

## LIFE ASSURANCE POLICIES.

THIS Bill repeals those portions of the Life Assurance Companies Act of 1873, and of the Government Insurance and Annuities Act of 1874, specified in section 49.

Its provisions are applicable to policies issued either by the Government Insurance Department or by private companies.

The Government Insurance and Annuities Act of 1874 provided that policies issued under that Act should only be transferable by a short form indorsed on the policy. It did not, however, make any distinction between an absolute assignment and a conditional one such as a mortgage. In practice the want of this distinction has been found inconvenient. A mortgagee always required the policy to be absolutely assigned to him, and in the event of an unscrupulous mortgagee taking advantage of this to insist upon retaining the title to the policy even after his claims as mortgagee had been satisfied, a mortgagor could only have established his right to a reassignment at the cost of a lawsuit.

The leading private companies, as well as the Government department, desire to have simple statutory forms provided for dealing with policies, so as to obviate the necessity of lengthy documents, which can only be prepared at considerable expense.

These are the reasons which have led to the preparation of the first portion of this Bill. It is framed on the principles of the Land Transfer Act. Registration of any dealing with a policy is made essential to the validity of such dealing, and, if this part of the Bill becomes law, a policy will at all times disclose on the face of it the name of the person in whom it is legally vested, and to what claims, if any, it is subject.

The form of absolute transfer hitherto in use in the Government Insurance Department is retained in this Bill (First Schedule), as it is simple and convenient; and a foot note is added to the Schedule setting forth that the transfer is an absolute assignment, so that the transferee may be under no misapprehension as to the effect of his signature. This form is that in use in several Australian Companies.

Simple forms of absolute transfer and registration are provided (Second and Third Schedules), which will be useful either for transfers to purchasers, for surrenders to the company, or for transfers to trustees, who will, as under the Land Transfer Act, have to execute a separate declaration of trust, which will not be registered with the company.

A form of mortgage is also provided (Fourth Schedule) suitable either for mortgages to the company or to outside lenders, which can be adapted either to ordinary loans of money, or to mortgages to secure the performance of contracts, &c. The Bill declares that certain covenants and powers (Fifth and Sixth Schedules) which are similar to those generally inserted in mortgages shall hereafter be implied in mortgages of policies, though the parties to any mortgage may vary or add to them in any way necessary to suit the circumstances of the particular transaction.

The Sixth Schedule relates to mortgages to the company issuing the policy, and the Fifth Schedule to all other mortgages.

Registration is effected by a memorandum on the policy, signed by the secretary of the company, which is made conclusive as to the effect of the dealing as far as regards the company or any innocent purchaser for value.

An important part of the Bill is that headed "Protection of Policies" (sections 32 and 33). The protection of policies from liability for debts given by the present law is specified in the 14th section of the Government Insurance Act of 1874 as to Government policies, which is almost the same as the 46th section of the Life Assurance Companies Act of 1873 as regards the policies of private companies.

One alteration made by this Bill is that policies which could be protected under a bankruptcy are not allowed to pass to the trustee under a deed of arrangement by a general assignment of a debtor's property, or to become liable for debts after the insured's death, by a general direction in a will to pay the testator's debts out of his property. At present debtors or their families sometimes lose their policies by not being aware that, under a general assignment of their property, or a general direction in their wills, their policies become liable for their debts, thus losing the protection through mere ignorance of a technical distinction.

Another change is that the present sliding scale of protection is abandoned, and a policy coming within the conditions presently to be stated is absolutely protected at once and for any amount, up to £2,000, unless, as set forth in the fifth subsection of section 33, it be made clear to the satisfaction of a Judge that the policy was taken out with intent to defraud the insured's creditors.

The conditions are these:—

First, as the main object of giving protection is to allow of a safe provision being made for a man's family in the case of his own death, a policy to be protected must be a policy on his own life. That is to say, if a debtor has purchased or effected an insurance on another man's life, then the value of such an insurance is not protected from the debtor's creditors.

Second, the policy must either have been seven years in existence, or it must be a policy the payment of the premiums for which are spread over the lifetime of the assured, or by the terms of the contract for a period of at least ten years.

Though these conditions are liberal enough to enable a debtor in ordinary cases to preserve his policy for the benefit of his family, yet it is believed that they will rarely operate to any appreciable extent to the detriment of his creditors. A person who is getting into financial difficulties, if he has a policy of any great value, has generally so mortgaged or pledged it before bankruptcy that its value at the time of bankruptcy is but small; and in cases where the policy has been taken out shortly before bankruptcy, the creditors cannot thereby have been deprived of much of the debtor's estate, inasmuch as the policy will practically have no value.

As it is, under the present Acts, if a person wishes to make a provision by life assurance for his family, he can, up to £2,000, make it absolutely safe from his creditors at once by taking out what is called a settlement policy, and as, for reasons about to be stated, it

is intended to do away with these policies, it will be only fair to provide the same protection from debts in another form.

The clause in the repealed Acts which exempted surrender values from protection if the policy be surrendered is not inserted in this Bill; but, in lieu thereof, the 6th and 7th subsections of section 34 prevent a bankrupt for three years after his bankruptcy from selling his policy at all, or from surrendering it except for a paid-up policy for the amount of the surrender value, or from mortgaging it except for the purpose of paying the premiums on it. This plan will more completely effect the object for which protection is given, viz., the keeping in force a contract which will, after a man's death, make a provision for his family, and prevent their becoming a burden on the State.

