

1926.  
NEW ZEALAND.

ANNUAL REPORT

OF THE

GOVERNMENT INSURANCE COMMISSIONER

FOR THE YEAR ENDED 31st DECEMBER, 1925.

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

Government Insurance Office, Wellington, 10th May, 1926.

PURSUANT to the Government Life Insurance Act, 1908, I beg to make the following report upon the operations of the Department for the year ended 31st December, 1925.

The Revenue Account, Balance-sheet, and Statement of Business are appended.

*Business.*—The year has witnessed another substantial improvement in the figures relating to all aspects of the business, and the progress made in the previous year has been more than maintained, as is seen from a comparison of the last three years :—

New policies issued—	1923.	1924.	1925.
(a.) Number .. .. .	4,754	5,149	5,830
(b.) Insuring .. .. .	£1,581,722	£1,718,842	£1,910,013
Business in force—			
(a.) Number .. .. .	60,545	61,804	63,775
(b.) Insuring (exclusive of bonus) .. .. .	£16,549,451	£17,190,783	£18,008,402
(c.) Average sum assured per policy in force .. .. .	£273	£278	£282
Income—	£	£	£
(a.) Premiums .. .. .	489,171	511,380	537,574
(b.) Interest .. .. .	315,425	331,850	349,783
(c.) Annuity purchase-money .. .. .	10,042	11,361	22,791
(d.) Total income .. .. .	814,638	854,591	910,148
Outgo for claims—			
(a.) Deaths .. .. .	166,797	185,777	182,131
(b.) Matured policies .. .. .	235,409	229,359	251,781
Accumulated funds .. .. .	6,222,485	6,448,658	6,731,118

The volume of new business completed during the year was a record, and—what is more important—was obtained at a cost lower than the cost of the previous year.

*Interest.*—The net effective rate of interest credited to the funds, after deduction of land and income tax from interest, was £5 9s. 1d., which is again in excess of the yield obtained during any previous year. The maintenance of the highest yield possible from the investments is necessary to a life office as an indispensable element in the production of bonuses. Not only this, but, in view of the constantly improving vitality of annuitants, life offices would sustain serious losses in connection with their annuity contracts but for the compensating advantage of a satisfactory margin in the interest yield; in this respect the Department stands well—an important fact in view of its annuity business being larger than the New Zealand annuity business of all other life offices combined.

*General.*—During the year several important amendments to Acts regulating life-assurance business in this country were sanctioned. By the Life Insurance Amendment Act, 1925, the provisions relating to the protection of policies from bankruptcy were improved, and extended facilities were secured for vesting policies of limited values in persons entitled to them without the necessity for producing probate or letters of administration.

As this is the last report which I shall be making, I should like to draw attention to the following achievements during my three years' control, which speak for themselves:—

- (1.) A reduction in the uninvested balance at the end of the year from £205,142 in 1923 to £65,698 in 1924 and to £18,185 in 1925.
- (2.) An increase in the net effective rate of interest from £5 6s. 8d. per cent. in 1923 to £5 7s. 7d. per cent. in 1924 and to £5 9s. 1d. per cent. in 1925.
- (3.) An all-round reduction in expense ratios, namely:—
 

	1923.	1924.	1925.
(a.) Total expenses to total premium income .. ..	18·234	18·460	17·998
(b.) Total expenses to total income .. ..	11·174	11·292	11·081
(c.) "Renewal" expenses to total premium income .. ..	8·7	8·8	8·2
(d.) "New business" expenses to new annual premiums .. ..	111·5	102·1	100·0

In addition, not only was the new business of the year the greatest ever transacted in a single year, but the increase as compared with the previous year (£191,171) is the greatest increase ever made in a year. I am also able to point to the fact that the rates of bonus are very much higher than have ever before been allotted in the history of the Department, whilst at the same time the reserves stand on the strongest basis in use amongst the offices of Australasia: thus, in short, I can point to an increased interest yield, reduced expense ratios, greater new business, increased bonuses, and a much stronger basis of actuarial reserves. I have abundant evidence that new hope has been instilled into the minds of the Department's field men: the increased new business returns in themselves prove this. In addition, I recommended to the Government legislation, which was approved, and passed last session, extending the powers of the Department to include (1) the transaction of sinking-fund, capital redemption, and other business; (2) facilities which will permit the Department to safely reduce its bank balance to the lowest point, and thereby enable the funds to be more closely invested; (3) power to make an annual distribution of bonuses in place of the present triennial distribution.

It had been my intention to commence distributing bonuses annually as from the end of this year, a reform which I feel sure would meet with the unqualified approbation of policyholders and the public.

In conclusion I have to say that on entering into office I decided to make it my paramount duty to strive for the best interests of the policyholders, to whom the funds belong, and of the Department in general; on leaving office it is a source of pride to be able to feel that I have accomplished something in this direction.

