1908.
NEW ZEALAND.

ANNUAL REPORT

OF THE

GOVERNMENT INSURANCE COMMISSIONER

FOR THE YEAR ENDED 31ST DECEMBER, 1907.

Presented to both Houses of the General Assembly pursuant to the Provisions of the Acts relating to Government Life Insurance.

Government Insurance Office,
Wellington, 12th May, 1908.

I HAVE the honour to submit the following report upon the transactions of the Department for the year ended the 31st December, 1907, and its position at that date. The Revenue Account, Balance-sheet, and Statement of business are appended.

New Business.—During the year 4,016 proposals were dealt with, for the assurance of £921,142, and the number of policies actually completed was 3,293, assuring £752,065, being £22,960 in advance of the new business for the previous year. The annual new premiums on new policies amounted to £24,204. Thirty-four annuities were also granted, on which the purchase-money amounted to £17,179.

The steady rate of progress of the Department's new business will be seen from a comparison of the figures for the past four years:—

Year	New Sum assured.	Year.	New Sum assured.
	£		£
1904	694,556	1906	729,105
1905	716,021	1907	752,065

Total Business in Force.—The total business now in force is 46,595 policies, assuring £10,855,153 (and £1,124,970 bonuses) at death or maturity, together with 350 immediate and deferred annuities for £59,617 per annum; the total business bearing an annual premium income of £331,430.

In the Civil Service section, which is included in the foregoing total business, there were 895 policies, assuring £134,041 (and £4,382 bonuses), and entitling the survivors at age sixty to annuities amounting to £43,172 per annum, the annual premium income being £7,073. It is expected that this section will be practically abolished during the current year, as the natural result of the working of "The Public Service Superannuation Act, 1907." It may be pointed out, however, that the provision for widows and dependants under the new superannuation scheme is not on such a high scale as to make insurance no longer necessary, and no doubt large numbers of Civil servants whose own old age is well provided for by the Superannuation Fund will see the wisdom of making provision for their families by assurances on their lives, for which this Department offers special facilities.

Income.—The total income of the year was £526,713, made up as follows:—

	£
New premiums (including single premiums)	22,111
Renewal premiums	303,792
Purchase-money for annuities	17,179
Interest	183,618
Fees	13
Total income for 1907	£526,713

Attention is drawn to the steady increase of both premium and total income during the past few years, as shown by the following:—

Year.	Premium Income (excluding Annuities).	Yearly Increase.	Total Income.	Yearly Increase.	Year.
	£	£	£	£	
1904 ...	309,239	...	480,716	...	1904
1905 ...	314,003	4,764	490,925	10,209	1905
1906 ...	319,775	5,772	507,070	16,145	1906
1907 ...	325,903	6,128	526,713	19,643	1907

It will be seen that the rapidly growing revenue is now considerably over half a million sterling, and it will be a surprise to many to learn that, of eighty-six British offices, there are only about twenty with a larger income than that of the New Zealand Insurance Department.

Outgo.—During the year 388 policies became void by death, for claims amounting to £135,671, which is considerably under what is provided for in the tables of mortality used by the Department.

Three hundred and sixty-seven policies matured as claims during lifetime for £105,461, a larger amount than has ever before been paid to the holders of matured policies in any one year. This is entirely satisfactory, being a practical testimony to the permanent nature of a form of assurance which makes provision for old age as well as early death, and probably meets the requirements of the people more effectually than any other. The large amount paid for these matured policies causes no strain on the Department's resources, as the amount being exactly known beforehand is adequately provided for in advance.

The surrenders and loans released by surrender have decreased from £52,926 in the previous year to £46,450 in 1907.

A satisfactory feature of the year has been the reduction of the expenses of management from £39,884 to £38,352, concurrently with an all-round increase in operations, resulting in a material reduction of the expense ratios and a consequent saving to policyholders.

The total amount paid by the Department, since its foundation thirty-eight years ago, in respect of death claims and matured endowments, has been £3,427,327. Of this amount £241,145 was paid in 1907, against £190,979 in 1906.

