

Rt. Hon. R. J. Seddon.

GOVERNMENT ACCIDENT INSURANCE.

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A BILL INTITULED

AN ACT to enable the Government Insurance Commissioner to undertake Accident Insurance Business as a Branch of the Business of the Department established under the Acts relating to Government Life Insurance. Title.

5 BE IT ENACTED by the General Assembly of New Zealand in Parliament assembled, and by the authority of the same, as follows:—

10 1. The Short Title of this Act is "The Government Accident Insurance Act, 1898," and it shall form part of and be read together with the Life Insurance Acts. Short Title.

2. In this Act, if not inconsistent with the context,— Interpretation.
 "Accident" means accident resulting in loss of life or in bodily injury:

15 "Audit Office" means the Audit Office as defined by "The Public Revenues Act, 1891":

"Board" means the Board constituted under section twelve of "The Government Life Insurance Act, 1886":

“ Commissioner ” means the Government Insurance Commissioner appointed under the Life Insurance Acts :

“ Department ” means the Government Insurance Department of the General Government of New Zealand carrying on the business of insurance under the authority of the Life Insurance Acts and this Act : 5

“ Government Insurance Account ” means the account constituted under that name by section seventy-five of “ The Public Revenues Act, 1891 ” :

“ Life Insurance Acts ” means “ The Government Insurance and Annuities Act, 1874,” as re-enacted by “ The Government Life Insurance Act, 1886,” and all amendments of either of such Acts. 10

Accident Insurance Branch of the Business of the Department.

Commissioner's powers in respect of accident insurance.

3. In addition to the powers vested in the Commissioner under the Life Insurance Acts the Commissioner shall have power from time to time,— 15

(1.) To enter into any contract for insuring any person against accident ;

(2.) To enter into any contract with any employer for insuring such employer against liability for accident to any person in his employment ; 20

(3.) To enter into such other contracts for insurances against accident as are usually undertaken by insurers against accident ; 25

(4.) Generally to carry on the business of an insurer against accident : 30

Provided that no contract shall be entered into under the authority of this section until the Governor, by Order in Council, declares the department open for the transaction of accident insurance business : 30

Provided further that in no case shall the maximum sum payable under any such contract exceed *two thousand* pounds in respect of accident to any one person.

Capital.

Capital.

4. In order to provide capital for the accident insurance branch of the business of the department the Governor in Council is hereby empowered to raise from time to time by debentures or scrip, or by the issue of inscribed stock under “ The New Zealand Consolidated Stock Act, 1877,” or otherwise, any sum or sums of money not exceeding in the whole the sum of *twenty-five thousand* pounds, and for that purpose the Governor in Council may prescribe the mode and conditions of repayment of the sums so raised, the rates of interest thereon, and the time and place of the payment of principal and interest. 45

Securities in respect of Sums raised.

Rate of interest on debentures, &c.

5. No debenture, scrip, or other security issued in respect of any sum raised under this Act shall be sold or otherwise disposed of at a price that will yield to the purchaser a higher rate of interest by

the year than three pounds ten shillings for every one hundred pounds of purchase-money, but such securities may, for the purpose of temporary advances pending the raising of such sums, be hypothecated or mortgaged upon such terms as to interest and otherwise as
5 are deemed expedient.

6. The Board is hereby authorised to make such temporary advances as aforesaid out of the Government Insurance Account. Temporary advances out of Government Insurance Account.

7. (1.) Every such security shall be signed by the Colonial Treasurer, and shall be countersigned by the Controller and Auditor-
10 General or by an officer of audit to be appointed from time to time for that purpose by the Controller and Auditor-General.

Signing of securities.

(2.) The fact that any officer of audit so countersigns shall be conclusive evidence of his authority so to do.

8. The sum of money named in any such security, together with
15 all interest payable in respect thereof, is hereby declared to be a charge upon, and to be payable out of, the public revenues of New Zealand. Securities charged on public revenues.

9. No person from whom any such sum is raised, or by whom
20 any such security is held, shall be concerned to see or inquire whether or to what extent the powers conferred by or under this Act have been previously exercised or are intended to be exercised; and all sums raised or purporting to be raised under this Act and all securities issued or purporting to be issued under this Act in respect of such sums shall, so far as concerns the lender or holder, be
25 deemed to have been lawfully raised or issued within the powers by this Act conferred in that behalf. Security of lenders.

