

1892.
NEW ZEALAND.

PROPOSED CIVIL SERVICE PENSION AND INSURANCE SCHEME.

Return to an Order of the House of Representatives, dated 22nd July, 1892.

Ordered, "That a return be laid before this House showing the calculations on which the proposed Civil Service pension and insurance scheme is based, and any actuarial reports, other than that of the Actuary to the Government Insurance Department, obtained thereon, and, if available, copies of the Actuarial Reports on the Superannuation Schemes of New South Wales and of Queensland.—(Mr. G. HUTCHISON.)"

Government Insurance Department, 10th August, 1892.

THE HON. THE PREMIER,—

Referring to the following order, extracted from the Journals of the House of Representatives, viz. :—

"That a return be laid before this House showing the calculations on which the proposed Civil Service pension and insurance scheme is based, and any actuarial reports, other than that of the Actuary to the Government Insurance Department, obtained thereon, and, if available, copies of the Actuarial Reports on the Superannuation Schemes of New South Wales and Queensland :—"

I beg to state that I have asked the Department's Actuary to let me have his remarks on the matter. The Actuary says :—

"The bases of the proposed Civil Service pension and insurance scheme are as follow :—

"1. INTEREST.—The rate assumed is 4 per cent. All our present tables of insurance and annuities are based on this rate of interest, and I believe that all life offices in these colonies assume this rate in their periodical valuations. Doubtless at some future date the rate of interest assumed in the valuations will require to be reduced, and the reserves will need to be strengthened accordingly. This course will be usual and practicable, and it will be a comparatively simple matter to make provision for it, as the necessity will be foreseen years ahead.

"2. MORTALITY.—For the insurance portion of the scheme the H.M. (healthy males) experience has been used, and for the pensions the experience of English Government annuitants from 1773 to 1856. I am thoroughly familiar with the nature of these well-known tables of mortality, and have no doubt they are suited to the purposes for which I have used them.

"No other actuarial reports other than that of the Actuary to the Government Insurance Department have been obtained. It may be pointed out that the rates quoted will form a table of the Insurance Department, and it is not usual, when framing new tables of premiums for the use of the department, to submit them to the actuaries of other offices. The table will have every publicity, especially at valuation times, and would very quickly meet with adverse criticism if unsuitable. No copies of actuarial reports on superannuation schemes in Queensland and New South Wales are available. The Governments of those colonies were, amongst others, written to for information on the subject, but the replies received did not contain such reports.

"MORRIS FOX."

I may add that it is not customary for life offices to go outside their own officers for advice in regard to so simple a matter as a new table.

Respectfully submitted,
J. H. RICHARDSON,
Commissioner.

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