Accumulated Funds.—The net increase in the funds during the year amounted to £155,813, and the total assurance, annuity, and endowment funds, apart from special reserves, have passed the fourth million, and now stand at £4,147,411. The following statement shows the progressive growth of the Department in this and other respects during the past twenty years:—

Year.	Policies in Force.				Total Income.	Accumulated Funds.	Total Expenses (excluding Taxes).	Ratio of Total Expenses (excluding Taxes) to	
	Number.	Sum assured.	Bonuses.	Annuities.				Total Income.	Premium Income.
		£	£	£	£	£	£	Per cent.	Per cent.
1887	25,439	6,831,934	305,010	4,527	268,372	1,328,493	42,316	15·8	21·0
1897	36,174	9,002,601	854,409	19,486	398,121	2,725,106	51,149	12·8	19·0
1907	46,945	10,855,153	1,124,970	59,617	526,713	4,147,411	55,591	10·6	16·2

The Balance-sheet.—On the 31st December, 1907, the total assets of the Department amounted to £4,251,422, and were invested as shown in the following comparative statement:—

At 31st December, 1906.		Class of Investment.	At 31st December, 1907.	
Amount.	Percentage of Total Assets.		Amount.	Percentage of Total Assets.
£			£	
2,171,237	52·8 per cent.	Mortgages on freehold property ...	2,388,021	56·2 per cent.
694,847	16·9 "	Loans on policies	697,054	16·4 "
667,980	16·3 "	Government securities	667,996	15·7 "
163,444	4·0 "	Local bodies' debentures	176,804	4·2 "
122,436	3·0 "	Landed and house property ...	122,436	2·9 "
104,883	2·5 "	Miscellaneous assets	104,467	2·4 "
183,102	4·5 "	Cash on current account	94,644	2·2 "
£4,107,929	100·0 per cent.	Total	£4,251,422	100·0 per cent.

A prominent feature is the advance in mortgages on freehold property, which asset has been increased by £216,784, and now stands at £2,388,021. The detailed balance-sheet shows a decrease in premiums overdue and outstanding, indicating more prompt payment.

A feature in the year's operations has been an advance, small but satisfactory, in the rate of interest earned on the Department's mean funds, the rate having risen from £4 9s. 10d. per cent. in 1906 to £4 10s. 3d. per cent. in 1907. The satisfactory position of the investments is indicated by the fact that the overdue interest only amounts to £532 14s. 4d., out of an annual income from interest amounting to £183,618. The small item of £524 17s. 1d. appearing in the balance-sheet under the heading of "Properties acquired by foreclosure" represents two small properties which fell into the Department's hands through foreclosure of the mortgages thereon, but I am pleased to state that both these properties have since been sold at satisfactory prices, and at the present date the Department has no foreclosed properties on its hands. These three points—an advance in the rate of interest earned, the small amount of interest overdue, and the absence of properties acquired by foreclosure of mortgages—appear to me to afford a striking tribute to the care with which the Department's investments have been made, and to the success which has attended its financial operations.

Triennial Investigation.—The preliminary work is in hand in connection with the forthcoming triennial investigation of the assets and liabilities to be made at the end of the current year, and the results of a recently made interim valuation give every reason to believe that policyholders will again receive increased bonuses.

J. H. RICHARDSON,
Government Insurance Commissioner.

REVENUE ACCOUNT of the GOVERNMENT LIFE INSURANCE DEPARTMENT for the Year ended 31st December, 1907.

