

1913.
NEW ZEALAND.

ANNUAL REPORT
OF THE
GOVERNMENT INSURANCE COMMISSIONER
FOR THE YEAR ENDED 31st DECEMBER, 1912.

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

Government Insurance Office, Wellington, 19th May, 1913.

I HAVE the honour to submit the following report upon the transactions of the Department for the year ended 31st December, 1912, 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 4,771 proposals were dealt with for the assurance of £1,258,032, and the number of policies actually completed was 3,966, assuring £1,042,264, being the largest amount of insurance written in any one year since the inception of the Department, and showing an advance of no less than £170,310 on the new business of the previous year. The annual premiums on new policies amounted to £29,845. Twenty-eight annuities were also granted, on which the purchase-money was £14,298. The new business of the Department has shown a regular increase for many years, and the following statement for the past five years shows that the yearly increase has been rapidly progressive during that period:—

Year.	New Sums assured.	Increase on previous Year.	Policies in Force.	Sums assured in Force (excluding Bonuses).
	£	£		£
1908	780,597	..	47,033	10,955,749
1909	795,339	14,742	48,016	11,151,094
1910	820,179	24,840	48,932	11,360,796
1911	871,954	51,775	49,376	11,514,657
1912	1,042,264	170,310	50,458	11,865,462

The total business now in force is 50,458 policies (including 388 annuities), assuring £11,865,462, and £1,406,237 reversionary bonuses at death or maturity, the total business bearing an annual premium income of £356,054.

From a limited number of adverse criticisms which occasionally appear it might be thought that the Department is unprogressive, but when it is understood that, unlike other Australasian life offices, its business is limited to the Dominion of New Zealand, with a population barely exceeding a million inhabitants—including the very young and the very old, who are practically outside the range of life assurance—it will be conceded that to have built up an existing business of over 50,000 policies assuring £12,000,000 sterling, and to be able to secure over £1,000,000 sterling new assurance in a single year, indicates an activity of which no institution in the world need be ashamed.

Income.—The total income of the year was £590,314, made up as follows: Premium income, £351,588; interest income, £224,422; annuity purchase-money, £14,298; fees, £6.

In regard to the income from the two principal sources, premiums and interest, the comparative results for the past five years are given, together with the yearly rates of interest earned. It will be seen that the return upon the growing funds is substantial and has increased considerably during the period.

Year.	Premium Income (excluding Annuities).	Interest Income.	Total Income.	Accumulated Funds.	Rate of Interest on Mean Funds
	£	£	£	£	£ s. d.
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
1912	351,588	224,422	590,314	4,829,141	4 14 2

Outgo.—During the year 444 policies became void by the deaths of policyholders, for claims amounting to £143,108, and this amount is considerably under what is provided for in the tables of mortality used by the Department.

Five hundred and seventy-nine policies also matured for £151,950, this being the first time in the history of the office when the amount maturing as claims during the lifetime of policyholders has exceeded the amount paid at death. The large amount paid on these matured policies causes no strain whatever on the Department's resources, the demands in this respect being known beforehand and adequately provided for in advance. The event may be regarded as a satisfactory and very practical testimony to the vitality of our policyholders and the permanent nature of a form of policy—endowment assurance—which makes provision for old age as well as early death, and which clearly meets the requirements of the people.

The surrenders and loans released by surrender have decreased from £57,981 in the previous year to £54,344 in 1912.

Accumulated Funds.—The total assurance, annuity and endowment funds, apart from a special investment reserve of £113,663, now stand at £4,829,141. The following statement shows the progressive growth of the Department in this and other respects during the past thirty years:—

Year.	Policies in Force.		Accumulated Funds.	Total Income.	Total Expenses (excluding Taxes).	Ratio of Total Expenses (excluding Taxes) to Total Income.
	Number.	Sum Assured and Bonuses.				
		£	£	£	£	
1882	15,892	5,273,164	704,889	180,447	26,875	14·9 per cent.
1897	36,174	9,857,010	2,725,106	398,121	51,149	12·8 „
1912	50,458	13,271,699	4,829,141	590,314	67,418	11·4 „

