

1911.
NEW ZEALAND.

ANNUAL REPORT
OF THE
GOVERNMENT INSURANCE COMMISSIONER

FOR THE YEAR ENDED 31st DECEMBER, 1910.

Presented to both Houses of the General Assembly pursuant to the provisions of the Government Life Insurance Act, 1908.

Government Insurance Office, Wellington, 15th July, 1911.

I HAVE the honour to submit the following report upon the transactions of the Department for the year ended 31st December, 1910, and its position at that date. The Revenue Account, Balance-sheet, and Statement of Business are appended.

New Business, and Amount in Force.—During the year 4,177 proposals were dealt with for the assurance of £986,050, and the number of policies actually completed was 3,422, assuring £820,179, being an advance in the sums assured on the new business of the previous year. The annual premiums on new policies amounted to £25,337. Twenty-six annuities were also granted, on which the purchase-money was £16,110. The new business of the Department has shown a steady increase for some years past.

The total business now in force is 48,561 policies, assuring £11,360,796 (and £1,226,002 bonuses) at death or maturity, together with 371 immediate and deferred annuities for £21,067 per annum; the total business bearing an annual premium income of £342,881.

In relation to the new business and amount in force the results are given hereunder for the past seven years :—

Year.	New Sum assured.	Policies in Force.	Sums assured in Force (excluding Bonuses).
	£		£
1904	694,556	44,194	10,259,562
1905	716,021	45,137	10,468,316
1906	729,105	45,981	10,667,591
1907	752,065	46,945	10,855,153
1908	780,597	47,033	10,955,749
1909	795,339	48,016	11,151,094
1910	820,179	48,932	11,360,796

It will be seen that the new business has increased by £125,623, and the business in force by 4,738 policies and £1,101,234 sums assured.

Income.—The total income of the year was £561,150 (an increase of £14,584 on the previous year), made up as follows :—

	£
New premiums (including single premiums)	25,624
Renewal premiums	312,863
Purchase-money for annuities	16,110
Interest	206,552
Fees	1

Total income for 1910 £561,150

The income from interest showed an increase of £5,225, and the average rate of interest earned on the mean funds was £4 12s. 3d. per cent.

In regard to the income from premiums and interest the past seven years' results are given, together with the accumulated funds, and the yearly rates of interest earned by them :—

Year.	Premium Income (excluding Annuities).	Interest Income.	Total Income.	Accumulated Funds.	Rate of Interest on Mean Funds.
	£	£	£	£	£ s. d.
1904	309,239	158,196	480,716	3,665,583	4 8 2
1905	314,003	169,153	490,925	3,822,577	4 10 4
1906	319,775	175,512	507,070	3,991,599	4 9 10
1907	325,903	183,618	526,713	4,147,411	4 10 3
1908	330,806	193,870	534,441	4,264,685	4 12 2
1909	330,927	201,327	546,566	4,405,141	4 12 11
1910	338,487	206,552	561,150	4,554,730	4 12 3

The return on the growing funds is substantial, and keeps up well, being considerably higher than seven years ago.

Outgo.—During the year 429 policies became void by death, for claims amounting to £154,015 (an increase of £18,603), but this amount is considerably under what is provided for in the tables of mortality used by the Department. Four hundred and fifty-six policies also matured as claims during lifetime for £114,921. The total sum which has been paid in respect of claims by death and survival since the foundation of the Department, forty-one years ago, has amounted to £4,177,253.

The total expenses were £71,534, the ratio of expenses to premium income being reduced to 20·2 per cent., and to total income to 12·7 per cent.

Accumulated Funds.—The net increase in the funds during the year was £149,589, and the total assurance, annuity, and endowment funds at the close of the year (apart from special reserves) amounted to £4,554,730.

The Balance-sheet.—On the 31st December, 1910, the total assets of the Department amounted to £4,700,348, and were invested as shown in the following comparative statement:—

At 31st December, 1909.			At 31st December, 1910.		
Amount.	Percentage of Total Assets.	Class of Investment.	Amount.	Percentage of Total Assets.	
£			£		
2,620,595	57·8 per cent.	Mortgages on freehold property	2,723,876	57·9 per cent.	
764,279	16·8 ..	Loans on policies	775,190	16·5 ..	
668,030	14·7 ..	Government securities	668,049	14·2 ..	
179,303	4·0 ..	Local bodies' debentures	168,436	3·6 ..	
132,549	2·9 ..	Landed and house property	135,334	2·9 ..	
109,635	2·4 ..	Miscellaneous assets	111,577	2·4 ..	
61,726	1·4 ..	Cash on current account	117,886	2·5 ..	
4,536,117	100·0 per cent.	Total	4,700,348	100·0 per cent.	