	£ s. d.			£ s. d.
Amount of Funds at 1st January, 1907	3,991,598 14 11	Death claims under policies, Assurance, including bonus additions		135,671 9 0
Renewal premiums — Assurance, Annuity, and Endowment	303,791 16 2	Endowment Assurances matured, including bonus additions		104,191 0 11
New premiums (including instalments of first year's premiums falling due in the year)	21,765 17 11	Endowments matured		1,269 19 4
Single premiums—Assurance and Endowment	345 5 9	Premiums returned on endowments ..		12 17 4
Consideration for Annuities	17,179 7 5	Bonuses surrendered for cash ..		2,232 1 9
Interest	183,617 12 1	Annuities		14,402 16 2
Fees	13 6 5	Surrenders		25,770 8 7
		Loans released by surrender		20,679 16 6
		Commission, new ..	£14,883 9 7	
		" renewal	2,355 8 11	
				17,238 18 6
		Land and Income Tax		11,078 19 9
		Expenses of management— Salaries—		
		Head Office ..	£13,177 2 9	
		Branch offices and agents	7,161 11 5	
		Extra clerical assistance	1,517 9 9	
		Medical fees and expenses	4,525 2 3	
		Travelling-expenses ..	891 17 4	
		Advertising	1,300 18 4	
		Printing and stationery	1,266 16 5	
		Rent	2,519 16 4	
		Postage and telegrams	1,405 9 3	
		Exchange	93 6 10	
		Office-furniture depreciation	200 9 3	
		General expenses ..	3,215 11 3	
		Triennial expenses ..	579 2 6	
		Compensation for loss of office	497 9 8	
				38,352 3 4
		Amount of Funds, 31st December, 1907		4,147,411 9 6
	£4,518,312 0 8			£4,518,312 0 8

BALANCE-SHEET of the GOVERNMENT LIFE INSURANCE DEPARTMENT on 31st December, 1907.

LIABILITIES.	£ s. d.	ASSETS.	£ s. d.	£ s. d.
Total Assurance, Annuity, and Endowment Funds (as per Revenue Account)	4,147,411 9 6	Loans on policies		697,054 3 4
Claims admitted, proofs not yet completed	19,677 2 11	Government securities— Consolidated stock ..	625,900 0 0	
Annuities	223 14 2	Railway debentures (guaranteed by Government) ..	40,000 0 0	
Commission	37 15 11	Debentures issued under "The Immigration and Public Works Act, 1870"	2,096 1 1	
Medical fees	420 0 0			667,996 1 1
Premium and other deposits.. ..	6,108 12 6	Municipal Corporation debentures ..		135,163 8 6
Fire-insurance moneys in suspense ..	564 0 0	County securities		440 7 9
Tontine Savings Fund No. 2 ..	13,169 17 0	Harbour Board debentures		39,000 0 0
Investment Fluctuation Reserve ..	63,808 19 11	Town Board debentures		2,200 0 0
		Landed and house property		122,436 4 11
		Office furniture (Head Office and agencies)		2,163 14 3
		Mortgages on property		2,388,020 12 11
		Properties acquired by foreclosure ..		524 17 1
		Overdue premiums on policies in force ..	5,503 8 5	
		Outstanding premiums due but not overdue..	37,829 5 0	
				43,332 13 5
		Overdue interest ..	532 14 4	
		Outstanding interest due but not overdue..	6,117 16 6	
		Interest accrued but not due	48,741 0 4	
				55,391 11 2
		Agents' balances		2,429 10 2
		Sundry accounts owing		624 9 8
		Cash in hand and on current account..		94,643 17 8
	£4,251,421 11 11			£4,251,421 11 11

Government Life Insurance Department, 28th February, 1908.

J. H. RICHARDSON,
Commissioner.

W. B. HUDSON,
Secretary.

Audited and found correct.

J. K. WARBURTON,
Controller and Auditor-General.

Statement of Business

YEAR 1907.

	TOTAL.					ASSURANCES. Whole-life and Term Assurances.			
	No.	Sum Assured.	Reversionary Bonuses.	Annual Premiums. 1. Ordinary. 2. Extra.	Annuities. 1. Immediate. 2. Deferred.	No.	Sum Assured.	Reversionary Bonuses.	Annual Premiums. 1. Ordinary. 2. Extra.

