1914.
NEW ZEALAND.

ANNUAL REPORT

OF THE

GOVERNMENT INSURANCE COMMISSIONER

FOR THE YEAR ENDED 31ST DECEMBER, 1913.

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

Government Insurance Office, Wellington, 19th May, 1914.

I HAVE the honour to submit the following report upon the transactions of the Department for the year ended the 31st December, 1913, 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 4,517 proposals were dealt with for the assurance of £1,259,050, whereas in 1912 the proposals amounted to £1,258,032, showing considerable regularity in the amount of assurance applied for annually. The number of policies actually completed was 3,749, assuring £1,039,077, with annual premiums amounting to £29,047. Nineteen annuities were also granted, on which the purchase-money was £7,255. On only two previous occasions has the new business of the Department exceeded one million in sums assured—viz., in 1912 and in 1883. While no attempts are made to force the new business in an unhealthy manner there is reason to believe that the Department may look forward to an annual new business of about one million sum assured, a result not attained by more than twenty of sixty-two British companies.

The average sum assured by each new policy issued has shown a decided tendency to increase for some years past, being £248 in 1911, £263 in 1912, and £275 in 1913.

The total business now in force, including 384 immediate and deferred annuities for £21,294 per annum, is 51,343 policies, bearing an annual premium income of £363,721. The sum assured, payable at death or maturity, is £12,211,655, to which have been added reversionary bonuses amounting to £1,327,812. The total business on the books thus amounts to £13,539,467.

Income.—The total income of the Department was £600,068, being an increase of £9,754 upon that of the previous year. It was made up as follows: Premium income, £359,578; interest income, £233,223; annuity purchase-money, £7,255; fees, £12.

The average rate of interest earned by the Department, which was £4 12s. 3d. per cent. in 1910, £4 13s. per cent. in 1911, and £4 14s. 2d. per cent. in 1912, was still further increased to £4 15s. 1d. per cent. in the year just closed.

Outgo.—During the year 455 policies became void by the deaths of policyholders, the claims amounting to £154,632; this amount is considerably under what is provided for in the tables of mortality used by the Department. Five hundred and forty-four policies also matured for £133,756. The total sum which has been paid in respect of claims by death and survival since the foundation of the Department, forty-four years ago, has amounted to £4,993,170.

Land and income-tax absorbed £15,353, as against £15,071 in 1912; and for new and renewal commission there was paid £23,504, as against £23,138 in 1912. There was a reduction in the expenses of management from £44,280 to £42,547.

Accumulated Funds.—The total assurance, annuity, and endowment funds, apart from a special investment reserve of £113,663, now stand at £4,980,131.

The Balance-sheet.—On the 31st December, 1913, the total assets of the Department amounted to £5,135,829, and were invested as shown in the following statement, which also gives the distribution of the assets at the end of the previous year for purposes of comparison:—

At 31st December, 1912. Amount.	At 31st December, 1912. Percentage of Total Assets.	Class of Investment.	At 31st December, 1913. Amount.	At 31st December, 1913. Percentage of Total Assets.
£			£	
3,045,274	61·2 per cent.	Mortgages on freehold property ..	3,154,213	61·4 per cent.
808,884	16·3 ,,	Loans on policies	842,132	16·4 ,,
668,089	13·4 ,,	Government securities..	665,900	13·0 ,,
171,169	3·4 ,,	Local bodies' debentures	174,236	3·4 ,,
136,586	2·8 ,,	Landed and house property	136,529	2·7 ,,
116,467	2·3 ,,	Miscellaneous assets	119,374	2·3 ,,
30,479	0·6 ,,	Cash in hand and on current account ..	43,445	0·8 ,,
4,976,948	100·0 per cent.	Total	5,135,829	100·0 per cent.

The above shows an increase of £108,939 in mortgages on freehold property and £33,248 in loans on policies. Overdue interest (which is included above in "Miscellaneous Assets") has decreased from £1,537 to £882, representing the extremely low rate of 7s. 9d. per cent. of the total interest income.