A. T. TRAVERSI, F.I.A., F.C.A.S., Commissioner.

REVENUE ACCOUNT OF THE GOVERNMENT LIFE INSURANCE DEPARTMENT FOR THE YEAR ENDED  
31ST DECEMBER, 1925.

	£	s.	d.		£	s.	d.
Amount of Funds at 1st January, 1925	6,448,658		5 7	Death claims under assurance policies, including bonus additions .. ..	182,058		1 0
Renewal premiums—Assurance, Annuity, and Endowment .. ..	478,583		12 9	Endowment Assurances matured, including bonus additions .. ..	245,151		18 0
New premiums (including instalments of first year's premiums falling due in the year) .. ..	54,873		0 0	Endowments matured .. ..	6,628		18 0
Single premiums—Assurance and Endowment .. ..	4,116		18 3	Premiums returned on endowments .. ..			72 14 8
Consideration for Annuities .. ..	22,791		9 0	Bonuses surrendered for cash .. ..	4,141		6 9
Interest and Rent .. £364,702 16 7				Annuities .. ..	21,451		7 10
Less land and income tax, £10,870 3s. 11d; property expenses, £4,049 5s. .. 14,919 8 11				Surrenders .. ..	30,746		7 1
				Loans released by surrender .. ..	36,582		9 7
	349,783		7 8	Commissions, new* .. £36,745 7 9			
				.. renewal 3,645 4 8	40,390		12 5
				Contribution to Superannuation Fund .. ..	1,156		11 0
				Expenses of management—			
				Salaries .. ..			
				Head Office .. 23,706 17 9			
				Branch offices and agents .. 11,384 4 8			
				Extra clerical assistance .. ..	1,961		6 9
				Medical fees and expenses .. ..	6,562		1 4
				Travelling-expenses .. ..	902		10 11
				Advertising .. ..	337		9 9
				Printing and stationery .. ..	1,831		17 4
				Rent .. ..	5,748		1 0
				Postage and telegrams .. ..	1,529		6 3
				Exchange .. ..	34		2 8
				General expenses .. ..	4,810		9 8
				Triennial expenses .. ..	500		0 0
					59,308		8 1
				Amount of funds, 31st December, 1925	6,731,117		18 10
	£7,358,806		13 3		£7,358,806		13 3

\* Including agents' allowances.

## BALANCE-SHEET OF THE GOVERNMENT LIFE INSURANCE DEPARTMENT ON 31ST DECEMBER, 1925.

<i>Liabilities.</i>			<i>Assets.</i>		
	£	s. d.		£	s. d.
Total Assurance, Annuity, and Endowment Funds (as per Revenue Account) .. .. .	6,731,117	18 10	Loans on policies ..	915,231	1 0
Claims admitted, proofs not yet completed .. .. .	46,194	6 8	Government securities—		
Annuities .. .. .	458	14 0	Consolidated stock	625,900	0 0
Commission .. .. .	1,504	5 5	Debentures issued under the authority of the Finance Act, 1915	40,000	0 0
Medical fees .. .. .	520	16 0	New Zealand Inscribed Stock—		
Premium and other deposits .. .. .	4,619	10 2	War Loans ..	1,200,570	0 0
Sundry creditors .. .. .	3,450	16 3	New Zealand Inscribed Stock—		
Accident and Fidelity Fund .. .. .	2,040	0 0	Finance Act, 1919	50,000	0 0
Investment Fluctuation Reserve .. .. .	204,322	12 7	New Zealand Inscribed Stock—		
			Discharged Soldiers Settlement Loan ..	110,000	0 0
			New Zealand Inscribed Stock issued under the Aid to Public Works and Land Settlement Act, 1921 ..	150,000	0 0
				2,176,470	0 0
			Municipal Corporation debentures ..	217,460	13 7
			County securities .. .. .	53,973	19 11
			Harbour Board debentures .. .. .	31,300	0 0
			Town Board debentures .. .. .	38,024	0 7
			Road Board debentures .. .. .	21,800	0 0
			Drainage Board debentures .. .. .	1,898	14 11
			Power Board debentures .. .. .	692,389	1 7
			Landed and house property .. .. .	130,868	4 2
			Landed and house property (leasehold)	1,505	15 3
			Mortgages on property .. .. .	2,520,340	0 9
			Properties acquired by foreclosure ..	11,800	15 9
			Overdue premiums on policies in force ..	8,106	7 4
			Outstanding premiums due but not overdue	48,901	13 6
				57,008	0 10
			Overdue interest .. .. .	4,298	11 9
			Outstanding interest due but not overdue	7,295	8 6
			Interest accrued but not due ..	88,126	2 4
				99,720	2 7
			Agents' balances .. .. .	4,279	16 3
			Sundry debtors .. .. .	1,974	0 10
			Cash in hand and on current account	18,184	11 11
				£6,994,228	19 11
				£6,994,228	19 11

A. T. TRAVERSI, F.I.A., F.C.A.S., Commissioner.  
C. GOSTELOW, F.I.A., Actuary and Secretary.

Government Life Insurance Department, 22nd April, 1926.

