1920.
NEW ZEALAND.

ANNUAL REPORT

OF THE

GOVERNMENT INSURANCE COMMISSIONER

FOR THE YEAR ENDED 31st DECEMBER, 1919.

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

Government Insurance Office, Wellington, 28th May, 1920.

I HAVE the honour to submit the following report upon the transactions of the Department for the year ended the 31st December, 1919, 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 5,721 proposals were dealt with, for the assurance of £1,876,797. The number of policies actually completed was 4,983, assuring £1,617,795, with annual premiums amounting to £58,569. These figures constitute a record for the Department. The facilities offered by the Department's war-loan policies, enabling subscriptions to be made to war loans with the least possible inconvenience, were evidently appreciated by the public, as a large amount of business was done under them. Thirty-seven annuities were also granted, on which the purchase-money was £20.265.

The total business now in force, including 438 immediate and deferred annuities for £23,195 per annum, is 55,770 policies, bearing an annual premium income of £423,065. The sum assured, payable at death or maturity, is £14,123,728, to which are attached reversionary bonuses amounting to £1,423,016. The total business on the books thus amounts to £15,546,744.

Income.—The total income of the Department was £701,423—viz., premium income, £411,306; interest income (less land and income tax), £269,852; annuity purchase-money, £20,265.

Outgo.—During the year 758 policies matured, for £180,102, and 648 policies became claims by the death of policyholders, the amounts payable being £195,341. Of these, 115, for £24,656, represent deaths among the oversea Forces through wounds and sickness, and approximately 93, for £24,000, deaths from influenza. The death claims were less by 643 policies, representing £142,426, than in 1918, and in fact were smaller than in any year since 1914.

Accumulated Funds.—The total assurance, annuity, and endowment funds, apart from a special investment reserve of £288,825, now stand at £5,354,904.

The Balance-sheet.—On the 31st December, 1919, the total assets of the Department amounted to £5,728,681, 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, 1918. Amount.	At 31st December, 1918. Percentage of Total Assets.	Class of Investment.	At 31st December, 1919. Amount.	At 31st December, 1919. Percentage of Total Assets.
£			£	
3,038,552	53·6 per cent.	Mortgages on freehold property ..	2,784,532	48·6 per cent.
738,018	13·0 ,,	Loans on policies	733,943	12·8 ,,
1,250,900	22·0 ,,	Government securities	1,635,800	28·6 ,,
211,711	3·7 ,,	Local bodies' debentures	210,597	3·7 ,,
134,864	2·4 ,,	Landed and house property	134,831	2·3 ,,
128,593	2·3 ,,	Miscellaneous assets	130,179	2·3 ,,
170,343	3·0 ,,	Cash in hand and on current account ..	98,799	1·7 ,,
5,672,981	100·0 per cent.	Total	5,728,681	100·0 per cent.

As compared with the 1918 balance-sheet, the holdings of war-loan stock by the Life Branch show an increase of £424,90′, bringing the total up to £969,900, in addition to £40,000 debentures under the Finance Act, 1915.

The rate of interest realized on the mean funds, after deduction of land and income tax from interest, was £5 2s. 4d.

Jubilee of the Department.—The Department, which was established under the Government Annuities Act, 1869, at the instance of the late Sir Julius Vogel, commenced operations in January, 1870, and has therefore completed the first fifty years of its existence. The first Commissioner was the Hon. W. Gisborne (1869–76), who was followed by Mr. Jonas Woodward, Deputy Commissioner (1876–78), Major Charles Heaphy, V.C. (1878–79), Mr. D. M. Luckie (1879–89), and Mr. F. W. Frankland (1889–90). In 1890 the Department came under my charge.

The progress of the Department is illustrated by the following figures:—

Date.	Funds. £
June, 1879	371,890
December, 1889	1,582,448
December, 1899	2,997,681
December, 1909	4,405,141
December, 1919	5,354,904

The following Consolidated Revenue Account shows the total receipts from the commencement, and the manner of their disposal by payments to policyholders and otherwise:—

Consolidated Revenue Account, January, 1870, to December, 1919.

