ..	3,554	871,954	..	2,415	7 5	4,546	16 10	316	94,700	..	1,565	15 8
Tontine bonus allotted..	..	..	34,065	71	9 1	1,643	16 8	..	..	22,912	2,165	5 9
Total..	52,486	12,232,750	1,260,068	367,463	17 6	18,163	19 2	12,263	3,568,166	761,214	82,974	6 4
Policies discontinued during 1911	3,110	718,093	91,448	2,486	16 6	4,688	2 6	807	209,256	56,998	1,586	10 8
Total policies in force at 31st December, 1911	49,376	11,514,657	1,168,620	345,824	17 7	16,992	2 10	11,456	3,358,910	704,216	77,852	9 2
				2,329	6 1	4,413	7 0				1,499	2 6

PARTICULARS OF POLICIES DISCON-

How discontinued.	No.	Sum assured.	Rever- sionary Bonuses.	£ s. d.	£ s. d.	No.	Sum assured.	Rever- sionary Bonuses.	£ s. d.	
By Death ..	427	104,615	19,619	3,205	1 11	253	71,715	16,918	1,939	8 8
Maturity ..	432	87,030	17,459	68	15 3	..	..	..	59	17 4
Surrender ..	703	164,862	8,489	3,576	14 7	91	28,555	4,672	684	12 6
Surrender of Bonus..	..	..	20,904	16	0 0	..	..	16,105	10	4 2
Lapse ..	1,115	263,636	7,339	4,934	9 0	98	25,336	3,698	24	4 10
Winding-up Tontine No. 2	432	96,950	17,638	7,499	7 2	364	82,650	15,605	33	13 6
Expiry of Policy ..	1	1,000	..	2,243	8 2	1	1,000	..	13	12 0
Expiry of Premium..	..	..	..	15	15 0	..	..	..	15	15 0
Miscellaneous ..	..	..	..	88	4 4	..	..	..	88	4 4
Total	3,110	718,093	91,448	75	19 9	807	209,256	56,998	1	4 10
				21,638	19 11				5,121	17 2
				157	10 5				87	8 2

PROGRESS OF BUSINESS OF THE GOVERNMENT LIFE INSURANCE

Total issued ..	117,819	28,534,440	2,573,536	883,884	14 6	88,510	8 4	40,159	11,877,697	1,592,044	312,692	14 10
Total void ..	68,443	17,019,783	1,404,916	14,565	4 5	67,104	18 6	28,703	8,523,787	887,828	10,833	3 4
Total in force ..	49,376	11,514,657	1,168,620	538,059	16 11	21,405	9 10	11,456	3,353,910	704,216	234,840	5 8
				12,235	18 4						9,334	0 10
Extra Premiums ..	..	..	..	2,329	6 1	..	..	..	..	..	77,852	9 2
Reduction of Premiums by Bonus, &c. ..	..	..	..	130	12 11	..	..	..	..	..	1,499	2 6

NOTE.—The Ordinary Premium is the premium charged

Wellington, 29th February, 1912.

£348,284 16 7

at end of Year 1911.

ASSURANCES.						ANNUITIES.				SIMPLE ENDOWMENTS, INVESTMENTS, ETC.				
Endowment Assurances.				Annuity Assurances.				Annuitants.				Simple Endowments, Investments, Etc.		
No.	Sum assured.	Reversionary Bonuses.	Annual Premiums. 1. Ordinary. 2. Extra.	No.	1. Sum assured. 2. Reversionary Bonuses.	Deferred Annuities.	Annual Premiums.	No.	Annual Premiums.	1. Immediate. 2. Deferred.	No.	1. Sum assured. 2. Reversionary Bonuses.	Annual Premiums.	

TINUED DURING THE YEAR 1911.

35,609	7,749,190	486,406	{ 253,894 10 10 } 849 11 9	92	{ 18,921 } 1,285	4,514 16 10	1,015 15 9	{ 869 } 2 18 1 1	16,520 2 6	913	{ 124,219 } 10	4,580 18 4
3,019	749,454	..	{ 23,998 18 4 } 50 14 1	..	{ 600 }	67 5 8	33 17 0	{ 32 } 2 82 18 10	1,643 16 8	185	{ 27,200 }	864 11 0
..	..	11,153	..	..	..	..	..	..	..	..	..	..
38,628	8,498,644	497,559	{ 277,893 9 2 } 900 5 10	92	{ 19,521 } 1,285	4,582 2 6	1,049 12 9	{ 401 } 4 100 19 11	18,163 19 2	1,098	{ 151,419 } 10	5,445 9 4
2,209	500,124	34,394	{ 16,169 15 1 } 70 2 3	5	{ 700 } 46	274 15 6	36 3 6	28	1,171 16 4	61	{ 8,013 } 10	311 4 2
36,419	7,998,520	463,165	{ 261,723 14 1 } 830 3 7	87	{ 18,821 } 1,239	4,307 7 0	1,013 9 3	{ 373 } 4 100 19 11	16,992 2 10	1,037	143,406	5,134 5 2

TINUED DURING THE YEAR 1911.

145	32,750	2,687	{ 1,258 5 1 } 8 17 11	1	{ 150 } 14	70 19 8	7 8 2	28	..	1,171 4 4	..	..
416	85,417	17,449	{ 3,520 19 11 } 16 0 0	..	..	..	..	..	..	16	{ 1,613 } 10	55 14 8
575	131,007	3,785	{ 4,024 0 8 } 14 0 8	4	{ 550 } 32	203 15 10	28 15 0	..	..	33	4,750	197 0 10
..	..	4,799	..	..	..	..	..	..	..	..	..	..
1,005	236,650	3,641	{ 6,867 18 2 } 27 7 0	..	..	..	..	..	..	12	1,650	53 14 3
68	14,300	2,033	{ 437 4 9 } 2 12 0	..	..	..	..	..	..	..	..	..
..	
..	
..	..	..	{ 61 6 6 } 1 4 8	..	..	..	0 0 4	..	..	..	..	4 14 5
2,209	500,124	34,394	{ 16,169 15 1 } 70 2 3	5	{ 700 } 46	274 15 6	36 3 6	28	..	1,171 16 4	61	{ 8,013 } 10	311 4 2

DEPARTMENT SINCE DATE OF ESTABLISHMENT TO 31st DECEMBER, 1911.

72,512	16,200,654	976,294	{ 550,301 17 11 } 3,732 1 1	1,106	{ 157,250 } 5,144	57,272 9 6	8,389 4 6	693	348 0 10	31,237 18 10	3,349	{ 298,839 } 54	12,152 16 5
36,093	8,202,134	513,129	{ 288,578 3 10 } 2,901 17 6	1,019	{ 138,429 } 3,905	52,965 2 6	7,375 15 3	316	247 0 11	14,139 16 0	2,312	{ 155,433 } 54	7,018 11 3
36,419	7,998,520	463,165	{ 261,723 14 1 } 830 3 7	87	{ 18,821 } 1,239	4,307 7 0	1,013 9 3	377	100 19 11	17,098 2 10	1,037	143,406	5,134 5 2

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

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

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