1935. NEW ZEALAND.

ANNUAL REPORT

OF THE

GOVERNMENT INSURANCE COMMISSIONER

FOR THE YEAR ENDED 31ST DECEMBER, 1934.

Presented to both Houses of the General Assembly pursuant to the provisions of the Government Life

Insurance Act, 1908.

Government Insurance Office, Wellington, 24th June, 1935.

I have the honour to submit the following report upon the transactions of the Department for the year ended 31st December, 1934, and its position at that date. The Revenue Account, Balance-sheet, and Statement of Business are appended.

New Business and Amount of Business in Force.—New business for the year amounted to 4,629 policies, assuring the sum of £1,661,348; the premiums thereon being £37,107 per annum. Fifty-three annuities were also granted, the purchase-money being £43,466. The total business in force at the end of the year (including immediate and deferred annuities for £59,686 per annum) comprises 68,094 policies, bearing an annual premium income of £625,085. The total sum assured is £21,191,168, to which reversionary bonuses amounting to £2,893,453 have been added.

Income.—The total income amounted to £1,106,508, made up as follows: Premium income, £667,488; interest income (net), £395,554; annuity-purchase money, £43,466. The total for the year exceeded that for the previous year by £43,803.

Outgoings.—During the year 1,638 policies became claims by the death of the policyholders and by maturity, the payment involved being £524,851. The total amount paid in claims since the inception of the Department amounts to £14,269,305.

Accumulated Funds.—Assurance, Annuity, and Endowment Funds, apart from special reserves of £458,843, now stand at £9,241,764, an increase of £276,703 over the previous year.

Investments.—On the 31st December, 1934, the total assets of the Department amounted to $\pounds 9,768,759$, and were invested as follows:—

Class of Invest	ment.				Per To	centage of tal Assets.
Mortgages of freehold proper	ty				 	$38 \cdot 9$
Government securities, includ	ing rura	l advar	ices bonds		 	$25 \cdot 8$
				٠.,	 	$13 \cdot 1$
Loans on policies					 	$13 \cdot 0$
Miscellaneous assets		• •			 ٠.	$7 \cdot 9$
Landed and house property					 ٠.	$1 \cdot 3$

Investment Fluctuation Reserve.—It was deemed advisable to transfer a further £30,000 to this Reserve Fund, which now stands at £453,843.

Expense Ratios and Rate of Interest.—The ratio of expenses to (a) total income, (b) premium income, and the effective rate of interest (after deduction of taxes) earned on the funds for 1934 and the two preceding years are:—

Ratio of Expenses to	1932. Per Cent.	1933. Per Cent.	1934. Per Cent.
(a) Total income (b) Premium income Net effective rate of interest	 7·46 11·82 £4 10s. 10d.	$7 \cdot 24 \\ 11 \cdot 33 \\ \pounds 4 \ 8s. \ 6d.$	7·51 11·68 £4 8s. 10d.

General.—The results of the Department's trading during the past year may be viewed with every satisfaction. The new business for the year was exceptionally good and the rate of bonus declared for the previous year has been maintained. This rate, in conjunction with the low premiums charged by the Department, provides contracts which will bear comparison with those of any other life-insurance office transacting business in the Dominion.

In conclusion, I desire to express my appreciation of the good work performed by the Office and field staffs, which has contributed in a great measure to the success that has been achieved by the Department.

W. E. Arnold, Commissioner.

REVENUE ACCOUNT OF THE GOVERNMENT LIFE INSURANCE DEPARTMENT FOR THE YEAR ENDED 31ST DECEMBER, 1934.

Amount of funds at 1st January, 1934 Renewal premiums—Assurance, annuity, and endowment, less reinsurance premiums New premiums (including instalments of first year's premiums falling due in the year) less reinsurance premiums Single premiums—Assurance and cndowment Consideration for annuities Interest, rent, and other £ s. d. income 417,655 17 7 Less land and income tax, £20,833 3s. 3d.; property expenses, £1,268 8s. 9d	£ 8,965,061 583,667 33,336 50,484 43,466	5 1 12 3	5 3 0	Death claims under assurance policies, including bonus additions 201,389	19 0 8 9 10 6	0 0 0 2 11 11 7 0
	. ·		•	Salaries 33,611 14 6 Extra clerical assistance 415 9 11 Payment to Treasury under Finance Act, 1931 (No. 2) 916 6 0 Medical fees and expenses 1,480 3 10 Travelling-expenses 897 4 4 4 Advertising 348 6 9 Printing and stationery 1,276 7 3 Rent 4,656 15 10 Postage and telegrams 1,649 19 11 Exchange 34 5 1 Audit fees 325 0 0 General expenses 4,901 15 1 Property depreciation Transfer to Investment Fluctuation Reserve Account Amount of funds, 31st December, 1934 9,241,763 1	0 0 15	9
	10,071,569		8	\$10,071,569	9	8

^{*} Including agents' allowances.