	£	£		£	£
Funds at commencement		Nil.	Paid to policyholders—		
Premiums		11,578,973	By Death	4,739,563	
Consideration for annuities		425,678	Maturity	2,691,047	
Interest	£5,826,882		Annuities	435,079	
Less taxes	356,150		Other	1,830,215	
		5,470,732			9,695,904
Tontine funds transferred		35,314	Commission		655,961
Miscellaneous		786	Expenses of management		1,475,554
			Reserve for depreciation in securities		329,160
			Funds at 31st December, 1919		5,354,904
		£17,511,483			£17,511,483

It will be seen from this that the total amount paid in by policyholders since the establishment of the Department has been £12,004,651, of which £9,695,904 has been returned to them in claims, surrenders, &c., while funds have at the same time been accumulated amounting to £5,354,904. The sums paid to policyholders or reserved for future claims therefore amount to £15,050,808, or 125 per cent. of the premiums received, the interest earned being sufficient to meet all expenses and add 25 per cent. to the payments of the assured.

In reviewing the Department's history it is impossible to avoid notice of the gigantic event which overshadowed the closing years of the period, and it may be of interest to set out the Department's position in relation thereto.

The Department having always made a feature of charging minimum rates of premium and issuing a policy free from restrictions, there were no restrictions as to military service in respect of those who insured before the war: consequently the bulk of the war losses had to be borne without extra premium. When the war commenced, persons then insuring were charged an extra premium of 5 per cent. on the sum assured, increased for later entrants to 7½ per cent., which was known to be considerably below the actual cost of the war mortality. The war claims numbered 1,756, representing sums assured of £357,514, and of these 1,756 claims an extra premium to cover the war risk had been paid in 216 cases only, and in the remaining 1,540 cases, or 88 per cent. of the total, no extra premium was charged.

I may say that the mortality amongst the oversea Forces in the different war years ranged from 8 per cent. to 15 per cent. per annum of the total Force, the average being about 10 per cent., or considerably in excess of the rate charged. The extra premiums were remitted without proof of health at the close of the war or on the return of the assured to New Zealand, consequently an addition to the loss must be made for subsequent extra mortality through wounds and generally impaired health. The claims from influenza (which is more or less attributable to the war) amounted to about £100,000, and when this is taken into account the total sum paid by the Department to the representatives of policyholders dying from war causes cannot have been less than £500,000, an amount giving some indication of the importance of the insurance principle in general, and of the operations of the Department in particular, in the social economy of the country. As already stated, £1,009,900 has been invested in Government securities since the commencement of the war, and it is satisfactory that the Department has been able to meet the large losses due to the war and render substantial aid financially towards its successful conclusion.

It may finally be remarked that while the origin of State life insurance in New Zealand is to be found primarily in the panic resulting from the breakdown of large insurance concerns in Great Britain in the late "sixties," the Department has not only assisted in placing life insurance in New Zealand upon a sound basis, but a great feature of its fifty years' work has been the provision of insurance protection at a low cost in direct and successful competition with commercial companies. As a matter of fact, the premiums charged by the Department are the lowest in Australasia. It is owing in no small degree to the Department's operations that the population of New Zealand is one of the best insured in the world, the sum assured per head working out at £42 in 1917, as against £31 in Australia and approximately £29 in Great Britain.

Notwithstanding the restriction of its business to so small an area as New Zealand, and in the face of the intensive competition indicated by these striking figures, the Department has nevertheless attained a magnitude that would give it a considerable rank in a country like England; and it can furthermore take credit not only for past achievements, but also for the firm and solid basis upon which are built its hopes for the future.

J. H. Richardson,
Government Insurance Commissioner.

Revenue Account of the Government Life Insurance Department for the Year ended 31st December, 1919.