10. Nothing in this Act contained shall be construed to alter or affect or vary any security heretofore charged on the public revenues of New Zealand. Prior securities not affected.

30 11. The proceeds of the disposal of all securities issued in respect of capital shall as and when received be paid into the Government Accident Insurance Account. Proceeds of securities.

Sinking Fund.

35 12. In order to create a fund for the redemption at maturity of all securities issued in respect of capital raised under the Act, the following provisions shall apply:— Sinking fund for redemption of capital sums to be paid to Public Trustee.

40 (1.) At the expiration of twelve months from the issue of any such securities, and annually thereafter during their currency, the Commissioner shall, out of the Government Accident Insurance Account, pay over to the Public Trustee, to the credit of an account called the "Government Accident Insurance Sinking Fund Account," such sum as the Colonial Treasurer from time to time deems necessary for the creation of a sinking fund for the re-
45 demption of such securities at maturity.

50 (2.) The sums so paid over to the Public Trustee, and all accumulations of interest in respect thereof, shall be invested by him in such of the modes of investment sanctioned by "The Public Trust Office Consolidation Act, 1894," as will yield the highest rate of interest.

(3.) The moneys in the last-mentioned account, and the investments for the time being representing the same, and all accumulations of interest in respect thereof, shall be held by the Public Trustee at the disposal of the Colonial Treasurer for the purpose of redeeming such securities at maturity. 5

(4.) The Public Trustee shall, without further appropriation than this Act, pay to the Colonial Treasurer out of the last-mentioned account such sums as he from time to time requests for such purpose. 10

Statements to be furnished by Public Trustee.

13. (1.) The Public Trustee shall supply to the Colonial Treasurer, and also to the Commissioner, statements made up to the close of each calendar year, and also for such other periods as are from time to time requested, showing the accretions of sinking fund and the investments representing the same. 15

(2.) A copy of such statement for each financial year shall be laid before Parliament by the Public Trustee within fourteen days after the close of such year, if Parliament is then in session, or, if not, then within fourteen days after the commencement of the next ensuing session. 20

When annual payments to sinking fund to cease.

14. As soon as the Colonial Treasurer is satisfied that the accumulations of sinking fund in respect of any securities will suffice to redeem such securities at maturity, he shall notify the Public Trustee and the Commissioner thereof, whereupon the annual payments of sinking fund in respect of such securities shall thereafter cease, and all subsequent accretions of interest shall, without further appropriation than this Act, be paid into the Government Accident Insurance Account, unless and until the Colonial Treasurer otherwise directs. 25

Accounts and Audit. 30

Government Accident Insurance Account.

15. (1.) The Commissioner shall keep with the bank with which for the time being the Public Account of New Zealand is kept an account to be called "the Government Accident Insurance Account," to the credit of which shall be paid all moneys from time to time and for the time being payable to the Commissioner on account of the accident insurance branch of the business of the department. 35

(2.) The said account shall be operated on only by cheque signed by the Commissioner and countersigned by the Audit Office.

Moneys payable without appropriation.

16. There shall be paid out of the Government Accident Insurance Account, without further appropriation than this Act,— 40

(1.) All costs and expenses incurred in raising capital under this Act, and all interest and sinking fund payable on securities issued in respect of such capital, and all interest, costs, and expenses in connection with the hypothecation of such securities; 45

(2.) All payments in respect of accident insurance contracts entered into by the Commissioner;

(3.) All payments for investments duly authorised.

Salaries, &c., to be appropriated.

17. All salaries, and, except where otherwise expressly provided by this Act, all expenses, and outgoings, expended or incurred in connection with the accident insurance branch of the business of the department shall be paid out of moneys from time to time appropriated by Parliament from the Government Accident Insurance Account. 50

18. All moneys payable under this Act, whether in connection with contracts entered into by the Commissioner, or for expenses, or otherwise, are hereby charged on the moneys in the Government Accident Insurance Account.

Charge in respect of moneys payable.