Balance-sheet of the Government Life Insurance Department on 31st December, 1934.

Liabilities.	£ s. d.	Assets.
Total assurance, annuity, and endowment funds (as per Revenue Account)	9,241,763 15 9	Loans on policies
Claims admitted, proofs not yet	40,894 19 2	Landed and house property 121,603 2 7 Landed and house property (leasehold) 2,023 10 0
$\begin{array}{cccccccccccccccccccccccccccccccccccc$	312 15 1	Mortgages on property 3,801,369 11 0
Commission	$\begin{array}{cccccccccccccccccccccccccccccccccccc$	The state of the s
Premium and other deposits	8,682 16 6	policies in force 6,501 19 5
Sundry creditors Accident and Fidelity Fund	$\begin{array}{cccccccccccccccccccccccccccccccccccc$	
Investment Fluctuation Reserve	453,843 3 4	Overdue interest
body loans 14,215 5 11		Outstanding interest
Interest accrued there- on 199 13 11		Interest accrued but
	14,414 19 10	not due 97,302 0 6 156,403 13 2
		Sundry debtors
		Income-tax paid in advance
	£9,768,759 0 3	£9,768,759 0 3

W. E. Arnold, Commissioner. J. W. Macdonald, Secretary.

 ${\bf Government\ Life\ Insurance\ Department.}$

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

										V		
			ТО	TAL.					Vhole-life ar	nd Term	Assurano	 es.
YEAR 1934.	No.	Sum assured.	Reversionary Bonuses.	1. Ordinary.		Annuities. 1. Immediate or entered upon. 2. Deferred.		r No.	1. Sum assured. 2. Deferred Annuity.	Rever- sionary Bonuses.	Annu Premi 1. Ordi 2. Extr	nal ums. nary.
							PO	LICII	es issue	D AND	DISC	ON-
		£	£	£	s. d.	£	s. d.	DATE OF THE POTTON	£	£	£	s. d
Policies in force at 31st December, 1933	67,567	20,769,292	2,805,177	$\left\{\begin{array}{c} 624,260 \\ 1,644 \end{array}\right.$		$24,895 \\ 24,091$	$\begin{array}{ccc} 9 & 0 \\ 13 & 2 \end{array}$		8 3,505,946 17,928 p.a		$\left\{\begin{array}{c} 93,048 \\ 609 \end{array}\right.$	
New business	4,682	1,661,348		(37,058		4,346 9,633			1 511,399 7,977 12s. p.a		10,033	16 7 10 10
Bonus allotted			319,428	•••	10 0	1 '		<u></u>	7,977 12s. p.a	32,349		
Total	72,249	22,430, 640	3,124,605		16 10 2 0	$29,241 \\ 33,725$	19 2 5 2	$\left\{ 10,07 \right\}$	9 4,017,345 25,905 12s. p.a		$\substack{\{103,082\\631}$	
Policies discontinued during 1934	4,155	1,239,472	231,152			2,195 1,086			8 211,965 792 p.a.	49,416		$egin{smallmatrix} 12 & 10 \ 4 & 5 \end{smallmatrix}$
Potal policies in force at 31st December, 1934	68,094	21,191,168	2,893,453	623,508 1,576	19 11 3 8	27,046 32,639	8 2 5 2		1 3,805,380 25,113 12s. p.a		97,880 584	16 4 1 7
			'			PA	RTI	CULA	RS OF PO	OLICIES	S DISC	ON
How discontinued.			:					1				
By Death	543	149,368	55,313			2,345	11 (25	77,628	39,113		
Maturity	1,130	248,906	72,666	$\begin{cases} 9,354 \\ 20 \end{cases}$		1		'	••		31	
Surrender	1,341	427,318	65,572	$ \begin{array}{c c} & 13,255 \\ & 22 \end{array} $	16 7	79	0) 10	46,770 72 p.a	. ,	$\left\{egin{array}{c} 1,211 \ 3 \end{array} ight.$	
Change to other Tables	47	18,815	1,483			, , ,		, B	.4 7,518			3 (15 (
Cancellation	65	20,650	62	470	15 4 [']	144)	9 2,600 144 p.a		73	9 8
Lapse	1,029	374,415	36,056	9,817	19 9 0 11	$-150 \\ 870$	0 () 16)		4,614		2 10 5 0
Fotal discontinued during year 1934	4,155	1,239,472	231,152	37,804 1 121 1	16 11 18 4	2,195 1,086	11 ()	8 211,965 792 p.a			12 10 4 8
	PF	ROGRES	S OF E	USINE	ss o	F TH	E G	OVE	RNMENT	LIFE II	NSURAI	NCE
Cotal issued	223,254	62,365,261	7,423,846	$ \left\{ \begin{array}{c} 1,901,476\\ 40,698 \end{array}\right. $	5 12 2 8 15 5	2 163,9	49 8	053,00	17,723,328 26,193 12s. p.a		(465,834 (18,702	
Cotal void	155,160	41,174,093	4,530,393	$ \begin{cases} 1,277,966 \\ 39,122 \end{cases} $			63 14	8 43,47	13,917,948 1,080 p.a.	1,894,808	\ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \	18 16
Total in force	68,094	21,191,168	2,893,453	623,508	19 11	59,68	5 13	4 9,58			97,880	16
Extra Premiums				1,576	3 8	3					584	1
Extra Fremiums										İ		

