

THE ACCUMULATED FUND.

On the 31st December, 1888, the Accumulated Fund amounted to £1,452,478 14s. 8d. This represents an increase of £123,985 8s. 6d. to the funds during the year.

GENERAL REMARKS.—PROGRESS OF LIFE INSURANCE.

It is now nearly twenty years since the establishment of this department in 1869, when the first Act was passed. The first policy issued from the office was dated 26th March, 1870. In June, 1871, the funds amounted to the comparatively small sum of £5,045; in June, 1875, the end of the first quinquennial period, they were £109,968; in June, 1880, after the second quinquennium, they had risen to £459,336; at the close of 1885 they reached £1,102,035; at the end of 1888, the year now reported on, they were, as the accounts show, £1,452,478; and at the date of this report, 1st July, 1889—the eleventh report I have had the honour to furnish—they exceed one and a half millions. This growth of the funds is eminently satisfactory, especially considered in relation to the cash surpluses which have periodically accrued, as shown by the last two quinquennial investigations, amounting to £73,670 in 1880, and £242,556 in 1885. Of these sums, reversionary bonuses were added to the policies of £124,552 for the period ended in 1880, embracing the first ten years of the department; and £319,391 as at the end of 1885, a period of five and a half years; while, in addition to ample reserves otherwise set apart by the investigating Actuaries, there was a further reserve of £92,556 in cash carried forward for future operations.

These figures prove that the establishment of the institution nearly twenty years ago has, in the interval, and particularly during the last decade, been duly appreciated by the people of this colony. It is not less gratifying to know that the department continues to grow in favour. With such funds and such profits the sound financial condition of the office is assured. But, in addition to these pecuniary benefits, there is the all-important circumstance that the security of the State attaches to all policies issued by this department. To this latter advantage, especially valuable to the assured, a large portion of its popularity is undoubtedly due. It engenders in the minds of the assured a confident feeling that nothing can possibly occur which will deprive them or those they leave behind them of the advantages which their prudence and forethought have provided.

My report on the business of the year 1886 contained a brief history of the rise and progress of the department. The reasons for the inauguration of the institution were fully narrated in Parliament at the time the first Bill was introduced. These were, *inter alia* and mainly, the disastrous failures in life insurance institutions in Great Britain, and the grave losses which these failures had inflicted on numerous heads of families and their dependents. The necessity for providing State security for the assured in this colony was strongly insisted on by Sir Julius Vogel in introducing the measure, and was readily acknowledged by the Legislature of the day. It would appear that the failures of British offices in past years are now beginning to form a topic of fresh discussion among English public writers, and the question of State guarantee, similar to that attaching to this office, is not unlikely to be agitated. An article entitled "Life Insurance in 1889," by Mr. Montagu Gattie, is published in the *Universal Review* of 15th April last. In his opening sentences the reviewer says,—

"The recent collapse of the Briton Medical and General Life Association, and the Sovereign Life Assurance Company, and the equivocal nature of the transactions revealed by the subsequent investigations, constitute a sufficient apology for directing public attention to the methods in which the business of life assurance is now carried on. There is reason to fear that these disasters, deplorable enough in themselves, are the forerunners of still more serious trouble; already rumours are afloat of other impending failures."

Making this his text, the reviewer examines at length the condition of various life assurance companies, into which it is not necessary here to enter; and he promises in a future article to discuss such remedies for existing conditions of life assurance in Great Britain as appear feasible. He concludes by observing that—

"In any inquiry of the sort the larger question, *whether the whole business of granting life policies should not be made a function of the State*, cannot be left out of consideration."

This is an important indication of what may prove a revolution in the methods of life insurance in the Home-country. Nearly fifty years ago the National Securities Savings Banks, and subsequently the Post Office Savings Banks, in Great Britain and Ireland, were established under statutory enactments because of the insufficient security previously afforded to depositors in numerous private savings-banks, and because of serious financial irregularities which had arisen in connection with such banks. Following a similar principle of State interference, and because of the many grave failures of life assurance companies, the British Parliament, under the Government of Mr. Gladstone, in 1853, passed an Act for establishing a Government system of life insurance in connection with the post-offices of the country. But, partly through the influence of vested interests, the maximum amount of individual policies was restricted to a small sum; and, by reason of this limitation, together with the total lack of external action by the postal authorities toward popularising the scheme, the Post Office insurance institution made very little progress, and its business, after thirty-five years' existence, is now quite insignificant.

Whether, in view of what would seem to be foreshadowed in the extracts above quoted, the Home Parliament will ultimately be moved to take steps to create a living and active insurance department which shall, under Government management, embrace the three kingdoms can only be vaguely conjectured. It is, however, a sign of the times that a question so far-reaching has been publicly mooted in a leading review. The marked success which has attended the New Zealand Government Life Insurance Department may be referred to as offering another of those instances in which the Legislature of a young colony has set an example for securing to its inhabitants improved social conditions not hitherto provided in any other dependency of the British Crown.