		£	s.	d.
Amount of Funds at 1st January, 1919		5,191,744	19	5
Renewal premiums—Assurance, Annuity, and Endowment		354,672	19	8
New premiums (including instalments of first year's premiums falling due in the year)		55,035	14	6
Single premiums Assurance and Endowment		1,597	16	6
Consideration for Annuities.. ..		20,265	1	2
Interest ..	£276,142 15 4			
Less land and income tax ..	6,290 19 7			
		269,851	15	9
		£5,893,168	7	0

		£	s.	d.
Death claims under policies, Assurance, including bonus additions		195,340	18	11
Endowment Assurances matured, including bonus additions		177,737	4	0
Endowments matured		2,365	5	0
Premiums returned on endowments ..		434	10	10
Bonuses surrendered for cash ..		3,288	0	7
Annuities		19,618	5	7
Surrenders		22,092	10	7
Loans released by surrender		29,536	19	1
Commission, new* ..	£31,361 2 11			
" renewal	2,976 10 11			
		34,337	13	10
Expenses of management—				
Salaries—				
Head Office ..	£20,394 14 4			
Branch offices and agents	9,520 15 11			
Extra clerical assistance	5,604 12 2			
Medical fees and expenses	5,917 3 2			
Travelling-expenses ..	798 17 1			
Advertising	751 3 10			
Printing and stationery	2,688 7 2			
Rent	2,941 0 5			
Postage and telegrams	2,083 8 0			
Exchange	69 2 3			
General expenses ..	2,343 9 6			
Triennial expenses ..	400 0 0			
		53,512	13	10
Amount of funds, 31st December, 1919		5,354,904	4	9
		£5,893,168	7	0

* Including Agents' allowances.

Balance-sheet of the Government Life Insurance Department on 31st December, 1919.

Liabilities.

	£	s.	d.
Total Assurance, Annuity, and Endowment Funds (as per Revenue Account)	5,354,904	4	9
Claims admitted, proofs not yet completed	76,115	13	5
Annuities	359	11	6
Commission	2,294	6	7
Medical fees	426	6	0
Premium and other deposits.. ..	5,619	12	4
Fire-insurance moneys in suspense ..	23	0	0
Sundry accounts owing	113	0	7
Investment Fluctuation Reserve ..	288,825	6	1
	£5,728,681	1	3

Assets.

	£ s. d.	£	s.	d.
Loans on policies		733,943	4	4
Government securities—				
Consolidated stock ..	625,900 0 0			
Debentures issued under the authority of the Finance Act, 1915	40,000 0 0			
New Zealand Inscribed Stock—War Loans	969,900 0 0			
		1,635,800	0	0
Municipal Corporation debentures ..		116,924	2	8
County securities		7,597	5	11
Harbour Board debentures		35,800	0	0
Town Board debentures		26,450	0	0
Road Board debentures		21,800	0	0
Drainage Board debentures		2,026	5	5
Landed and house property		133,120	13	8
Landed and house property (leasehold)		1,710	16	0
Mortgages on property		2,784,531	13	4
Properties acquired by foreclosure ..		574	8	3
Overdue premiums on policies in force ..	£7,091 18 1			
Outstanding premiums due but not overdue..	40,656 3 8			
		47,748	1	9
Overdue interest ..	£634 19 1			
Outstanding interest due but not overdue..	8,353 17 1			
Interest accrued but not due	66,312 5 5			
		75,301	1	7
Agents' balances		6,554	13	6
Cash in hand and on current account..		98,798	14	10
		£5,728,681	1	3

Government Life Insurance Department, 28th May, 1920.

J. H. Richardson,
Commissioner.

Geo. W. Barltrop,
Secretary.

Audited and found correct.

Robert J. Collins,
Controller and Auditor-General.

