Accounts.

The Return (No. I.) prescribed by the 29th section of "The Government Annuities Act, 1869," has been prepared, and is attached to this Report. I have also caused to be prepared and attached thereto a statement of the receipts and expenditure of the Department based on the form of account prescribed by the English law for private Insurance Companies. I would recommend that an amending Act should for the future prescribe the publication by this Department of full accounts. The cost of the management of the Department in proportion to the income is rapidly decreasing, and will in a short time, when exceptional and temporary causes of disproportion, inevitable in the infancy of institutions of this kind, have passed away, bear a very small ratio to that income. The sum of two thousand pounds (£2,000), originally advanced to this Department at its outset, has been repaid during the year. The balance at the credit of the Department on the 30th of June last was £36,801 13s. 8d.

Amending Act.

There are several amendments of, or rather supplements to, the present Acts relating to this Department required; and I would recommend that an Act giving them legal effect should be passed this Session. Among them are the following, namely:—Permanent provision for the payment of interest on the funds of the Department that are from time to time deposited with the other Trust Funds of the Colony; the requirement of an Actuarial investigation of the liabilities of the Department at the end of every five years; the publication of fuller annual accounts; the extension of facilities in the apportionment of amounts insured for the benefit of wife and children; and the power of dispensing with—not by regulation as at present, but by special enactment—the necessity of probate or letters of administration in certain cases.

New Regulations.

On the 6th of June last an Order in Council was passed issuing new Regulations, which combined into one set, with some amendments, the various Regulations hitherto issued. One important new feature in these Regulations is the 27th clause, providing, within certain limits, for the non-forfeiture of policies on account of the non-payment of premiums after the completion of the first year. The main principle which is to regulate the time within which forfeiture from such cause is not to take place, is the surrender value of the policy in question. In ordinary cases no surrender value is recognized until a policy has been held for three years; but in these cases, for the special purpose of maintaining a policy in force after default of premium, the surrender value of every policy will be calculated on the occurrence of such default, and will be recognized as a net single premium of temporary insurance, but the exact term for which it will insure will depend on age of the insured at date of default. If the insured die within the term covered by the temporary insurance, the policy will be paid, if its other conditions have not been violated, less the amount of the premiums that are due at the time of death, with interest thereon at the rate of 6 per cent;—it is also competent to the insurer within that term to take up his policy on payment of such arrears and interest. The practical effect of this provision, which I believe will generally be much appreciated, is to invest each policy with a power of self-support after default of premium, proportionate to the number of premiums paid, or, in other words, with an extension, on certain conditions, of the days of grace. Another new regulation provides that payment of claims under policies of insurance not exceeding £200 may be made on certain conditions without requiring production of probate or letters of administration. This privilege will be a great boon in the case of persons of small means who insure for small amounts, and whose representatives would heavily feel the cost in such cases of specially taking out probate or letters of administration. The principle of essening to the lowest practicable amount the legal cost of obtaining possession of small sums has een already recognized by the Imperial Parliament and by our own Legislature.

An arrangement has been made, with the sanction of the Hon. the Minister for Immigration, by means of which Immigration Agents and Government Insurance Agents can reciprocally aid and act for each other in obtaining proposals and nominations of immigrants. This arrangement will, it is hoped, prove advantageous to public interests.

A Guide and Tables, containing, in a popular form, full information relative to Government Life Insurance, has recently been prepared and published by authority, and I have caused copies of the pamphlet to be widely distributed.

I have called the attention of the Government to the importance, in connection with this Department, of special Vital Statistics for New Zealand, on the model adopted, on the recommendation of the International Statistical Congress, in most civilized countries; and the Government have authorized steps to be taken to prepare, so far as it is practicable to do so, such returns for the past five years, and to secure their due preparation in future.

I have the honor to be,
Sir,
Your most obedient humble Servant,
W. Gisborne,
Commissioner.

His Excellency Sir James Fergusson, Bart.