

ACTUARY'S REPORT

ON THE VALUATION OF THE

GOVERNMENT INSURANCE DEPARTMENT

AS AT 31ST DECEMBER, 1926.

Presented to both Houses of the General Assembly pursuant to Section 40 of the Government Life Insurance Act, 1908.

Government Actuary's Department, Wellington, 31st March, 1927.

I HAVE the honour to report that, in compliance with section 40 of the Government Life Insurance Act, 1908, and its amendments, I have made a valuation as at the 31st December last of the actuarial liabilities of the Government Insurance Department, with the object of ascertaining the net surplus available for division amongst the policyholders.

PROGRESS OF THE DEPARTMENT.

The progress of the Department during the last three years when compared with the three previous trienniums, in respect of new business and total business in force, is as follows:—

Triennium.	New Business of Triennium.			In Force at End of Triennium.			
	Number of Policies.	Sums assured.	Annual Premiums.	Number of Policies.	Sums assured.	Reversionary Bonuses.	Annual Premiums.
1915-1917 ..	10,129	£ 2,709,163	£ 90,017	53,058	£ 12,884,531	£ 1,304,243	£ 387,377
1918-1920 ..	14,189	4,529,993	156,568	57,321	14,924,147	1,335,163	449,123
1921-1923 ..	13,537	4,499,581	139,620	60,545	16,549,451	1,357,161	501,321
1924-1926 ..	16,689	5,512,560	175,757	65,396	18,743,397	1,475,007	575,420

The Consolidated Revenue Account, given below, shows the total income and expenditure for the last three years, and the growth of the funds of the Department during the triennium.

CONSOLIDATED REVENUE ACCOUNT.

Triennium ending 31st December, 1926.		Previous Triennium.	Triennium ending 31st December, 1926.		Previous Triennium.
	£	£		£	£
Funds at beginning of triennium	6,222,485	5,542,552	Death claims	547,896	530,990
Renewal premiums ..	1,438,733	1,291,437	Matured claims	718,407	653,295
New premiums	176,660	131,178	Annuities paid	64,904	62,838
Consideration for annuities	47,835	31,772	Surrenders	252,426	195,036
Interest, less taxes ..	1,053,408	894,419	Bonuses surrendered for cash	18,293	19,546
Defalcations recovered ..	..	267	Commission	118,929	99,852
Transfer from Investment Fluctuation Reserve	..	75,788	Expenses	178,682	180,728
			Transfer to Investment Fluctuation Reserve	10,000	..
			Marryatt Defalcation Account	..	2,643
			Funds at end of triennium ..	7,029,584	6,222,485
Totals	£8,939,121	£7,967,413	Totals	£8,939,121	£7,967,413

Income.—On the income side the chief items of importance are the increase of £192,778 in the total premium income, and the revenue from interest, which exceeds by £153,989 the interest earnings of the previous triennium. The net effective rate of interest credited to the funds each year for the past six years has been as follows:—

Rate of Interest (after Deduction of Taxes from Interest).

	£	s.	d.		£	s.	d.
1921	5	3	5	1924	5	7	7
1922	5	3	11	1925	5	9	1
1923	5	6	8	1926	5	11	1

Outgo.—The death claims of the triennium were £16,906 heavier than in the previous triennium, while the sum paid to the holders of endowment assurance or endowment policies who survived the selected terms amounted to £718,407, an increase of no less than £65,112 over the previous triennium.

THE VALUATION.

The business to be valued consisted of 65,396 policies, assuring £20,218,403, inclusive of bonus additions, and £24,997 immediate and deferred annuities per annum, the ordinary annual premiums thereon amounting to £573,319. The Department also receives £2,100 per annum representing additions to the tabular premiums. These extra premiums are assumed to cover the current year's extra risk, and are not brought into the valuation as an asset.