5 19. (1.) If, after recourse has been had to the available funds and securities, the balance in the Government Accident Insurance Account is at any time insufficient to meet the charges thereon, it shall be the duty of the Controller and Auditor-General under the warrant of the Governor and on the requisition of the Colonial
10 Treasurer, countersigned by the Commissioner, to issue the amount of such deficiency out of the Consolidated Fund to the Colonial Treasurer, to be transferred by him to the credit of the Government Accident Insurance Account.

Provision for deficiency.

15 (2.) It shall be the duty of the Colonial Treasurer to certify every such deficiency to both Houses of the General Assembly within fourteen days after the issue of such moneys from the Consolidated Fund, if Parliament is sitting, or, if not, then within fourteen days after the commencement of the next ensuing session thereof.

20 (3.) All moneys so issued and transferred shall be deemed to be advances by way of loan, and, with interest thereon, or on so much thereof as for the time being remains unpaid, computed at the rate of five per centum per annum, shall, without further appropriation than this Act, be repaid into the Consolidated Fund by the Commissioner out of the Government Accident Insurance Account as soon as
25 practicable, having regard to the balance in that account.

30 20. All moneys in the Government Accident Insurance Account, or payable into that account by any person whomsoever, and all real and personal property of any kind whatsoever, which at any time hereafter are acquired for the purposes of or with moneys belonging to the accident insurance branch of the business of the department, shall
35 vest in Her Majesty, and be held and disposed of for the purposes of the accident insurance branch of the business of the department in the same manner, *mutatis mutandis*, as in the case of moneys and property subject to the Life Insurance Acts.

Property to vest in Crown.

40 21. All moneys in the Government Accident Insurance Account or payable thereto as aforesaid are hereby declared to be public moneys within the meaning of "The Public Revenues Act, 1891," and the provisions of that Act shall apply thereto in the same manner as in the case of moneys in the Government Insurance Account.

"Public Revenues Act, 1891," to apply.

45 22. All moneys belonging to the accident insurance branch of the business of the department which are for the time being not required for the purposes of the business of that branch shall be invested by the Board on any of the securities on which moneys in the Government Insurance Account may be invested, except the securities defined in subsection one of section five of "The Government Life Insurance Acts Amendment Act, 1894."

Investment of surplus funds.

50 23. "The Public Securities Act, 1895," shall apply to all securities in which moneys belonging to the accident insurance branch of the business of the department are from time to time invested, and such securities may from time to time be realised, sold, hypothecated, charged, or otherwise dealt with for the purposes of that branch in such manner as the Board thinks fit.

"Public Securities Act, 1895," to apply.

24. Subject to the provisions of this Act, and after all payments in respect of interest, sinking fund, and otherwise have been

Division of profits.

duly made as hereinbefore directed, the net surplus profits of the accident insurance branch of the business of the department for the period ending the thirty-first day of December, one thousand nine hundred and two, and for each triennial period thereafter shall be applied in manner following, that is to say,—

(1.) As to one-half thereof, in making a reserve fund for the purposes of the accident insurance branch of the business of the department; and

(2.) As to the other half thereof, in providing bonuses for such persons as at the close of such period are actually insured in the accident insurance branch of the department, and have been so insured during the whole of such period: Provided that no person shall be entitled to a bonus for such period if, during the period, he has made a claim under his policy.

Allocation of bonuses.

25. The periodical allocation of bonuses shall be made as soon after the close of the period as is practicable, and in such manner as is prescribed by regulations; and the bonuses shall be payable without further appropriation than this Act.

Balance-sheet.

26. The Commissioner shall prepare and lay before Parliament if sitting, or, if not, then within fourteen days after the commencement of the next session, a balance-sheet and statement of accounts of the accident insurance branch of the business of the department made up to the thirty-first day of December last preceding, in the form prescribed in the Schedule to this Act, together with a report on the year's business.

General.

Funds and assets of both branches of department to be kept separate.

27. The funds, assets, and liabilities of the department in respect of its accident insurance branch shall at all times be kept separate and distinct from the funds, assets, and liabilities of the department in respect of its life insurance branch, and in no case shall the funds or assets of the one branch be chargeable with any of the liabilities of the other branch.