The Balance-sheet.—On the 31st December, 1912, the total assets of the Department were £4,976,948, invested as shown in the following statement, which gives the distribution of the assets a year ago for purposes of comparison:—

At 31st December, 1911.		Class of Investment.	At 31st December, 1912.	
Amount.	Percentage of Total Assets.		Amount.	Percentage of Total Assets.
£			£	
2,899,753	59·7 per cent.	Mortgages on freehold property	3,045,274	61·2 per cent.
791,704	16·3 „	Loans on policies	808,884	16·3 „
668,069	13·7 „	Government securities	668,089	13·4 „
168,208	3·5 „	Local bodies' debentures	171,169	3·4 „
135,879	2·8 „	Landed and house property	136,586	2·8 „
114,808	2·4 „	Miscellaneous assets	116,467	2·3 „
77,681	1·6 „	Cash in hand and on current account ..	30,479	0·6 „
4,856,102	100·0 per cent.	Total	4,976,948	100·0 per cent.

The chief items of interest in the balance-sheet are the following:—

(1.) The advance in mortgages on freehold property, which asset has been increased by £145,521, and now stands at £3,045,274.

(2.) Cash in hand and on current account has decreased from £77,681 to £30,479, the difference being due to the closer investment of the available funds in mortgages and other interest-bearing securities, the opportunity for which has, of course, been considerably facilitated by prevailing financial conditions.

(3.) The total investments show an increase of £166,120, and now amount to £4,832,747.

The general progress of the Department has been well maintained, the new business having been much increased, an interim actuarial valuation showing an unusually large surplus at such an early stage in the triennium, and the position generally being eminently satisfactory.

REVENUE ACCOUNT OF THE GOVERNMENT LIFE INSURANCE DEPARTMENT FOR THE YEAR ENDED
31ST DECEMBER, 1912.

	£	s.	d.		£	s.	d.
Amount of Funds at 1st January, 1912	4,699,969	11	9	Death claims under policies, Assurance, including bonus additions ..	143,108	5	0
Renewal premiums—Assurance, Annuity, and Endowment ..	322,798	10	4	Endowment Assurances matured, including bonus additions ..	149,483	14	0
New premiums (including instalments of first year's premiums falling due in the year) ..	26,722	17	11	Endowments matured ..	2,465	18	0
Single premiums—Assurance and Endowment ..	2,072	0	7	Premiums returned on endowments ..	49	19	2
Consideration for Annuities ..	14,297	12	6	Bonuses surrendered for cash ..	11,883	6	7
Interest ..	224,422	10	3	Annuities ..	17,318	9	6
Fees ..	5	10	11	Surrenders ..	20,808	1	3
				Loans released by surrender ..	33,536	1	3
				Commission, new* ..	£20,592	11	11
				renewal ..	2,545	14	6
					23,138	6	5
				Land and income tax ..	15,070	17	9
				Expenses of management—			
				Salaries—			
				Head Office ..	£17,746	4	4
				Branch offices and agents ..	7,756	16	3
				Extra clerical assistance ..	193	0	6
				Medical fees and expenses ..	5,062	14	11
				Travelling-expenses ..	781	19	1
				Advertising ..	1,047	5	9
				Printing and stationery ..	1,766	16	8
				Rent ..	2,822	6	6
				Postage and telegrams ..	1,797	14	2
				Exchange ..	59	18	6
				Office-furniture depreciation ..	270	9	3
				General expenses ..	2,309	14	4
				Triennial expenses ..	2,181	7	4
				Compensation for loss of office ..	483	3	0
					44,279	10	7
				Amount of Funds, 31st December, 1912	4,829,141	4	9
					£5,290,283	14	3
					£5,290,283	14	3

* Including Agents' allowances.

BALANCE-SHEET OF THE GOVERNMENT LIFE INSURANCE DEPARTMENT ON 31ST DECEMBER, 1912.

