

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 £9,768,759, and were invested as follows:—

Class of Investment.	Percentage of Total Assets.
Mortgages of freehold property	38·9
Government securities, including rural advances bonds	25·8
Local-body debentures	13·1
Loans on policies	13·0
Miscellaneous assets	7·9
Landed and house property	1·3

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	7·46	7·24	7·51
(b) Premium income	11·82	11·33	11·68
Net effective rate of interest ..	£4 10s. 10d.	£4 8s. 6d.	£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.

Statement of Business

YEAR 1934.	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.	1. Sum assured. 2. Deferred Annuity.	Rever-sionary Bonuses.	Annual Premiums. 1. Ordinary. 2. Extra.	
POLICIES ISSUED AND DISCON-										
Policies in force at 31st December, 1933	67,567	20,769,292	2,805,177	£ 624,260 9 2 1,644 8 6	£ 24,895 9 0 24,091 13 2	9,028	3,505,946 17,928 p.a.	560,251	£ 93,048 12 7 609 15 2	
New business	4,682	1,661,348	..	£ 37,053 7 8 53 13 6	£ 4,346 10 2 9,633 12 0	1,051	511,399 7,977 12s. p.a.	..	£ 10,033 16 7 21 10 10	
Bonus allotted .. ..	..	..	319,428	..	..	..	..	32,349	..
Total.. ..	72,249	22,430,640	3,124,605	£ 661,313 16 10 1,698 2 0	£ 29,241 19 2 33,725 5 2	10,079	4,017,345 25,905 12s. p.a.	592,600	£ 103,082 9 2 631 6 0	
Policies discontinued during 1934	4,155	1,239,472	231,152	£ 37,804 16 11 121 18 4	£ 2,195 11 0 1,086 0 0	548	211,965 792 p.a.	49,416	£ 5,201 12 10 47 4 5	
Total policies in force at 31st December, 1934	68,094	21,191,168	2,893,453	£ 623,508 19 11 1,576 3 8	£ 27,046 8 2 32,639 5 2	9,531	3,805,380 25,113 12s. p.a.	543,184	£ 97,880 16 4 584 1 7	
PARTICULARS OF POLICIES DISCON-										
How discontinued.										
By Death	543	149,368	55,313	£ 4,412 15 1 41 17 3	£ 2,345 11 0	255	77,623	39,113	£ 1,923 10 1 31 16 5	
Maturity	1,130	248,906	72,666	£ 9,354 12 11 20 17 5	..	..	..	..	..
Surrender	1,341	427,318	65,572	£ 13,255 16 7 22 2 9	£ 72 0 0	103	46,770 72 p.a.	5,652	£ 1,211 15 8 3 3 0	
Change to other Tables	47	18,815	1,483	£ 492 17 3 ..	..	14	7,515	37	£ 172 15 0
Cancellation	65	20,650	62	£ 470 15 4 ..	..	9	2,600 144 p.a.	..	£ 73 9 3
Lapse	1,029	374,415	36,056	£ 9,817 19 9 37 0 11	£ -150 0 0 870 0 0	167	77,457 576 p.a.	4,614	£ 1,820 2 10 12 5 0	
Total discontinued during year 1934	4,155	1,239,472	231,152	£ 37,804 16 11 121 18 4	£ 2,195 11 0 1,086 0 0	548	211,965 792 p.a.	49,416	£ 5,201 12 10 47 4 5	
PROGRESS OF BUSINESS OF THE GOVERNMENT LIFE INSURANCE										
Total issued	223,254	62,365,261	7,423,846	£ 1,901,475 12 2 40,698 15 5	£ 163,949 8 0	53,004	17,723,328 26,193 12s. p.a.	2,437,992	£ 465,834 14 9 18,702 18 4	
Total void	155,160	41,174,093	4,530,393	£ 1,277,966 12 3 39,122 11 9	£ 104,263 14 8	43,473	13,917,948 1,080 p.a.	1,894,808	£ 367,953 18 5 18,118 16 9	
Total in force	68,094	21,191,168	2,893,453	£ 623,508 19 11 1,576 3 8	£ 59,685 13 4	9,531	3,805,380 25,113 12s. p.a.	543,184	£ 97,880 16 4	
Extra Premiums .. ..	..	..	..	£ 1,576 3 8	..	..	..	..	£ 584 1 7
				£ 625,085 3 7					£ 98,464 17 11	

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

at End of Year 1934.

ASSURANCES.				ANNUITIES.			SIMPLE ENDOWMENTS, INVESTMENTS, ETC.			
Endowment Assurances.			Annuity Assurances.							
No.	1. Sum assured. 2. Deferred Annuity.	Rever- sionary Bonuses.	Annual Premiums. 1. Ordinary. 2. Extra.	No.	1. Sum assured. 2. Rever- sionary Bonuses.	Annuities. 1. Immediate or entered upon. 2. Deferred.	Annual Premiums.	No.	1. Sum assured. 2. Rever- sionary Bonuses.	Annual Premiums. 1. Ordinary. 2. Extra.

TINUED DURING THE YEAR 1934.

