

REPORT

OF THE

GOVERNMENT ANNUITIES COMMISSIONER;

TOGETHER WITH ACCOUNTS TO 30TH JUNE, 1871.

PRESENTED TO THE GENERAL ASSEMBLY IN ACCORDANCE WITH SECTION 29 OF "THE
GOVERNMENT ANNUITIES ACT, 1869."

WELLINGTON.

—
1871.

REPORT OF THE GOVERNMENT ANNUITIES COMMISSIONER.

SIR,—

Government Annuities Office, 18th July, 1871.

In conformity with the requirements of the 29th section of "The Government Annuities Act, 1869," I have the honor to forward to Your Excellency an account made up to the 30th June last of the gross amount of all sums of money paid, and the gross amount of annuities granted for the same, and contracts for payments at death and otherwise, under this Act.

Since the date of my last Report, "The New Zealand Government Insurance and Annuities Act, 1870," has been passed, amending and extending the Act of 1869 in several important particulars. In order to convey intelligibly the combined effect of both Acts, I recapitulate the following advantages which they secure to persons contracting under them:—

1. All money received and paid by the Government under the Acts is kept in a separate account, the particulars of which must be annually laid before the General Assembly.

2. In case the funds held by the Government under the Acts shall be insufficient to meet the liabilities, the deficiency is to be met out of the Consolidated Revenue. Insurers are thus not only enabled to obtain authoritative information of the exact position in each year of the transactions effected under the Acts, but have also the security of the Consolidated Revenue for the performance of the Commissioner's contracts.

3. Annuities payable under the Act are exempted from all taxation.

4. Policies, powers of attorney authorizing the receipt of moneys, and receipts for moneys payable under the Acts, are exempted from stamp duty.

5. The following transactions, subject to the limitations noted below, are exempted from liability to the law of Bankruptcy, and from seizure under process of execution, namely—(a.) A Policy of Assurance *bonâ fide* effected by the Assured upon the life of himself. (b.) A Policy for future Endowment for the wife or any child of the Assured. (c.) Any purchase of an Annuity for the wife or any child of the Assured.

In the cases (a) and (b), however, no policy or the contributions made towards the same are protected until it has endured for at least two years, in which case the protection extends to the sum of £200; after five years, to £500; after seven years, to £1,000; and after ten years, to £2,000.

In the case (c), the Annuity and the contributions towards it are only protected—(1.) When payments on behalf of the Annuity have extended over six years; or (2.) When it has been purchased at least six years before the commencement of the Annuity; and (3.) When the Annuity does not exceed £100 per annum.

Further, the protection applies, in the case of an Assurance Policy, only in favour of the personal representative of the Assured; in the case of an Endowment Policy, only in favour of the nominee; and in the case of an Annuity, only in favour of the actual Annuitant, and then to such parts only of the Annuity as shall be payable after the Annuitant attains the age of fifty years.

6. Married women may effect policies and dispose of the money assured by will, as if single; and policies effected by married women are, subject to the following restrictions, freed from the debts or control of their husbands. The restrictions are—(a.) That a policy or contract for a Payment to be made on Death or otherwise, or for a Life Assurance or Endowment, held by any married woman, shall not be protected against the debts of her husband, unless it has endured for two years, and then only to the extent of £200; if for five years, £500; if for seven years, £1,000; if for ten years, £2,000. (b.) That an Annuity shall not be so protected unless the payments made on account thereof have been made at annual or more frequent intervals during a period of at least six years, or unless purchased more than six years prior to the commencement of the Annuity, and that such Annuity shall not exceed £104 per annum.

7. Insurances may be effected by way of settlement for the benefit of the wife and children of the Assured, with power to apportion the amount; and such Insurance may be effected either in the name of the Assurer or of his wife, or of a third person as trustee, with his consent. The premiums may be payable during life, or any less period not under seven years, and, in any case, yearly, half-yearly, or quarterly, at the option of the Assured. When no apportionment is made on such policy in favour of children specially, all the children of the Assured living at his death share equally. To the extent of £2,000, the money payable under any such policy is to be free from the claims of creditors.

8. Proof of age once received, is sufficient for further transactions.

In addition to the foregoing advantages, which are specially provided in the Acts themselves, the following additional advantages are secured by the Regulations promulgated under their authority:—

1. Transactions are effected without any charge to the Assured, and Proposers are not required to pay any fee for medical examination, or to pay the cost of any inquiry which the Commissioner may think fit to make with regard to their health, habits, age, and occupation, or to pay any fee for the issue of any contracts which may be made in accordance with their proposals, or to pay any postage for the transmission of their proposals, or for the transmission of any correspondence arising out of such proposals between them and the Commissioner.

2. Premiums are received in most cases either yearly, half-yearly, or quarterly, at the option of the Assured.

3. Premiums may be paid at any Money Order Office in Great Britain, Ireland, or the Australian Colonies, on the due dates.

4. Days of grace are allowed for payment of premiums; and in case of death whilst any premium is in abeyance, the amount in arrears will be deducted from the sum payable to the Assured.

5. Voyaging and residence are permitted in any part of the Australasian Colonies situated south of the 25th parallel of latitude, and in any other part of the globe distant not less than thirty-one degrees south or thirty-three degrees north of the equator, without payment of any extra premium.

6. Surrender values are granted after a contract has existed for three years, and may extend to the whole or part of a contract, or if it has been forfeited by the felonious act of the Life Assured.

7. The Commissioner, even on default of payment, may revive a contract at any period not exceeding six calendar months after forfeiture, on proof of unimpaired health.

8. Any contract open to surrender may be exchanged for any other contract within the provision of the Acts, on reasonable terms.