It may be mentioned that "foreclosed properties" are again nil, and that the total investments, now amounting to £4,472,237, show an increase of £105,858.

Tontine Fund No. 2.—The period of the Tontine Fund expired on the 31st December, 1910, and the accumulated amount, £18,561 13s. 9d., has been distributed amongst those policyholders whose policies were in force on the 1st January, 1911.

The fund was inaugurated by Order in Council, dated 19th January, 1891, and policyholders were permitted to join the scheme from the 29th January, 1891, until the 31st December, 1900, when it was closed for new entrants. Policyholders joining the fund were not allowed to surrender the bonuses allotted to them during the tontine period, and in the event of death or withdrawal the bonuses were transferred to the fund and accumulated at compound interest for distribution amongst those policyholders whose insurances remained in force on the 1st January, 1911.

The total number of policies which joined the fund was 6,775, assuring £1,655,700. Of these, 295 became claims by death, 411 were surrendered, and 2,719 were allowed to lapse, leaving 3,350 policies, assuring £802,259, in force at the close of the period and entitled to participate in the special benefits of the fund.

The value of the forfeited bonuses comprising the special fund was as follows:—

	£	s.	d.
By death	5,993	19	0
By surrender	2,057	19	1
By lapse	5,296	5	9
	13,348	3	10
Compound interest	5,213	9	11
	£18,561	13	9

This amount has been distributed as a reversionary bonus payable at death or maturity, the total addition to the sums assured being £34,065 1s. The bonuses granted during the time the policies were in the tontine class, £112,817 18s., were released from the tontine conditions, and, together with the special bonus of £34,065 1s., may now be dealt with in the same manner as non-tontine bonuses.

General.—The year was marked by an increase in the new business returns, a decrease in the expense rates, a continuance of favourable mortality, and steady progress in other directions. The usual triennial investigation will be made at the end of this year, when the tenth distribution of bonuses will take place, and an interim valuation gives every reason to expect a satisfactory surplus for division among the policyholders.

J. H. RICHARDSON,
Government Insurance Commissioner.

REVENUE ACCOUNT of the GOVERNMENT LIFE INSURANCE DEPARTMENT for the Year ended 31st December, 1910.

	£	s.	d.		£	s.	d.
Amount of Funds at 1st January, 1910	4,405,141	2	9	Death claims under policies, Assurance, including bonus additions ..	154,014	10	4
Renewal premiums—Assurance, Annuity, and Endowment ..	312,863	12	6	Endowment Assurances matured, including bonus additions ..	113,246	6	0
New premiums (including instalments of first year's premiums falling due in the year) ..	23,346	8	6	Endowments matured ..	1,675	0	0
Single premiums—Assurance and Endowment ..	2,277	7	7	Premiums returned on endowments ..	25	7	6
Consideration for Annuities ..	16,109	13	3	Bonuses surrendered for cash ..	2,021	12	2
Interest ..	206,552	3	11	Annuities ..	15,716	14	9
Fees ..	1	3	1	Surrenders ..	32,092	3	2
				Loans released by surrender ..	21,235	17	8
				Commission, new* ..	£16,836	2	6
				renewal ..	2,529	1	7
					19,365	4	1
				Land and income tax ..	12,661	14	1
				Expenses of management—			
				Salaries—			
				Head Office ..	£16,221	19	0
				Branch offices and agents ..	7,329	12	7
				Extra clerical assistance ..	196	7	4
				Medical fees and expenses ..	4,861	5	9
				Travelling expenses ..	623	10	1
				Advertising ..	915	7	0
				Printing and stationery ..	1,515	17	0
				Rent ..	2,813	10	0
				Postage and telegrams ..	1,521	16	4
				Exchange ..	72	16	11
				Office furniture depreciation ..	270	9	3
				General expenses ..	2,557	18	11
				Triennial expenses ..	606	14	6
					39,507	4	8
				Amount of Funds, 31st December, 1910	4,554,729	17	2
	£4,966,291	11	7		£4,966,291	11	7

* Including Agents' allowances.

BALANCE-SHEET of the GOVERNMENT LIFE INSURANCE DEPARTMENT on 31st December, 1910.