55,087	16,084,741 4,770 p.a.	2,220,401	{ 514,603 13 3 } { 1,023 17 7 }	23	{ 5,247 1,532 }	{ 288 4 9 } { 1,093 13 2 }	184 9 2	424	91 12 6	{ 24,607 4 3 } { 300 0 0 }	3,005	{ 1,173,358 } { 22,993 }	16,332 1 8 } 10 15 9 }
2,866	774,286 1,656 p.a.	..	{ 23,509 18 6 } { 30 7 11 }	..	..	..	..	53	..	{ 4,346 10 2 } { .. }	712	{ 375,663 } { .. }	3,509 12 7 } 1 14 9 }
..	..	284,527	..	..	110	..	..	..	..	..	..	2,442	..
57,953	16,859,027 6,426 p.a.	2,504,928	{ 538,113 11 9 } { 1,054 5 6 }	23	{ 5,247 1,642 }	{ 288 4 9 } { 1,093 13 2 }	184 9 2	477	91 12 6	{ 28,953 14 5 } { 300 0 0 }	3,717	{ 1,549,021 } { 25,435 }	19,841 14 3 } 12 10 6 }
3,339	942,032 144 p.a.	178,917	{ 31,240 14 10 } { 74 1 5 }	1	{ 150 54 }	{ 24 4 8 } { .. }	..	35	77 12 6	{ 2,171 6 4 } { 150 0 0 }	232	{ 85,325 } { 2,765 }	1,284 16 9 } 0 12 6 }
54,614	15,916,995 6,282 p.a.	2,326,011	{ 506,872 16 11 } { 980 4 1 }	22	{ 5,097 1,588 }	{ 264 0 1 } { 1,093 13 2 }	184 9 2	442	14 0 0	{ 26,782 8 1 } { 150 0 0 }	3,485	{ 1,463,696 } { 22,670 }	18,556 17 6 } 11 18 0 }

TINUED DURING THE YEAR 1934.

243	67,695	16,169	{ 2,445 8 10 } { 10 0 10 }	1	{ 150 31 }	{ 24 4 8 } { .. }	..	35	..	{ 2,321 6 } { .. }	9	3,900	43 16 2
1,069	240,706	70,575	{ 9,004 7 5 } { 20 17 5 }	..	..	..	..	..	..	..	61	{ 8,200 } { 2,091 }	350 5 6 } ..
1,174	354,723	59,897	{ 11,610 14 1 } { 18 19 9 }	..	{ .. } { 23 }	..	..	..	..	..	64	25,825	433 6 10
32	11,000	1,446	{ 313 6 6 } { .. }	..	..	..	..	..	..	..	1	300	6 15 9
41	11,150	62	{ 325 11 8 } { .. }	..	..	..	..	..	..	..	15	6,900	71 14 5
780	256,758 144 p.a.	30,768	{ 7,541 6 4 } { 24 3 5 }	..	..	..	..	..	77 12 6	{ - 150 0 0 } { 150 0 0 }	82	{ 40,200 } { 674 }	378 18 1 } 0 12 6 }
3,339	942,032 144 p.a.	178,917	{ 31,240 14 10 } { 74 1 5 }	1	{ 150 54 }	{ 24 4 8 } { .. }	..	35	77 12 6	{ 2,171 6 4 } { 150 0 0 }	232	{ 85,325 } { 2,765 }	1,284 16 9 } 0 12 6 }

DEPARTMENT SINCE DATE OF ESTABLISHMENT TO 31st DECEMBER, 1934.

158,098	41,862,592 7,300 16s. p.a.	4,925,248	{ 1,374,965 3 6 } { 21,962 9 1 }	1,131	{ 179,100 } { 8,934 }	{ 60,173 0 10 }	9,360 10 9	1,327	866 6 8	70,281 19 2	9,694	{ 2,600,241 } { 51,672 }	50,448 16 6 } 33 8 0 }	
103,484	25,945,597 1018 16s. p.a.	2,599,237	{ 868,092 6 7 } { 20,982 5 0 }	1,109	{ 174,003 } { 7,346 }	{ 58,815 7 7 }	9,176 1 7	885	852 6 8	43,349 11 1	6,209	{ 1,136,545 } { 29,002 }	31,891 19 0 } 21 10 0 }	
54,614	15,916,995 6,282 p.a.	2,326,011	506,872 16 11	22	{ 5,097 } { 1,588 }	{ 1,357 13 3 }	184 9 2	442	14 0 0	26,932 8 1	3,485	{ 1,463,696 } { 22,670 }	18,556 17 6 } ..	
..	..	..	980 4 1	..	..	..	..	..	..	..	..	..	11 18 0
			£507,853 1 0				£184 9 2			£14 0 0				£18,568 15 6

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

W. E. ARNOLD, Commissioner.
S. BECKINGSALE, F.I.A., Actuary.

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 £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.

	Per Cent. £ s. d.
Whole-life assurances, and long-term endowment assurances maturing at ages 80 and over	1 17 0
Other endowment assurances	1 13 0
Double endowment assurances and pure endowments	1 4 0

Policies issued under Premium Tables which have been closed.

	Per Cent. £ s. d.
Whole-life and endowment assurances	1 11 0
Double endowments	1 7 0

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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