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 1925.	TOTAL.					Whole-life and Term Assurances.			
	No.	Sum assured.	Rever- sionary Bonuses.	Annual Premiums. 1. Ordinary. 2. Extra.	Annuities. 1. Immediate or entered upon. 2. Deferred.	No.	Sum assured.	Rever- sionary Bonuses.	Annual Premiums. 1. Ordinary. 2. Extra.
<b>POLICIES ISSUED AND DISCON-</b>									
Policies in force at 31st December, 1924	61,804	17,190,783	1,696,381	{ 520,841 9 11 2,049 16 4 }	{ 21,017 3 9 2,492 10 11 }	11,294	3,981,110	656,372	{ 95,841 19 5 993 16 7 }
New business .. ..	5,830	1,910,013	..	{ 60,768 9 1 182 11 8 }	{ 2,248 16 11 (-) 198 17 11 }	640	302,000	..	{ 8,406 10 0 54 6 3 }
Total.. ..	67,634	19,100,796	1,696,381	{ 581,109 19 0 2,232 8 0 }	{ 23,266 0 8 2,293 13 0 }	11,934	4,283,110	656,372	{ 104,248 9 5 1,048 2 10 }
Policies discontinued during 1925	3,859	1,092,394	111,454	{ 33,259 0 4 127 1 8 }	{ 858 9 8 45 18 4 }	675	274,782	39,485	{ 6,486 16 3 63 17 1 }
Total policies in force at 31st December, 1925	63,775	18,008,402	1,584,927	{ 547,850 18 8 2,105 6 4 }	{ 22,407 11 0 2,247 14 8 }	11,259	4,008,328	616,887	{ 97,761 13 2 984 5 9 }

## PARTICULARS OF POLICIES DISCON-

How discontinued.	No.	Sum assured.	Rever- sionary Bonuses.	Annual Premiums. 1. Ordinary. 2. Extra.	Annuities. 1. Immediate or entered upon. 2. Deferred.	No.	Sum assured.	Rever- sionary Bonuses.	Annual Premiums. 1. Ordinary. 2. Extra.
By Death .. ..	510	140,135	38,899	{ 3,910 8 2 40 6 9 }	{ 858 9 8 .. .. }	283	93,995	32,222	{ 2,141 7 2 31 19 3 }
Maturity .. ..	1,069	201,737	45,726	{ 7,818 16 11 16 8 0 }	{ .. .. .. .. }	..	..	..	{ .. .. .. .. }
Surrender .. ..	901	275,019	18,697	{ 8,629 4 10 40 7 6 }	{ .. .. 45 18 4 }	111	47,358	5,781	{ 1,192 13 6 27 18 8 }
Cancellation .. ..	219	64,450	9	{ 1,886 4 5 .. .. }	{ .. .. .. .. }	21	10,400	..	{ 291 1 6 .. .. }
Lapse .. ..	1,160	411,053	8,123	{ 11,014 6 0 29 19 5 }	{ .. .. .. .. }	260	123,029	1,482	{ 2,861 14 1 3 19 2 }
Total discontinued during year 1925	3,859	1,092,394	111,454	{ 33,259 0 4 127 1 8 }	{ 858 9 8 45 18 4 }	675	274,782	39,485	{ 6,486 16 3 63 17 1 }

## PROGRESS OF BUSINESS OF THE GOVERNMENT LIFE INSURANCE

Total issued .. ..	179,354	47,357,426	4,384,742	{ 1,456,297 3 10 39,839 1 10 }	{ 109,314 4 2 49,212 .. .. }	15,702,509	2,088,868	{ 408,994 6 4 18,423 13 2 }	
Total void .. ..	115,579	29,349,024	2,799,815	{ 908,446 5 2 37,733 15 6 }	{ 34,658 18 6 37,953 .. .. }	11,694,181	1,471,981	{ 311,232 13 2 17,439 7 5 }	
Total in force .. ..	63,775	18,008,402	1,584,927	547,850 18 8	24,655 5 8	11,259	4,008,328	616,887	97,761 13 2
Extra Premiums .. ..	..	..	..	2,105 6 4	..	..	..	..	984 5 9
				£549,956 5 0					£98,745 18 11

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

Wellington, 30th March, 1926.

at End of Year 1925.