LIABILITIES.			ASSETS.				
	£	s. d.		£	s. d.		
Total Assurance, Annuity, and Endowment Funds (as per Revenue Account) ..	4,829,141	4	9	Loans on policies ..	808,884	1	9
Claims admitted, proofs not yet completed ..	29,518	17	5	Government securities—			
Annuities ..	336	0	6	Consolidated stock ..	625,900	0	0
Commission ..	318	15	2	Debentures issued under the District Railways Purchasing Act 1885 Extension and Amendment Act, 1886 ..	40,000	0	0
Medical fees ..	359	2	0	Debentures issued under the Immigration and Public Works Act, 1870 ..	2,189	6	10
Premium and other deposits ..	3,138	13	6		668,089	6	10
Fire-insurance moneys in suspense ..	295	0	0	Municipal Corporation debentures ..	126,518	14	8
Sundry accounts owing ..	182	0	1	Harbour Board debentures ..	38,700	0	0
Investment Fluctuation Reserve ..	113,663	6	1	Town Board debentures ..	5,950	0	0
				Landed and house property ..	135,620	13	8
				Landed and house property (leasehold)	965	11	2
				Office furniture (Head Office and agencies) ..	811	8	0
				Mortgages on property ..	3,045,274	2	9
				Properties acquired by foreclosure ..	1,933	1	11
				Overdue premiums on policies in force ..	£6,214	10	9
				Outstanding premiums due but not overdue ..	36,705	5	11
					42,919	16	8
				Overdue interest ..	£1,537	2	10
				Outstanding interest due but not overdue ..	7,901	5	4
				Interest accrued but not due ..	58,919	6	8
					68,857	14	10
				Agents' balances ..	2,444	11	10
				Cash in hand and on current account ..	30,478	15	5
					£4,976,947	19	6
					£4,976,947	19	6

Government Life Insurance Department, 4th April, 1913.

J. H. RICHARDSON,
Commissioner.

W. B. HUDSON,
Secretary.

Audited and found correct.

ROBERT J. COLLINS,
Controller and Auditor-General.

Statement of Business

YEAR 1912.	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. Ordinary.	2. Extra.				
				£	s.	d.				£	s.	d.			
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	3,353,910	704,215	77,852	9	2
New Business ..	3,994	1,042,264	..	2,329	6	1	4,413	7	0	564	206,750	..	1,499	2	6
Bonus allotted ..	..	..	333,994	29,789	19	4	1,371	10	10	..	..	122,541	4,824	4	1
				54	12	11	5	17	0				16	11	0
Total ..	53,370	12,556,921	1,502,614	375,614	16	11	18,363	13	8	12,020	3,560,660	826,756	82,676	13	3
				2,883	19	0	4,419	4	0				1,515	13	6
Policies discontinued during 1912	2,912	691,459	96,377	21,895	15	5	668	13	4	547	158,697	41,678	4,547	10	3
				167	17	10	429	3	4				113	11	6
Total policies in force at 31st December, 1912.	50,458	11,865,462	1,406,237	353,719	1	6	17,695	0	4	11,473	3,401,963	785,078	78,129	3	0
				2,216	1	2	3,990	0	8				1,402	2	0