General.—I am pleased to report again that another year's progress of the Department, while not marked by any striking incidents, has been entirely satisfactory. Attention may be specially drawn to a few oustanding features: (1.) The new business has been well maintained. (2.) There have been substantial increases in the income, both from premiums and interest. (3.) The mortality experience has again been favourable. (4.) There has been a decrease in the expenses. (5.) An official valuation of all the policies as they stood at the end of last year disclosed increased profits for the two years of the current triennium which have elapsed, and affords the best of reasons for thinking that the results of the statutory triennial investigation of the assets and liabilities, to be made at the end of the present year, will prove satisfactory to the policyholders, and that they 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, 1913.

	£ s. d.
Amount of Funds at 1st January, 1913	4,829,141 4 9
Renewal premiums — Assurance, Annuity, and Endowment	328,972 10 1
New premiums (including instalments of first year's premiums falling due in the year)	27,430 15 11
Single premiums—Assurance and Endowment	3,174 6 4
Consideration for Annuities	7,255 2 7
Interest	233,223 12 2
Fees	11 17 1
	£5,429,209 8 11

		£ s. d.
Death claims under policies, Assurance, including bonus additions		154,631 16 4
Endowment Assurances matured, including bonus additions		132,029 13 11
Endowments matured		1,726 10 0
Premiums returned on endowments ..		296 18 6
Bonuses surrendered for cash ..		4,631 11 0
Annuities		17,812 9 2
Surrenders		22,338 16 4
Loans released by surrender		34,205 4 0
Commission, new* ..	£20,880 17 5	
" renewal	2,623 10 5	
		23,504 7 10
Land and income tax		15,353 9 4
Expenses of management—		
Salaries—		
Head Office ..	£17,885 15 2	
Branch offices and agents	8,159 10 1	
Extra clerical assistance	66 19 9	
Medical fees and expenses	4,978 12 8	
Travelling-expenses ..	925 12 11	
Advertising	1,173 9 2	
Printing and stationery	1,493 16 1	
Rent	2,855 3 3	
Postage and telegrams	1,629 0 11	
Exchange	111 18 4	
Office-furniture depreciation	270 9 3	
General expenses ..	2,496 16 2	
Triennial expenses ..	500 0 0	
		42,547 3 9
Amount of Funds, 31st December, 1913		4,980,131 8 9
		£5,429,209 8 11

* Including Agents' allowances.

Balance-sheet of the Government Life Insurance Department on 31st December, 1913.

Liabilities.

	£	s.	d.
Total Assurance, Annuity, and Endowment Funds (as per Revenue Account)	4,980,131	8	9
Claims admitted, proofs not yet completed	35,264	19	4
Annuities	413	10	1
Commission	176	10	11
Medical fees	384	6	0
Premium and other deposits.. ..	5,328	8	1
Fire-insurance moneys in suspense ..	225	0	0
Sundry accounts owing	241	1	3
Investment Fluctuation Reserve ..	113,663	6	1
	£5,135,828	10	6

Assets.

	£	s.	d.	£	s.	d.
Loans on policies				842,132	3	0
Government securities—						
Consolidated stock ..	625,900	0	0			
Debentures issued under the District Railways Purchasing Act 1885 Extension and Amendment Act, 1886 ..	40,000	0	0			
				665,900	0	0
Municipal Corporation debentures ..				125,768	10	2
County securities				4,117	12	7
Harbour Board debentures				38,400	0	0
Town Board debentures				5,950	0	0
Landed and house property				134,620	13	8
Landed and house property (leasehold)				1,908	4	0
Office furniture (Head Office and agencies)				540	18	9
Mortgages on property				3,154,212	8	0
Properties acquired by foreclosure ..				1,933	1	11
Overdue premiums on policies in force ..	£6,883	19	9			
Outstanding premiums due but not overdue..	37,294	12	5			
				44,178	12	2
Overdue interest ..	£881	15	6			
Outstanding interest due but not overdue..	6,368	1	10			
Interest accrued but not due	61,747	12	5			
				68,997	9	9
Agents' balances				3,723	13	7
Cash in hand and on current account..				43,445	2	11
				£5,135,828	10	6

Government Life Insurance Department, 7th April, 1914.