9. Payments are made immediately on proof of death and compliance with the regulations in relation thereto.

A complete series of the usual Life Assurance and Children's Endowment Tables, and an Immediate Annuity Table, have been published, and copies can be obtained at every Money Order Post Office in the Colony. Deferred Annuity Tables have recently been received from the Consulting Actuary, and will forthwith be brought into force. Endowment Tables for older ages are in course of preparation, and Valuation Tables have been ordered for the purpose of preparing Tables of Surrender Values for indorsement on Policies, thereby greatly facilitating their negotiation and thus increasing their commercial value.

Steps have also been taken, by the appointments of agencies, by advertisements, and otherwise, to make known as widely as possible the provisions of the Government Insurance Acts and Regulations, to explain them in those respects in which they were not understood, and give every practicable facility to persons of all classes to take advantage of their provident operation.

I am glad to be able to report that the progress which has been made is satisfactory, and shows that not only those in easy circumstances invest in comparatively large policies, but that persons of less means apply their savings to securing a safe though small provision for the future. An increasing number of small policies indicates the wider spread of prudent and economical habits, the more powerful means of lessening destitution and crime, and the better prospect of fulfilling the object of the Legislature, which has provided in the Government Insurance System as in the Post Office Savings Banks, an unimpeachable security (for the Colony itself is the security) for provident investment in the hope that such provision may be to the greatest and most general public advantage.

The Insurance system was practically brought into operation in New Zealand on 1st March, 1870, and from that date up to 30th June last 667 proposals for Assurances, amounting to £295,874, have been received (more than half of this number were received during the last quarter), of which 448 have been accepted and taken up, and policies issued amounting to £205,374, at an annual premium of £5,810 4s. 8d. The number declined out of the 667 proposals is 75 for Assurances, amounting to £31,300; this may be taken to show that great care is exercised in the selection of lives. The number of proposals not taken up on 30th June was 30, and 114 were under consideration on that date; the large proportion of the latter class is attributable to the fact, that many of the proposals were then of quite recent date. There had then also been received, 15 Endowment Proposals, of which 10 were completed, and 7 Annuity Proposals, of which 4 were granted. I enclose a return of policies issued during the two last quarters of the past year, as compared with the total number issued during the three previous quarters, ending 31st December, 1870.

The present rate of annual expenditure for the Department, exclusively of commissions and medical fees (dependent on the amount of business transacted), and of the salary of the Commissioner, which is not drawn while he also holds office as a Minister, is about £1,400.

The 11th section of "The Government Annuities Act, 1869," guarantees to the insurer the security of the Colony, and specially provides that all money received by the Government under the Act shall be paid into a separate account in the Public Trust Fund, to be kept by the Commissioner and the Colonial Treasurer, and that "the accumulation of moneys so received shall be subject to be dealt with as the General Assembly shall determine." The accumulation of a special and reproductive fund to cover insurance liabilities is essential to the efficiency and success of the system; and to assist in producing such a fund, the Government have advanced £2,000 to cover the expenses of first bringing the Act into operation, which will be repaid after a short period. The receipts have been invested in Treasury Bills, bearing six per cent. interest, which will continue to be placed to the credit of the fund.

I have the honor to be,

Your Excellency's most obedient servant,

W. GISBORNE,

Commissioner.

His Excellency Sir George Bowen, G.C.M.G.

ACCOUNT showing the Gross Amount of all Sums of Money received, and the Gross Amount of Life Assurances, Endowments, and Annuities granted for the same, from the 1st July, 1870, to 30th June, 1871.

Moneys received.	Insurances granted.		Endowments granted.		Annuities granted.	
	No.	Amount.	No.	Amount.	No.	Amount.
£ s. d.		£ s. d.		£ s. d.		£ s. d.
4,183 11 1	395	177,574 0 0	...	...	...	...
233 17 3	...	...	10	1,100 0 0	...	...
2,734 0 0	...	...	...	...	4	352 5 0
Total, 1871, 7,151 8 4	395	177,574 0 0	10	1,100 0 0	4	352 5 0
„ 1870, 357 8 0	53	27,800 0 0	...	...	...	...
Totals ... 7,508 16 4	448	205,374 0 0	10	1,100 0 0	4	352 5 0

QUARTERLY RETURN of Policies of Assurance issued during the Half-year ending 30th June, 1871.

Quarter when issued.				Number of Policies issued.	Amount Assured.	Amount of New Premiums actually received.	Amount of Annual Premium.
1871.					£ s. d.	£ s. d.	£ s. d.
March	...	...	...	71	33,508 0 0	490 11 9	934 15 4
June	...	...	...	206	82,774 0 0	1,224 5 10	2,365 8 11
Total	...	...	...	277	116,274 0 0	1,714 17 7	3,300 4 3
Total number issued from 1st March to 30th December, 1870				171	89,100 0 0	1,336 4 11	2,510 0 5
Total since the commencement				448	205,374 0 0	3,051 2 6	5,810 4 8

GENERAL ACCOUNT.

Year ending 30th June	Premiums.			Interest.	Total Receipts.	Amount invested.	Expenses.	Amount in Trust Fund.	Total.
	Life Insurance.	Endowments.	Annuities.						
1870	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
	357 8 0	...	...	...	357 8 0	...	...	357 8 0	...
1871	4,183 11	1233 17	32,734 0 0	123 15 0	7,275 3	46,800 0 0	800 0 0	32 1 4	47,632 11 4
Totals	4,540 19	1233 17	32,734 0 0	123 15 0	7,632 11	46,800 0 0	800 0 0	32 1 4	47,632 11 4

(a) Is the total amount that has been drawn from the Trust Fund; all expenses beyond this (amounting to £1,664 Os. 7d.) were paid out of the advance made by the Government.

(b) Invested subsequently.