Adjustment of charges.

28. In all cases in which salaries, expenses, or outgoings are expended or incurred on behalf of the department as a whole, part of which should, in the opinion of the Commissioner, be paid out of the Government Insurance Account and part out of the Government Accident Insurance Account, it shall be lawful for the Commissioner to charge such amounts temporarily to either account as he may think fit, and from time to time thereafter to transfer from one account to the other such sum or sums as are, in his opinion, necessary to effect an equitable adjustment.

Also in case of buildings and office furniture.

29. The provisions of the *last-preceding* section hereof shall, *mutatis mutandis*, apply in cases where buildings, office furniture, or other property belonging to one branch of the department are used for the purposes of the other branch, and in any such case the Commissioner may charge against the branch using the same such sums as are, in his opinion, necessary to effect an equitable adjustment.

Taxation in respect of accident insurance business.

30. The Commissioner shall be liable to assessment and taxation in respect of the accident insurance business in the same manner and to the same extent as in the case of an accident insurance company.

31. The Commissioner shall not be personally liable upon any contract entered into by him under this Act, or in respect of any action, suit, or other proceeding by or against him. Commissioner not personally responsible.

32. No action brought by or against the Commissioner shall be abated or dismissed on the ground of interest in the Judge or Magistrate hearing the same by reason merely that such Judge or Magistrate is the holder of or otherwise interested in any policy granted by the Commissioner. Judge who is policy-holder not interested.

33. For the more effective administration of this Act, and the better conduct of the accident insurance branch of the business of the department, the provisions of the Life Insurance Acts shall, *mutatis mutandis*, apply in so far as they relate to,— Provisions of Life Insurance Acts applied hereto.

(1.) The powers and functions of the Governor and the Colonial Treasurer ;

15 (2.) The powers, functions, and duties of the Board, the Commissioner, the Deputy Commissioner, and also of the Actuaries, clerks, and other officers of the department ;

(3.) The management and control of investments ; and

20 (4.) Generally the administration of the accident insurance branch of the department and the conduct of its business.

34. In addition to the powers vested in the Governor under the Life Insurance Acts the Governor shall have power, by Order in Council, to make regulations for all or any of the purposes following:— Regulations.

25 (1.) For directing the use of tables fixing the rates of premium to be charged in connection with accident insurance contracts: Provided that nothing herein contained shall prevent the Commissioner from fixing the premium in the case of any contract not specifically provided for in the said tables ;

30 (2.) For prescribing conditions or provisions to be contained or implied in contracts entered into by the Commissioner under this Act ;

(3.) For defining the nature and extent of the risks to be covered under contracts entered into by the Commissioner under this Act ;

35 (4.) For prescribing and defining the method in which the profits of the accident insurance branch of the business of the department shall be ascertained and bonuses allotted ;

40 (5.) Generally for the purpose of carrying this Act into effect, and providing for the efficient administration thereof, and the proper conduct of the accident insurance business.

Schedule.

SCHEDULE.

REVENUE ACCOUNT of the Accident Insurance Branch of the Business of the Government Insurance Department for the Year ended the 31st December.

	£	s.	d.		£	s.	d.
Amount of Accident Funds at the beginning of the year				Claims			
Premiums				Interest			
Interest				Commission			
				Salaries			
				Expenses of management			
				Appropriated to reserve for unearned premiums			
				Amount of Accident Funds at end of year			
	<u>£</u>				<u>£</u>		

BALANCE-SHEET of the Accident Insurance Branch of the Business of the Government Insurance Department on the 31st December.

<i>Liabilities.</i>		£	s.	d.	<i>Assets.</i>		£	s.	d.
Capital authorised by "The Government Accident Insurance Act, 1898"					Investments (details to be specified)				
Less not raised					Agents' balances				
Net					Outstanding premiums				
Accident Funds as per Revenue Account					" interest				
Claims admitted, proofs not yet completed					Interest accrued, but not due				
Reserve for unearned premiums					Cash in hand, and on current account				
Other sums owing					Other sums due				
		<u>£</u>					<u>£</u>		

By Authority: JOHN MACKAY, Government Printer, Wellington.—1898.