Statement of Business

YEAR 1919.	TOTAL. No.	TOTAL. Sum assured.	TOTAL. Reversionary Bonuses.	TOTAL. Annual Premiums. *1. Ordinary. 2. Extra.*	TOTAL. Annuities. *1. Immediate or entered upon. 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-

	No.	£	£	£ s. d.	£ s. d.	No.	£	£	£ s. d.
Policies in force at 31st December, 1918	53,803	13,257,682	1,512,861	386,083 10 10 18,819 9 0	19,262 7 5 3,125 18 1	11,827	3,622,220	739,491	82,504 19 3 5,891 0 8
New Business	5,020	1,617,795	..	57,761 6 0 808 3 7	2,071 5 10 51 9 10	578	261,900	..	6,597 2 10 235 4 6
Total.. ..	58,823	14,875,477	1,512,861	443,844 16 10 19,627 12 7	21,333 13 3 3,177 7 11	12,405	3,884,120	739,491	89,102 2 1 6,126 5 2
Policies discontinued during 1919	3,053	751,749	89,845	22,684 12 2 17,782 1 10	918 16 0 397 8 8	707	218,065	39,551	5,314 17 3 5,042 8 8
Total Policies in force at 31st December, 1919	**55,770**	**14,123,728**	**1,423,016**	**421,160 4 8** **1,845 10 9**	**20,414 17 3** **2,779 19 3**	11,698	3,666,055	699,940	83,787 4 10 1,083 16 6

PARTICULARS OF POLICIES DISCON-

How discontinued.	No.	£	£	£ s. d.	£ s. d.	No.	£	£	£ s. d.
By Death	661	158,756	34,803	5,212 13 9 260 16 3	918 16 0 32 6 8	323	97,450	29,292	2,598 15 3 71 9 7
Maturity	758	144,838	33,101	5,648 8 1 8 5 4	..	..	..	..	..
Surrender	577	150,618	8,446	4,273 11 3 14 6 8	.. 365 2 0	121	37,898	3,492	827 3 6 6 3 6
Cancellation ..	167	45,550	22	1,205 15 6 ..	..	50	15,550	..	356 15 3 ..
Surrender of Bonus..	..	..	5,481	..	..	..	..	3,440	..
Lapse	878	250,195	7,601	6,019 19 8 22 19 10	..	204	65,450	3,032	1,448 3 7 19 10 0
Expiry of Policy ..	9	1,650	..	26 15 5 38 0 0	..	9	1,650	..	26 15 5 38 0 0
Expiry of Premium..	..	..	..	125 2 7 ..	..	..	..	..	35 10 8 ..
Miscellaneous ..	..	142	391	172 5 11 17,437 13 9	..	..	67	295	21 13 7 4,907 5 7
Total ..	**3,053**	**751,749**	**89,845**	**22,684 12 2** **17,782 1 10**	**918 16 0** **397 8 8**	707	218,065	39,551	5,314 17 3 5,042 8 8

PROGRESS OF BUSINESS OF THE GOVERNMENT LIFE INSURANCE

Total issued	148,952	37,311,630	3,568,310	1,145,195 7 11 38,334 4 10	99,485 1 4	45,403	13,828,559	1,918,233	358,983 11 5 17,826 12 9
Total void	93,182	23,187,902	2,145,294	724,035 3 3 36,488 14 1	76,290 4 10	33,705	10,162,504	1,218,293	275,196 6 7 16,742 16 3
Total in force ..	**55,770**	**14,123,728**	**1,423,016**	**421,160 4 8**	**23,194 16 6**	11,698	3,666,055	699,940	83,787 4 10
Extra Premiums				1,845 10 9	..	..	..	..	1,083 16 6
Reduction of Premiums by Bonus, &c. ..				59 12 3	..	..	..	..	52 13 0
				£423,065 7 8					£84,923 14 4

NOTE.—The Ordinary Premium is the premium charged

Wellington, 3rd March, 1920.

at End of Year 1919.

ASSURANCES. *Endowment Assurances.* No.	Sum assured.	Reversionary Bonuses.	Annual Premiums. *1. Ordinary. 2. Extra.*	*Annuity Assurances.* No.	1. Sum assured. 2. Reversionary Bonuses.	Annuities. *1. Entered upon 2. Deferred.*	Annual Premiums.	ANNUITIES. No.	Annual Premiums.	Annuities. *1. Immediate or entered upon. 2. Deferred.*	SIMPLE ENDOWMENTS, INVESTMENTS, ETC. No.	1. Sum assured. 2. Reversionary Bonuses.	Annual Premiums. *1. Ordinary. 2. Extra.*

TINUED DURING THE YEAR 1919.