POLICIES ISSUED AND DISCON-

	No.	Sum Assured.	Reversionary Bonuses.	Annual Premiums.	Annuities.	No.	Sum Assured.	Reversionary Bonuses.	Annual Premiums.
		£	£	£ s. d.	£ s. d.		£	£	£ s. d.
Policies in force at 31st December, 1906	45,981	10,667,591	1,183,900	322,615 18 7 2,811 2 2	14,152 7 6 39,435 9 7	13,607	3,951,955	744,400	94,422 7 3 1,998 1 6
New business, 1907	3,327	752,065	..	24,132 16 2 71 8 9	1,756 4 6 7,676 3 5	3	900	..	28 19 9 ..
Total	49,308	11,419,656	1,183,900	346,748 14 9 2,882 10 11	15,908 12 0 47,111 13 0	13,610	3,952,855	744,400	94,451 7 0 1,998 1 6
Policies discontinued during 1907	2,363	564,503	58,930	18,216 19 10 168 6 2	784 9 7 2,618 11 3	487	143,554	29,891	3,941 17 1 120 15 7
Total Policies in force at 31st December, 1907	46,945	10,855,153	1,124,970	328,531 14 11 2,714 4 9	16,124 2 5 44,493 1 9	13,123	3,809,301	714,509	90,509 9 11 1,877 5 11

PARTICULARS OF POLICIES DISCON-

How Discontinued.	No.	Sum Assured.	Reversionary Bonuses.	Annual Premiums.	Annuities.	No.	Sum Assured.	Reversionary Bonuses.	Annual Premiums.
By Death	405	112,915	21,199	3,295 12 1 86 6 11	885 10 3	261	83,215	18,350	2,238 17 8 81 16 1
Maturity	367	86,376	17,842	3,632 15 5 17 16 9	..	..	..	..	..
Surrender	525	111,113	6,945	3,556 8 8 16 18 2	2,430 2 5	103	28,190	3,839	654 8 5 12 3 4
Surrender of Bonus	..	..	3,749	..	..	..	..	2,299	..
Lapse	1,066	254,049	9,195	7,394 19 2 38 2 11	84 7 8	123	32,149	5,403	755 11 0 17 14 10
Expiry of Policy	..	..	..	..	..	..	..	..	..
Expiry of Premiums	..	..	..	277 6 0 8 19 6	..	..	..	..	277 6 0 8 19 6
Miscellaneous	..	50	..	59 18 6 0 1 11	3 0 6	..	..	..	15 14 0 0 1 10
Total	2,363	564,503	58,930	18,216 19 10 168 6 2	3,403 0 10	487	143,554	29,891	3,941 17 1 120 15 7

PROGRESS OF BUSINESS OF THE GOVERNMENT LIFE INSURANCE

	No.	Sum Assured.	Reversionary Bonuses.	Annual Premiums.	Annuities.	No.	Sum Assured.	Reversionary Bonuses.	Annual Premiums.
Total issued	104037	25,266,371	2,222,728	782,138 9 0 14,272 12 3	82,354 15 6	39,609	11,700,395	1,436,988	308,588 5 0 10,797 14 11
Total void	57,092	14,411,218	1,097,758	453,606 14 1 11,558 7 6	22,737 11 4	26,486	7,891,094	722,479	218,078 15 1 8,920 9 0
Total in force	46,945	10,855,153	1,124,970	328,531 14 11	59,617 4 2	13,123	3,809,301	714,509	90,509 9 11 1,877 5 11
Extra Premiums				2,714 4 9					
Reduction of Premiums by Bonus, &c.				184 2 5					
				£331,430 2 1					

NOTE.—The Ordinary Premium is the premium charged

Wellington, 2nd March, 1908.

at end of Year 1907.

ASSURANCES. Endowment Assurances. No.	Sum Assured.	Reversionary Bonuses	Annual Premiums. 1. Ordinary. 2. Extra.	Annuity Assurances. No.	1. Sum Assured. 2. Reversionary Bonuses.	Deferred Annuities.	Annual Premiums.	ANNUITIES. No.	Annual Premiums.	Annuities. 1. Immediate. 2. Deferred.	SIMPLE ENDOWMENTS, INVESTMENTS, ETC. No.	1. Sum Assured. 2. Reversionary Bonuses.	Annual Premiums.

TINUED DURING THE YEAR 1907.