W. E. Arnold, Commissioner. S. Beckingsale, F.I.A., Actuary.

ANNUITIES.

SIMPLE ENDOWMENTS, INVESTMENTS, ETC.

Annuity Assurances.

at End of Year 1934.

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

ASSURANCES.

Endowment Assurances.

	11 madion	00100 A330	mances.			2110	0000g 21		<i>wito</i> (_1							j				-
No.	1. Sum assured. 2. Deferred Annuity.	Reversionary Bonuses.	Annu Premiu 1. Ordin 2. Extra	ms.	No.	1. Sur assure 2. Reve sional Bonuse	d. I. Im	nuitie media red up eferred	nte or	Aı Prei	nual nium	s.	No.	Anr Prem	nual iums.	1. 1		iate or upon.	No.	1. Sum assured. 2. Reversionary Bonuses.	Ann Premi 1. Ordi 2. Extr	ums. $nary.$	
TIN	UED I	OURING	3 THE	YE	AR 1	1934.																	_
	£	£	£	s. d.		£		£ s	s. d.		£ s.	đ.		£	s. d.		£	s. d.		£	£	s, d.	
55,087	16,084,741 4,770 p.a.	2,220,401	$ \left\{ \begin{array}{c} 514,603 \\ 1,023 \end{array} \right. $	13 3 1 17 7		$\left\{\begin{array}{c}5,2\\1,5\end{array}\right.$	17 2 32 1,0	288 093 1	4 9 .3 2		4 9	2	424	91 1	2 6	24,		$\left\{ \begin{array}{cc} 4 & 3 \\ 0 & 0 \end{array} \right\}$	3,005	$\left\{ \substack{1,173,358 \\ 22,993} \right.$		$\begin{array}{cc} 1 & 8 \\ 15 & 9 \end{array}$	
2,866	774,286 1,656 p.a.	284,527	23,509 30	7 11		1	10	••					53 		··	4,	346 1 :	. }	712	375,663 2,442		12 7 14 9	
57,953	16,859,027 6,426 p.a.	2,504,928	$538,113 \ 1,054$	11 9 5 6		$\left\{\begin{array}{c}5,2\\1,6\end{array}\right.$		288 093 1	4 9		34 9	2	477	91 1	.2 6	28,	953 300	$\begin{pmatrix} 14 & 5 \\ 0 & 0 \end{pmatrix}$	3,717	{1,549,021 25,435	19,841 12	14 3 10 6	}
3,339	942,032 144 p.a.	178,917		14 10 1 5		1.2	50 54	24	4 8	}	••		35	77	12 6		171 150	$\left. egin{matrix} 6 & 4 \\ 0 & 0 \end{array} \right\}$	232	$ \begin{cases} 85,325 \\ 2,765 \end{cases} $		16 9 12 6	
54,614	15,916,995 6,282 p.a.	2,326,011		16 11 4 1		$\left\{ egin{array}{ll} 5,0 \\ 1,5 \end{array} ight.$		264 093 1		$\left \begin{array}{c} 1 \\ 2 \end{array} \right \right $	34 9	2	442	14	0 0	26,		$\left(\begin{array}{cc} 8 & 1 \\ 0 & 0 \end{array}\right)$	3,485	$\left\{\begin{matrix} 1,463,696 \\ 22,670 \end{matrix}\right.$	18,556 11	17 6 18 0	}
TIN	UED 1	DURIN	G ТНЕ	C YE	AR	1934.				1						ſ							
243	67,695	16,169	(2,445	8 10	1	(1	50 24	4 4	8)				35		••	1	2,321	. 6] 9	3,900	43	16 2	
1,069	240,706		9,004	7 5	[1	81	••	ſ							1	•		61	8,200 2,091	350	5 6	}
1,174	354,723	59,897	$\begin{cases} 11,610 \\ 12,610 \end{cases}$	14 1	{ ··	!	23 }				• •				••		•		64		433	6 10	1
32	11,000	1,446	18 313		`	٠.	20)	••			••				••		•		1	300	6	15 9	
41	11,150	62	325	11 8	<u>`</u>	••					••		••		••		•		15	'		14 5	
780	256,758 144 p.a.	30,768	7,541	6 4 3 5				••						77	12 6	\{ -	- 150 150		$\left. \begin{array}{c} 82 \\ \end{array} \right.$	40,200		18 1 12 6	
3,339	942,032 144 p.a.	178,917		14 10 1 5			50 2 54 2	4 4	8 }		••		35	77	12 6	{	2,17 15		232	85,325 2,765	1,284 0	16 9 12 6	
	PARTM																				1		
158,098	41,862,592 7,300 16s. p.a.	4,925,248	$\{1,374,968,21068,2106868,21068668,210686668,2106866666666866666666666666666666666666$	5 3 6 2 9 1	1,131	179, 8,	$\left.\begin{array}{c c} 100 \\ 934 \end{array}\right\} 60$,173	0 10	9,3	60 10	9	1,327	866	6 8	70	,281	19 2	9,694	$\left\{\begin{array}{c} 2,600,241\\ 51,672 \end{array}\right.$			- 1
103,484	25,945,597 1018 16 s.p.a	2,599,237	$\begin{cases} 868,092 \\ 20,982 \\$	2 6 7 2 5 0	1,109	$\left\{\begin{array}{c}174,\\7,\end{array}\right.$	$\left.\begin{array}{c} 003 \\ 346 \end{array}\right\} 58$	3,815	7 '	9,1	76 1	. 7	885	852	6 8	48	3,349	11 1	6,203	25,002	21	10 0	1
54,614	15,916,995 6,282 p.a.	$\left {2,326,011} \right $	506,872	2 16 11	22		097 1,	357 1	13 5	3 1	3 4 9) 2	442	14	0 0	2	6,932	8 1	3,485	$ \begin{cases} 1,463,696 \\ 22,670 \end{cases} $		17 6 ·	}
••		••	980	4 1	••	••		••			• •		<u></u>		••		•	•			11	18 0	
	·		£507,853	3 1 0						£1	84 9) 2		£14	0	0				£	18,568		