POLICIES ISSUED AND DISCON-

How discontinued.	No.	Sum assured.	Rever- sionary Bonuses.	Annual Premiums.		Annuities.	No.	Sum assured.	Rever- sionary Bonuses.	Annual Premiums.					
				1. Ordinary.	2. Extra.					1. Ordinary.	2. Extra.				
By Death ..	460	117,174	25,698	3,870	10	9	704	13	4	278	83,337	21,831	2,508	4	8
Maturity ..	579	122,904	28,509	90	5	8	..	..	..	..	..	..	85	16	3
Surrender ..	830	193,631	11,168	4,761	19	5	..	..	..	..	..	..	..	..	..
Surrender of Bonus ..	..	..	21,103	24	19	11	296	5	0	135	37,310	5,061	969	0	1
Lapse ..	1,042	257,250	9,899	5,730	12	10	..	..	..	..	..	11,313	..	..	..
Expiry of Policy ..	1	500	..	24	15	1	..	..	..	..	..	..	20	6	5
Expiry of Premium ..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Miscellaneous ..	..	..	..	7,240	10	5	96	18	4	133	37,550	3,473	895	16	1
				20	19	0	..	..	..	..	..	..	4	7	8
Total	2,912	691,459	96,377	5	11	8	1	500	..	1	500	..	5	11	8
				137	16	8	..	..	..	..	..	..	111	9	2
				148	13	8	..	..	..	..	..	..	57	8	7
				6	18	2	..	..	..	..	..	..	3	1	2
				167	17	10	1,097	16	8	547	158,697	41,678	4,547	10	3
				167	17	10	..	..	..	..	..	..	113	11	6

PARTICULARS OF POLICIES DISCON-

How discontinued.	No.	Sum assured.	Rever- sionary Bonuses.	Annual Premiums.		Annuities.	No.	Sum assured.	Rever- sionary Bonuses.	Annual Premiums.					
				1. Ordinary.	2. Extra.					1. Ordinary.	2. Extra.				
By Death ..	460	117,174	25,698	3,870	10	9	704	13	4	278	83,337	21,831	2,508	4	8
Maturity ..	579	122,904	28,509	90	5	8	..	..	..	..	..	..	85	16	3
Surrender ..	830	193,631	11,168	4,761	19	5	..	..	..	..	..	..	..	..	..
Surrender of Bonus ..	..	..	21,103	24	19	11	296	5	0	135	37,310	5,061	969	0	1
Lapse ..	1,042	257,250	9,899	5,730	12	10	..	..	..	..	..	..	..	..	..
Expiry of Policy ..	1	500	..	24	15	1	..	..	..	..	..	..	20	6	5
Expiry of Premium ..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Miscellaneous ..	..	..	..	7,240	10	5	96	18	4	133	37,550	3,473	895	16	1
				20	19	0	..	..	..	..	..	..	4	7	8
Total	2,912	691,459	96,377	5	11	8	1	500	..	1	500	..	5	11	8
				137	16	8	..	..	..	..	..	..	111	9	2
				148	13	8	..	..	..	..	..	..	57	8	7
				6	18	2	..	..	..	..	..	..	3	1	2
				167	17	10	1,097	16	8	547	158,697	41,678	4,547	10	3
				167	17	10	..	..	..	..	..	..	113	11	6

PROGRESS OF BUSINESS OF THE GOVERNMENT LIFE INSURANCE

Total issued ..	121,813	29,576,704	2,907,530	913,674	13	10	89,887	16	2	40,723	12,084,446	1,714,585	317,516	18	11
Total void ..	71,355	17,711,242	1,501,293	14,619	17	4	68,202	15	2	29,250	8,682,483	929,507	10,849	14	4
				559,955	12	4	12,403	16	2				239,387	15	11
				12,403	16	2							9,447	12	4
Total in force ..	50,458	11,865,462	1,406,237	353,719	1	6	21,685	1	0	11,473	3,401,963	785,078	78,129	3	0
Extra Premiums ..	..	..	..	2,216	1	2	..	..	..	..	..	..	1,402	2	0
Reduction of Premiums by Bonus, &c. ..	..	..	..	118	11	5	..	..	..	..	..	..	..	..	..
				£356,053	14	1									

NOTE.—The Ordinary Premium is the premium charged

Wellington, 20th February, 1913.

at end of Year 1912.

ASSURANCES.				ANNUITIES.				SIMPLE ENDOWMENTS, INVESTMENTS, ETC.					
<i>Endowment Assurances.</i>				<i>Annuity Assurances.</i>									
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.	Annuities. 1. Immediate. 2. Deferred.	No.	1. Sum assured. 2. Reversionary Bonuses.	Annual Premiums.

TINUED DURING THE YEAR 1912.