	£	£	£ s. d.		£	£ s. d.	£ s. d.		£ s. d.	£ s. d.		£	£ s. d.
39,557	9,273,655	770,625	293,329 16 9 12,922 18 4	59	13,822 2,125	28 9 4 2,955 18 1	713 2 5	415 2	.. 20 0 6	19,233 18 1 170 0 0	1,943	347,985 620	9,515 11 11 5 10 0
4,202	1,312,495	..	49,847 18 6 572 19 1	..	550 ..	5 9 10 26 0 10	35 8 2	36 1	.. ..	2,065 16 0 25 9 0	203	42,850 ..	1,280 16 6 ..
43,759	10,586,150	770,625	343,177 15 3 13,495 17 5	59	14,372 2,125	33 19 2 2,981 18 11	748 10 7	451 3	.. 20 0 6	21,299 14 1 195 9 0	2,146	390,835 620	10,796 8 5 5 10 0
2,204	505,112	49,560	16,511 2 10 12,734 3 2	6	2,677 494	.. 397 8 8	115 9 0	16 ..	.. ..	918 16 0 ..	120	25,895 240	743 3 1 5 10 0
41,555	10,081,038	721,065	326,666 12 5 761 14 3	53	11,695 1,631	33 19 2 2,584 10 3	633 1 7	435 3	.. 20 0 6	20,380 18 1 195 9 0	2,026	364,940 380	10,053 5 4 ..

TINUED DURING THE YEAR 1919.

323	60,909	5,429	2,613 9 10 189 6 8	1	377 82	.. 32 6 8	..	16	..	918 16 0	1	20 ..	0 8 8 ..
741	142,713	32,861	5,583 14 8 8 5 4	..	..	..	..	..	..	..	17	2,125 240	64 13 5 ..
384	92,670	4,596	2,826 15 2 8 3 2	5	2,300 358	.. 365 2 0	114 19 6	..	..	..	67	17,750 ..	504 13 1 ..
113	29,100	22	823 3 7 ..	..	..	..	..	..	..	..	4	900 ..	25 16 8 ..
..	..	1,987	..	..	.. 54	..	..	..	..	..	..	..	..
643	179,645	4,569	4,458 8 8 3 9 10	..	..	..	..	..	..	..	31	5,100 ..	113 7 5 ..
..	..	..	..	..	..	..	..	..	..	..	..	..	..
..	..	..	56 18 6 ..	..	.. ..	..	..	..	..	..	..	..	32 13 5 ..
..	75	96	148 12 5 12,524 18 2	..	..	..	0 9 6	..	..	..	..	..	1 10 5 5 10 0
2,204	505,112	49,560	16,511 2 10 12,734 3 2	6	2,677 494	.. 397 8 8	115 9 0	16	..	918 16 0	120	25,895 240	743 3 1 5 10 0

DEPARTMENT SINCE DATE OF ESTABLISHMENT TO 31st DECEMBER, 1919.

96,213	22,609,182	1,641,573	754,703 19 11 20,487 2 1	1106	158,950 6,838	57,418 12 6	8,489 9 8	915	362 0 10	42,066 8 10	5,315	714,939 1,666	22,656 6 1 20 10 0
54,658	12,528,144	920,508	428,037 7 6 19,725 7 10	1053	147,255 5,207	54,800 3 1	7,856 8 1	477	342 0 4	21,490 1 9	3,289	349,999 1,286	12,603 0 9 20 10 0
41,555	10,081,038	721,065	326,666 12 5	53	11,695 1,631	2,618 9 5	633 1 7	438	20 0 6	20,576 7 1	2,026	364,940 380	10,053 5 4 ..
.. ..	.. ..	.. ..	761 14 3 6 19 3	.. ..	.. ..	.. ..	.. ..	.. ..	.. ..	.. ..	.. ..	.. ..	.. ..
			£327,435 5 11				£633 1 7		£20 0 6				£10,053 5 4

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

J. H. Richardson, Commissioner.
Percy Muter, Actuary.

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