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.	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. Reversionary Bonuses.	Annual Premiums. 1. Ordinary. 2. Extra.
<b>TINUED DURING THE YEAR 1925.</b>													
48,005	12,812,736	1,020,623	{ 413,065 3 1 1,055 15 9 }	45	{ 9,185 1,710 }	{ 288 5 5 1,892 10 11 }	{ 479 4 8 }	{ 408 4 518 5 10 }	{ .. 600 0 0 }	{ 20,728 18 4 600 0 0 }	2,048	{ 387,752 17,676 }	{ 10,436 16 11 .. }
5,018	1,567,413	..	{ 51,334 3 11 128 5 5 }	..	..	{ (+)198 17 11 (-)198 17 11 }	..	{ 24 .. }	{ .. .. }	{ 2,049 19 0 .. }	148	{ 40,600 .. }	{ 1,027 15 2 .. }
53,023	14,380,149	1,020,623	{ 464,399 7 0 1,164 5 2 }	45	{ 9,185 1,710 }	{ 487 3 4 1,693 13 0 }	{ 479 4 8 }	{ 432 4 518 5 10 }	{ .. 600 0 0 }	{ 22,778 17 4 600 0 0 }	2,196	{ 428,352 17,676 }	{ 11,461 12 1 .. }
3,016	782,062	70,315	{ 25,712 2 3 63 4 7 }	2	{ 2,000 350 }	{ 23 2 8 45 18 4 }	{ 104 19 3 }	{ 19 .. }	{ .. .. }	{ 835 7 0 .. }	147	{ 33,550 1,304 }	{ 955 2 7 .. }
50,007	13,598,087	950,308	{ 438,687 4 9 1,121 0 7 }	43	{ 7,185 1,360 }	{ 464 0 8 1,647 14 8 }	{ 374 5 5 }	{ 413 4 518 5 10 }	{ .. 600 0 0 }	{ 21,943 10 4 600 0 0 }	2,049	{ 394,802 16,372 }	{ 10,509 9 6 .. }

TINUED DURING THE YEAR 1925.

207	45,990	6,677	{ 1,769 1 0 8 7 6 }	1	{ 150 .. }	{ 23 2 8 .. }	..	{ 19 .. }	{ .. .. }	{ 835 7 0 .. }	..	..	..
1,025	196,187	44,398	{ 7,534 4 1 16 8 0 }	..	{ .. 325 }	{ .. .. }	..	{ .. .. }	{ .. .. }	{ .. .. }	44	{ 5,550 1,003 }	{ 234 12 10 .. }
712	207,511	12,891	{ 6,863 2 7 12 8 10 }	1	{ 100 25 }	{ .. 45 18 4 }	{ 4 18 10 }	..	..	..	77	{ 20,050 600 }	{ 568 9 11 16 12 10 }
194	53,450	9	{ 1,578 10 1 .. }	..	..	..	..	..	..	..	4	{ 600 .. }	{ 16 12 10 .. }
878	278,924	6,340	{ 7,917 4 6 26 0 3 }	..	{ 1,750 .. }	{ .. .. }	{ 100 0 5 }	..	..	..	22	{ 7,350 301 }	{ 135 7 0 .. }
3,016	782,062	70,315	{ 25,712 2 3 63 4 7 }	2	{ 2,000 350 }	{ 23 2 8 45 18 4 }	{ 104 19 3 }	{ 19 .. }	{ .. .. }	{ 835 7 0 .. }	147	{ 33,550 1,304 }	{ 955 2 7 .. }

DEPARTMENT SINCE DATE OF ESTABLISHMENT TO 31st DECEMBER, 1925.

121,655	30,530,678	2,264,718	{ 1,008,497 11 3 21,394 18 8 }	1,106	{ 160,450 7,671 }	{ 57,497 16 6,8,619 15 8 }	1,050	{ 866 6 8 51,816 7 8 }	6,331	{ 963,789 29,319 3 11 23,485 20 10 0 }				
71,648	16,932,591	1,314,410	{ 569,810 6 6 20,273 18 1 }	1,063	{ 153,265 6,311 }	{ 55,386 1 2,3,245 10 3 }	633	{ 348 0 10 29,272 17 4 }	4,282	{ 568,937 18,809 14 5 7,113 20 10 0 }				
50,007	13,598,087	950,308	{ 438,687 4 9 1,121 0 7 }	43	{ 7,185 1,360 }	{ 2,111 15 4 374 5 5 }	417	{ 518 5 10 22,543 10 4 }	2,049	{ 394,802 10,509 9 6 16,372 .. }				
..	..	..	{ 1,121 0 7 .. }	..	..	..	..	..	..	..				
			£439,808 5 4				£374 5 5			£518 5 10				£10,509 9 6

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

A. T. TRAVERSI, F.I.A., F.C.A.S. Commissioner.  
C. GOSTELOW, F.I.A., Actuary and Secretary.

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