36,419	7,998,520	463,165	{ 261,723 14 1 830 3 7 }	87	{ 18,821 1,240 }	4,307 7 0	1,013 9 3	{ 373 4 }	..	{ 16,992 2 10 106 0 0 }	1,037	{ 143,406 .. }	5,134 5 2
3,115	791,964	..	{ 23,681 6 9 38 1 11 }	..	{ .. 50 }	5 17 0	3 5 0	{ 28 .. }	..	{ 1,371 10 10 .. }	287	{ 43,500 .. }	1,281 3 6
..	..	210,699	..	..	{ .. 615 }	..	..	{ .. .. }	..	{ .. .. }	..	{ .. 139 }	..
39,534	8,790,484	673,864	{ 285,405 0 10 868 5 6 }	87	{ 18,871 1,855 }	4,313 4 0	1,016 14 3	{ 401 4 }	..	{ 18,363 13 8 106 0 0 }	1,324	{ 186,906 139 }	6,415 8 8
2,261	518,610	54,497	{ 16,736 3 0 54 6 4 }	7	{ 1,626 162 }	343 3 4	91 16 4	{ 14 3 }	..	{ 668 13 4 86 0 0 }	80	{ 12,526 40 }	425 6 5
37,273	8,271,874	619,367	{ 268,668 17 10 813 19 2 }	80	{ 17,245 1,693 }	3,970 0 8	924 17 11	{ 387 1 }	..	{ 17,695 0 4 20 0 0 }	1,244	{ 174,380 99 }	5,990 2 3

TINUED DURING THE YEAR 1912.

166	33,837	3,867	{ 1,323 1 8 4 9 5 }	..	..	..	..	16	39 4 5	704 13 4	..	..	..
558	120,478	28,469	{ 4,682 2 5 24 19 11 }	..	..	..	..	..	..	..	21	{ 2,426 40 }	79 17 0
649	147,645	5,996	{ 4,401 15 10 4 8 8 }	5	{ 1,376 111 }	246 5 0	78 3 5	1	55 15 0	50 0 0	40	{ 7,300 .. }	225 18 6
..	..	9,760	..	..	{ .. 30 }	..	..	..	..	..	..	..	..
888	216,650	6,405	{ 6,223 8 3 16 11 4 }	2	{ 250 21 }	96 18 4	12 19 0	..	..	..	19	{ 2,800 .. }	108 7 1
..
..	..	..	{ 22 12 8 }	..	..	..	..	..	..	..	..	..	3 14 10
..	..	..	{ 83 2 2 3 17 0 }	..	..	..	0 13 11	..	..	..	..	..	7 9 0
2,261	518,610	54,497	{ 16,736 3 0 54 6 4 }	7	{ 1,626 162 }	343 3 4	91 16 4	17	94 19 5	754 13 4	80	{ 12,526 40 }	425 6 5

DEPARTMENT SINCE DATE OF ESTABLISHMENT TO 31st DECEMBER, 1912.

75,627	16,992,619	1,186,993	{ 573,983 4 8 3,770 3 0 }	1,106	{ 157,300 5,759 }	57,278 6 6	8,392 9 6	721	348 0 10	32,609 9 8	3,636	{ 342,339 193 }	13,433 19 11
38,354	8,720,745	567,626	{ 305,314 6 10 2,956 3 10 }	1,026	{ 140,055 4,066 }	53,308 5 10	7,467 11 7	333	342 0 4	14,894 9 4	2,392	{ 167,959 94 }	7,443 17 8
37,273	8,271,874	619,367	268,668 17 10	80	{ 17,245 1,693 }	3,970 0 8	924 17 11	388	6 0 6	17,715 0 4	1,244	{ 174,380 99 }	5,990 2 3
..	..	..	813 19 2	..	..	..	..	..	..	..	..	..	..
..

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

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

Approximate Cost of Paper.—Preparation, not given; printing (5,500 copies), £10 10s.

By Authority: JOHN MACKAY, Government Printer, Wellington.—1913.