No.	Sum Assured.	Reversionary Bonuses	Annual Premiums. 1. Ordinary. 2. Extra.	No.	1. Sum Assured. 2. Reversionary Bonuses.	Deferred Annuities.	Annual Premiums.	No.	Annual Premiums.	Annuities. 1. Immediate. 2. Deferred.	No.	1. Sum Assured. 2. Reversionary Bonuses.	Annual Premiums.
	£	£	£ s. d.		£	£ s. d.	£ s. d.		£ s. d.	£ s. d.		£	£ s. d.
30,575	6,516,528	135,651	218,953 18 1 813 0 8	751	106,745 3,849	39,213 4 11	5,679 1 4	333	77 10 7	14,152 7 6 222 4 8	715	92,363	3,483 1 4
3,047	720,965	..	22,624 19 2 71 8 9	164	19,600 ..	7,776 3 5	1,048 15 0	34	..	1,756 4 6 −100 0 0	79	10,600	430 2 3
33,622	7,237,493	135,651	241,578 17 3 884 9 5	915	126,345 3,849	46,989 8 4	6,727 16 4	367	77 10 7	15,908 12 0 122 4 8	794	102,963	3,913 3 7
1,761	409,829	28,871	13,769 7 2 47 10 7	53	6,150 168	2,618 11 3	320 15 8	17	..	784 9 7	45	4,970	184 19 11
31,861	6,827,664	406,780	227,809 10 1 836 18 10	862	120,195 3,681	44,370 17 1	6,407 0 8	350	77 10 7	15,246 7 1	749	97,993	3,728 3 8

TINUED DURING THE YEAR 1907.

No.	Sum Assured.	Reversionary Bonuses	Annual Premiums. 1. Ordinary. 2. Extra.	No.	1. Sum Assured. 2. Reversionary Bonuses.	Deferred Annuities.	Annual Premiums.	No.	Annual Premiums.	Annuities. 1. Immediate. 2. Deferred.	No.	1. Sum Assured. 2. Reversionary Bonuses.	Annual Premiums.
125	29,500	2,839	1,046 6 5 4 10 10	2	200 10	101 0 8	10 8 0	17	..	784 9 7	..	..	..
353	85,106	17,842	3,595 12 10 17 16 9	..	..	..	..	..	..	..	14	1,270	37 2 7
353	74,923	2,949	2,520 0 10 4 14 10	48	5,600 157	2,430 2 5	290 15 0	..	..	..	21	2,400	91 4 5
..	..	1,450	..	..	..	..	..	..	..	..	..	..	..
930	220,300	3,791	6,567 18 3 20 8 1	3	300 1	84 7 8	15 0 0	..	..	..	10	1,300	56 9 11
..	..	..	..	..	..	..	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..	..	..	..	..
..	..	..	39 8 10 0 0 1	..	50 ..	3 0 6	4 12 8	..	..	..	..	..	0 3 0
1,761	409,829	28,871	13,769 7 2 47 10 7	53	6,150 168	2,618 11 3	320 15 8	17	..	784 9 7	45	4,970	184 19 11

DEPARTMENT SINCE DATE OF ESTABLISHMENT TO 31st DECEMBER, 1907.

No.	Sum Assured.	Reversionary Bonuses	Annual Premiums. 1. Ordinary. 2. Extra.	No.	1. Sum Assured. 2. Reversionary Bonuses.	Deferred Annuities.	Annual Premiums.	No.	Annual Premiums.	Annuities. 1. Immediate. 2. Deferred.	No.	1. Sum Assured. 2. Reversionary Bonuses.	Annual Premiums.
59,922	13,193,637	781,167	455,791 8 0 3,474 17 4	1099	151,200 4,563	56,103 13 10	8,047 13 6	586	265 2 0	26,251 1 8	2,821	221,139 10	9,446 0 6
28,061	6,365,973	374,387	227,981 17 11 2,637 18 6	237	31,005 882	11,732 16 9	1,640 12 10	236	187 11 5	11,004 14 7	2,072	123,146 10	5,717 16 10
31,861	6,827,664	406,780	227,809 10 1 836 18 10	862	120,195 3,681	44,370 17 1	6,407 0 8	350	77 10 7	15,246 7 1	749	97,993 ..	3,728 3 8

at the true age; the Extra, the additional premium imposed for any reason whatsoever.

J. H. RICHARDSON, Commissioner.
MORRIS FOX, Actuary.

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