LIABILITIES.				ASSETS.			
	£	s.	d.		£	s.	d.
Total Assurance, Annuity, and Endowment Funds (as per Revenue Account) ..	4,554,729	17	2	Loans on policies ..			775,189 11 11
Claims admitted, proofs not yet completed ..	35,333	9	6	Government securities—			
Annuities ..	40	19	3	Consolidated stock ..	625,900	0	0
Commission ..	287	2	10	Debentures issued under the District Railways Purchasing Act 1885 Extension and Amendment Act, 1886 ..	40,000	0	0
Medical fees ..	399	0	0	Debentures issued under the Immigration and Public Works Act, 1870 ..	2,149	5	0
Premium and other deposits ..	6,657	17	2		668,049	5	0
Fire-insurance moneys in suspense ..	675	0	0	Municipal Corporation debentures ..	123,296	17	6
Tontine Savings Fund No. 2 ..	18,561	13	9	County securities ..	189	5	9
Investment Fluctuation Reserve ..	33,663	6	1	Harbour Board debentures ..	39,000	0	0
				Town Board debentures ..	5,950	0	0
				Landed and house property ..	135,333	14	10
				Office furniture (Head Office and agencies) ..	1,352	6	6
				Mortgages on property ..	2,723,876	3	7
				Properties acquired by foreclosure ..	Nil.		
				Overdue premiums on policies in force ..	£5,705	8	8
				Outstanding premiums due but not overdue ..	37,594	9	5
					43,299	18	1
				Overdue interest ..	£1,410	1	8
				Outstanding interest due but not overdue ..	7,130	8	6
				Interest accrued but not due ..	54,819	18	11
					63,360	9	1
				Agents' balances ..	3,561	14	8
				Sundry accounts owing ..	2	19	3
				Cash in hand and on current account ..	117,885	19	7
	£4,700,348	5	9		£4,700,348	5	9

Government Life Insurance Department, 13th February, 1911.

J. H. RICHARDSON,
Commissioner.
W. B. HUDSON,
Secretary.

Audited and found correct.

ROBERT J. COLLINS,
Controller and Auditor-General.

Statement of Business

TOTAL.										Whole-life and Term Assurances.						
YEAR 1910.																
		No.	Sum assured.	Rever- sionary Bonuses.	Annual Premiums.		Annuities.				No.	Sum assured.	Rever- sionary Bonuses.	Annual Premiums.		
					1. Ordinary. 2. Extra.		1. Immediate. 2. Deferred.							1. Ordinary. 2. Extra.		
POLICIES ISSUED AND DISCON-																
		£	£	£	s.	d.	£	s.	d.			£	£	£	s.	d.
Policies in force at 31st December, 1909		48,016	11,151,094	1,296,654	334,172	7 1	15,676	5 3		12,199	3,539,363	775,993	82,757	7 6		
New Business, 1910 ..		3,448	820,179	..	2,529	14 9	4,913	16 0				..	1,687	10 8		
					25,264	7 2	1,473	9 8		227	76,550		1,752	10 5		
					72	9 6								4 13 4		
Total.. ..		51,464	11,971,273	1,296,654	359,436	14 3	17,149	14 11		12,426	3,615,913	775,993	84,509	17 11		
					2,602	4 3	4,913	16 0						1,692	4 0	
Policies discontinued during 1910		2,532	610,477	70,652	19,118	7 8	673	15 5		479	147,447	37,692	3,700	17 4		
					186	16 10	322	16 2						126	8 4	
Total policies in force at 31st December, 1910		48,932	11,360,796	1,226,002	340,318	6 7	16,475	19 6		11,947	3,468,466	738,301	80,809	0 7		
					2,415	7 5	4,590	19 10						1,565	15 8	

PARTICULARS OF POLICIES DISCON-

How discontinued.															
By Death	446	122,692	29,288	3,464	2	11	673	14	1	276	92,042	26,086	2,222	10	11
				100	9	11	..	..	..	..	..	..	94	12	5
Maturity	456	94,345	19,183	3,832	3	3	..	..	..	..	..	..	..	..	..
				24	11	8	..	..	..	..	..	..	..	..	..
Surrender	606	138,432	8,489	4,352	12	4	..	..	..	108	29,715	4,891	750	6	10
				23	5	5	322	16	2	..	..	..	15	17	9
Surrender of Bonus..	..	..	3,738	..	..	..	..	..	..	..	..	2,087	..	..	..
Lapse	1,024	255,008	9,954	7,182	19	3	..	..	..	95	25,690	4,628	554	16	2
				35	6	4	..	..	..	..	..	..	15	2	10
Expiry of Policy	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Expiry of Premiums	..	..	..	161	12	4	..	..	..	..	..	..	152	8	3
			