J. H. Richardson, Commissioner.
W. B. Hudson, Secretary.

Audited and found correct.

Robert J. Collins,
Controller and Auditor-General.

Statement of Business

YEAR 1913.	TOTAL. No.	TOTAL. Sum assured.	TOTAL. Reversionary Bonuses.	TOTAL. Annual Premiums. 1. *Ordinary.* 2. *Extra.*	TOTAL. Annuities. 1. *Immediate* 2. *Deferred.*	*Whole-life and Term Assurances.* No.	*Whole-life and Term Assurances.* Sum assured.	*Whole-life and Term Assurances.* Reversionary Bonuses.	*Whole-life and Term Assurances.* Annual Premiums. 1. *Ordinary.* 2. *Extra.*

POLICIES ISSUED AND DISCON-

		£	£	£ s. d.	£ s. d.		£	£	£ s. d.
Policies in force at 31st December, 1912	50,458	11,865,462	1,406,236	353,719 1 6 2,216 1 2	17,695 0 4 3,990 0 8	11,473	3,401,963	785,077	78,129 3 0 1,402 2 0
New Business	3,768	1,039,077	..	29,017 16 10 28 15 0	685 11 4 17 2 10	537	220,900	..	5,036 12 0 15 19 6
Bonus allotted ..	..	..	..	..	..	..	..	..	..
Total.. ..	54,226	12,904,539	1,406,236	382,736 18 4 2,244 16 2	18,380 11 8 4,007 3 6	12,010	3,622,863	785,077	83,165 15 0 1,418 1 6
Policies discontinued during 1913	2,883	692,884	78,424	21,181 18 5 181 14 10	968 5 0 125 10 8	544	164,319	37,340	4,320 15 11 89 4 5
Total policies in force at 31st December, 1913	**51,343**	**12,211,655**	**1,327,812**	**361,554 19 11** **2,063 1 4**	**17,412 6 8** **3,881 12 10**	11,466	3,458,544	747,737	78,844 19 1 1,328 17 1

PARTICULARS OF POLICIES DISCON-

How discontinued.									
By Death	478	123,826	28,920	3,770 15 1 79 14 0	1016 18 0	278	87,078	25,276	2,278 6 10 57 19 5
Maturity ..	544	108,185	23,883	4,084 6 10 23 3 4	..	..	..	..	..
Surrender ..	706	158,912	10,498	4,804 16 0 18 10 11	76 17 8	106	27,591	4,741	648 19 9 2 0 6
Surrender of Bonus..	..	..	7,863	..	..	..	..	4,876	..
Lapse	1,153	300,761	7,260	8,130 12 11 22 9 3	..	158	48,450	2,447	1,082 7 10 3 6 6
Expiry of Policy ..	2	1,200	..	15 5 0 ..	..	2	1,200	..	15 5 0 ..
Expiry of Premium..	..	..	..	85 5 6 ..	..	..	..	..	80 15 4 ..
Miscellaneous ..	..	..	..	290 17 1 37 17 4	..	..	..	..	215 1 2 25 18 0
Total ..	**2,883**	**692,884**	**78,424**	**21,181 18 5** **181 14 10**	**1,093 15 8**	544	164,319	37,340	4,320 15 11 89 4 5

PROGRESS OF BUSINESS OF THE GOVERNMENT LIFE INSURANCE

Total issued	125,581	30,615,781	2,907,530	942,692 10 8 14,648 12 4	90,590 10 4	41,260	12,305,346	1,714,585	322,553 10 11 10,865 13 10
Total void	74,238	18,404,126	1,579,718	581,137 10 9 12,585 11 0	69,296 10 10	29,794	8,846,802	966,848	243,708 11 10 9,536 16 9
Total in force ..	**51,343**	**12,211,655**	**1,327,812**	**361,554 19 11**	**21,293 19 6**	11,466	3,458,544	747,737	78,884 19 1

Extra Premiums	2,063 1 4	..	..	..	..	1,328 17 1
Reduction of Premiums by Bonus, &c. ..	103 5 5	..	..	..	..	..
	£363,721 6 8					

NOTE.—The Ordinary Premium is the premium charged

Wellington, 6th May, 1914.

at end of Year 1913.

