

1881.
NEW ZEALAND.

GOVERNMENT LIFE INSURANCE DEPARTMENT

(REPORT BY THE CONSULTING ACTUARIES ON THE NET SURPLUS OF PROFITS OF THE).

Presented to both Houses of the General Assembly in pursuance of Section 45 of "The Government Insurance and Annuities Act, 1874."

REPORT by the Consulting Actuaries, Mr. BAILEY and Mr. HARDY, on the Net Surplus of Profits of the Government Life Insurance Department, made under Section 45 of "The Government Insurance and Annuities Act, 1874."

SIR,—

London, 12th July, 1881.

1. In September last we had the honor to receive from the Agent-General for New Zealand a communication, on behalf of the Government of the colony, inquiring whether we would make an independent valuation and report upon the financial condition of the Government Insurance Department as at the close of the quinquennial period ending 30th June, 1880; and detailing the specific points proposed for examination, and the general duties involved in the investigation. In reply, we expressed our readiness to undertake the task upon being furnished with the particulars of the policy and other contracts then in force, with a statement of the corresponding assets.

2. A portion of the necessary data reached us early in February, but it was not until the 23rd of that month that we were in possession of the whole of the papers required for the investigation.

The following is a summary of these papers:—

(1.) Data. Sheets containing particulars of all policy and annuity contracts in force, as at 30th June, 1880, and effected under Tables I., II., III., IV., V., VI., VII., VIII., IX., X., and A.

(2.) Accounts. (a.) Copies of the reports and accounts of the department for the five years 1875–80. (b.) Copy of the last quinquennial report and valuation.

We lost no time in putting the valuation in hand, and the work was maintained uninterruptedly until completion.

We take leave here to remark that the valuation of so large a number of policies, so many of which were effected under Tables II. and III., is a very laborious operation. And, further, that, having regard to the responsibility involved in the results, it was necessary to adopt a series of frequent and systematic checks, as well as test-valuations for the more important groups of the risks. Hence we have found it impracticable to present our report at an earlier period; and we trust that the care bestowed at every stage of the processes, and the close examination to which the results have been subjected, will be more appreciated than an earlier, but perhaps less maturely weighed, report.

3. The following is a summary, in a convenient form, of the financial transactions of the department in the quinquennial period ending on the 30th June, 1880:—

		£	s.	d.	£	s.	d.
Fund, 30th June, 1875	..	...			109,967	12	1
Add Income from—							
Premiums	..	482,392	15	1			
Annuity purchase-money	...	12,228	7	5			
Interest	...	66,238	7	3			
Sundries	...	99	8	8			
					560,958	18	5
					670,926	10	6
Deduct Outgo for—							
Claims	...	114,850	0	0			
Surrenders	...	11,058	18	6			
Annuities	...	8,716	16	6			
Expenses, including commission	..	76,964	17	8			
					211,590	12	8
Fund, 30th June, 1880	...	...			£459,835	17	10