ACTUARY'S REPORT

ON THE VALUATION OF THE

GOVERNMENT INSURANCE DEPARTMENT

AS AT 31st DECEMBER, 1934.

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

In accordance with your instructions, a valuation of the Department's liabilities under its policies has been made for the year ending 31st December, 1934, 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 68,094 policies assuring, inclusive of bonus additions, the sum of

The liabilities arise in respect of 68,094 policies assuring, inclusive of bonus additions, the sum of £24,084,621, and £59,685 immediate and deferred annuities per annum; the Office premiums thereon amounting to £625,085 per annum.

The bases adopted for the valuations were as follow:—

(a) The British Offices Om Table 1893, and the British Offices Annuity Tables 1920, were employed in the case of assurances and annuities respectively, with 3 per cent. interest; and

(b) The net premium method of valuation was employed, thus reserving the whole of the future loading; in addition, adequate reserves were included for future bonuses, immediate payment of claims, and other contingencies.

The valuation has disclosed a total surplus of £224,136, as follows:—

				£
Total funds at 31st December, 1934			 	9,241,764
Less value of liabilities			 	9,020,978
Net surplus			 	220,786
Interim bonus paid during year	• •	••	 	3,350
				£224,136

As required by the Act, surplus arising from favourable mortality has been investigated separately for the General and Temperance Sections, the result indicating that the same rates of bonus should be allotted to policies of the same class in both sections.

I accordingly recommend that the following rates of compound reversionary bonus be declared on the sum assured and existing bonuses in respect of each full year's premium paid during the year:—

Policies	issued	under	Present	Premium	Tables.

1 Official telegral without x	100000 1		. 0,01001		Per Cent.
					\mathfrak{L} s. d.
Whole-life assurances, and long-term end	lowment	assurance	es maturi	ing at	
ages 80 and over				٠.	1 17 0
					1 13 0
Other endowment assurances Double endowment assurances and pure	endowm	ents			1 4 0
Policies issued under Premium	Tables	which hav	e been cl	osed.	Per Cent.
XXI 1 3'6 3 1 4					£ s. d. 1 11 0
Whole-life and endowment assurances	• •	• •	• •	• •	1 7 0
Double endowments					

The above bonuses will absorb the sum of £198,349, and I recommend that the balance of the net surplus—£22,437—be carried forward.

S. Beckingsale, F.I.A., Actuary.

The Government Insurance Commissioner, Wellington.

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