Miscellaneous	..	..	..	124	17	7	0	1	4	..	..	..	20	15	2
				3	3	6	..	..	..	..	..	..	0	15	4
Total	2,532	610,477	70,652	19,118	7	8	673	15	5	479	147,447	37,692	3,700	17	4
				186	16	10	322	16	2				126	8	4

PROGRESS OF BUSINESS OF THE GOVERNMENT LIFE INSURANCE

Total issued	114,265	27,662,486	2,539,470	856,739	3	7	86,725	6	0	39,843	11,782,996	1,569,132	310,527	9	1
				14,493	15	4	..	..	..	..	..	..	10,812	8	4
Total void	65,333	16,301,690	1,313,468	516,420	17	0	65,658	6	8	27,896	8,314,530	830,831	229,718	8	6
				12,078	7	11	..	..	..	..	..	..	9,246	12	8
Total in force	48,932	11,360,796	1,226,002	340,318	6	7	21,066	19	4	11,947	3,468,466	738,301	80,809	0	7
				..	..	..	..	..	..	..	..	..	1,565	15	8
Extra Premiums	..	..	..	2,415	7	5	NOTE.—The Ordinary Premium is the premium charged								
Reduction of Premiums by Bonus, &c.	..	..	..	146	18	1									

Wellington, 11th February, 1911.

£342,880 12 1

at end of Year 1910.

ASSURANCES.

ANNUITIES.

SIMPLE ENDOWMENTS, INVESTMENTS, ETC.

Endowment Assurances.

Annuity Assurances.

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.
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TINUED DURING THE YEAR 1910.

£	£	£	s.	d.	£	£	s.	d.	£	s.	d.	£	£	s.	d.
34,499	7,480,091	519,281	246,022	3 11	98	19,671	4,837	13 0	1,066	4 1	358	15,676	5 3	858	111,969
			842	4 1		1,345					4	76	3 0		35
3,074	723,129	..	22,858	7 5	..	..	..	..	..	..	26	1,473	9 8	121	20,500
			67	16 2											653 9 4
37,573	8,203,220	519,281	268,880	11 4	98	19,671	4,837	13 0	1,066	4 1	384	17,149	14 11	979	132,469
			910	0 3		1,345					4	76	3 0		35
1,964	454,030	32,875	14,986	0 6	6	750	322	16 2	50	8 4	17	673	15 5	66	8,250
			60	8 6		60					..	..	..		25
35,609	7,749,190	486,406	253,894	10 10	92	18,921	4,514	16 10	1,015	15 9	367	16,475	19 6	913	124,219
			849	11 9		1,285					4	76	3 0		10

TINUED DURING THE YEAR 1910.

153	30,656	3,202	1,241	12 0	..	..	..	..	17	..	673	14 1	..	..	..
			5	17 6											
442	92,695	19,158	3,760	3 5	..	..	..	..	..	..	..	..	14	1,650	71 19 10
			24	11 8										25	
448	102,417	3,553	3,394	16 6	6	750	322	16 2	50	8 4	..	..	44	5,550	217 0 8
			7	7 8		45									
..	..	1,636	..	..	..	15	..	..	..	..	..	..	..	..	..
921	228,268	5,326	6,588	8 11	..	..	..	..	..	..	..	..	8	1,050	39 14 2
			20	3 6											
..
..	..	..	5	18 0	..	..	..	..	..	..	..	..	..	..	3 6 1
..
..	..	..	55	1 8	..	..	..	..	..	37 19 6	0	1 4	..	..	11 1 3
			2	8 2											
1,964	454,030	32,875	14,986	0 6	6	750	322	16 2	50	8 4	17	37 19 6	673	15 5	66
			60	8 6		60									8,250 25

DEPARTMENT SINCE DATE OF ESTABLISHMENT TO 31st DECEMBER, 1910.

69,493	15,451,201	965,140	526,302	19 7	1,106	156,650	57,205	3 10	8,355	7 6	659	265	2 0	29,520	2 2	3,164	271,639	11,288	5 5
			3,681	7 0		5,144											54		
33,884	7,702,011	478,734	272,408	8 9	1,014	137,729	52,690	7 0	7,339	11 9	288	247	0 11	12,967	19 8	2,251	147,420	6,767	7 1
			2,831	15 3		3,859											44		
35,609	7,749,190	486,406	253,894	10 10	92	18,921	4,514	16 10	1,015	15 9	371	18	1 1	16,552	2 6	913	124,219	4,580	18 4
			849	11 9		1,285											10		

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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