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 1913.													
	£	£	£ s. d.		£	£ s. d.	£ s. d.		£ s. d.	£ s. d.		£	£ s. d.
37,273	8,271,874	619,367	268,668 17 10 813 19 2	80	17,245 1,693	3,970 0 8	924 17 11	387 1	.. 6 0 6	17,695 0 4 20 0 0	1,244	174,380 99	5,990 2 3
3,005	774,677	..	22,860 8 5 12 15 6	..	250 ..	17 2 10	13 1 0	19 ..	.. ..	685 11 4 ..	207	43,250 ..	1,107 15 5
..	..	..	..	..	.. ..	..	..	..	..	..	..	.. ..	..
40,278	9,046,551	619,367	291,529 6 3 826 14 8	80	17,495 1,693	3,987 3 6	937 18 11	406 1	.. 6 0 6	18,380 11 8 20 0 0	1,451	217,630 99	7,097 17 8
2,199	511,070	41,015	16,267 4 1 92 10 5	3	450 37	125 10 8	26 9 4	23 ..	.. ..	968 5 0 ..	114	17,045 32	567 9 1
38,079	8,535,481	578,352	275,262 2 2 734 4 3	77	17,045 1,656	3,861 12 10	911 9 7	383 1	.. 6 0 6	17,412 6 8 20 0 0	1,337	200,585 67	6,530 8 7
TINUED DURING THE YEAR 1913.													
176	36,498	3,627	1,476 15 3 21 14 7	1	250 17	48 13 0	15 13 0	23	..	968 5 0	..	..	..
529	106,490	23,851	4,015 8 1 23 3 4	..	..	..	..	..	..	..	15	1,695 32	68 18 9
524	119,621	5,737	3,765 9 9 16 10 5	2	200 20	76 17 8	10 15 0	..	..	..	74	11,500 ..	379 11 6
..	..	2,987	..	..	..	..	..	..	..	..	..	..	..
970	248,461	4,813	6,934 15 4 19 2 9	..	..	..	..	..	..	..	25	3,850 ..	113 9 9
..	..	..	..	..	..	..	..	..	..	..	..	..	..
..	..	..	.. ..	..	..	..	..	..	..	..	..	..	4 10 2
..	..	..	74 15 8 11 19 4	..	..	..	0 1 4	..	..	..	..	..	0 18 11
2,199	511,070	41,015	16,267 4 1 92 10 5	3	450 37	125 10 8	26 9 4	23	..	968 5 0	114	17,045 32	567 9 1
DEPARTMENT SINCE DATE OF ESTABLISHMENT TO 31st DECEMBER, 1913.													
78,632	17,767,296	1,186,993	596,843 13 1 3,782 18 6	1,106	157,550 5,759	57,295 9 4	8,405 10 6	740	348 0 10	33,295 1 0	3,843	385,589 193	14,541 15 4
40,553	9,231,815	608,641	321,581 10 11 3,048 14 3	1,029	140,505 4,103	53,433 16 6	7,494 0 11	356	342 0 4	15,862 14 4	2,506	185,004 126	8,011 6 9
38,079	8,535,481	578,352	275,262 2 2	77	17,045 1,656	3,861 12 10	911 9 7	384	6 0 6	17,432 6 8	1,337	200,585 67	6,530 8 7
..	..	..	734 4 3	..	..	..	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..	..	..	..	..

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

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

Approximate Cost of Paper.—Preparation, not given; printing (4,500 copies), £9 12s. 6d.

By Authority: JOHN MACKAY, Government Printer, Wellington.—1914.

Price 6d.]