Section 35 gives to married women all such powers of effecting insurances and dealing with policies as unmarried women possess, with a proviso making it clear that their right to insure their husbands' lives without having any pecuniary interest therein is not infringed.

Section 36 enables small insurances on the lives of children under ten years of age to be effected by their parents. They are limited to amounts which do little more than pay the expenses of burial, and this section is the same as the 29th section of "The Friendly Societies Act, 1882," which is supposed to extend to ordinary life assurance companies, though it was thought better to re-enact it here, in order to remove all doubt as to its applicability.

As before mentioned, the Bill does not renew the provisions of the former Acts as to settlement policies. The private companies doing business in New Zealand have not, there is reason to believe, issued any policies under these Acts. The Government department have issued a considerable number, but these have proved a frequent source of annoyance and misunderstanding to policy-holders. Persons when proposing for such a policy do not always fully understand the effect of the settlement under it, and when afterwards they wish to deal with it, and find themselves, sometimes to the detriment of the family for whose benefit the policy is intended, hampered by the statutory trusts, there is much dissatisfaction, which has frequently led to the policy being allowed to lapse.

It will therefore be much more satisfactory to the department and the public to leave all settlements of policies to be effected privately by the policy-holder himself, according in all respects to his own wishes and circumstances.

This can readily be effected under the Bill by assigning the policy in the statutory form to a trustee or trustees, who will then execute a declaration of trust embodying the terms of the settlement which, like settlements under the land-transfer system, though not binding on the company, will be enforceable like other trusts in the Courts.

Existing vested rights under the former Acts are respected by this Bill; but, to remove some of the chief troubles connected with settlement policies under the former Acts, a number of provisions regarding them are inserted in section 45 of the Bill. A power is given to the company in subsection 3, on application of the husband, to insert the wife's name in a policy where not previously named, and to change such name on remarriage.

An important addition is made in the last two subsections of the clause by which the insured, if unable to pay further premiums, may mortgage for the necessary amount to pay premium, stringent provision being made for insuring that the mortgage moneys are so applied; and, with consent of wife, may mortgage a policy for the purpose of borrowing money in any necessitous case.

Section 44 contains provisions, such as were in the Government Life Insurance Act of 1874, enabling claims under £200 to be paid to near relatives for distribution among the persons entitled, without putting the claimant to the expense of probate or letters of administration.

Sections 37 to 43 contain a number of provisions as to insurance moneys payable to or for minors, &c. To save the expense of obtaining the appointment of a trustee, moneys payable to minors and other persons legally incapable of giving a discharge may be paid to the Public Trustee without any appointment, and he has full powers of applying such moneys for the benefit of the minor or other person. This, of course, does not prevent the appointment of private individuals as trustees if so desired.

Hon. Sir J. Vogel.

LIFE ASSURANCE POLICIES.

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## A BILL INTITULED

AN ACT relating to Life Assurance Policies.

Title.

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

Short Title, and date of coming into operation.

1. The Short Title of this Act is "The Life Assurance Policies Act, 1884," 5 and it shall come into operation on the first day of January, one thousand eight hundred and eighty-five.

Interpretation.

2. In this Act, if not inconsistent with the context,—

"Company" means any person or persons or association, whether incorporated or otherwise, not being established under any Act relating to friendly societies, who issue or are liable under policies as herein defined, and shall include companies now or hereafter established out of the colony as well as those now or hereafter established in the colony, and includes mutual associations as well as proprietary, and also includes the Government Insurance Commissioner under "The Government Insurance and Annuities Act, 1874," or any Board or corporate body created in lieu of the said Government Insurance Commissioner under any Act passed during this or any subsequent session of the General Assembly: 10 15

"Secretary" means the principal officer for the time being in the colony of a company, or any other officer whom the company may appoint to act as secretary within the meaning of this Act; and, in respect of all matters under "The Government Insurance and Annuities Act, 1874," or any Act passed in substitution thereof, means the Government Insurance Commissioner, or the principal officer of such Board or corporate body created in lieu of said Commissioner. 20 25

"Policy" means any contract, so long as such contract remains in force, heretofore or hereafter lawfully entered into by a company the terms of which are dependent upon the contingencies of human life:

"Policy-holder," "holder of a policy," "holder," mean respectively the person for the time being legally entitled to a policy: 30

"Public Trustee" means the Public Trustee appointed under "The Public Trust Office Act, 1872," or any Act for the time being relating to the office of Public Trustee:

"Assignment" means an assignment of a policy hereafter made in accordance with the provisions of this Act, otherwise than by way of mortgage as herein defined, and includes a surrender to the company issuing it: 35

"Mortgage" means an instrument hereafter made in accordance with the provisions of this Act, and given as security over a policy for the payment, either certainly or contingently, of a sum of money, with or without interest thereon, or for the performance of any condition or agreement. 40

## ASSIGNMENTS AND MORTGAGES OF POLICIES.

Company not affected by notice of trust.

3. No company shall be bound to receive, or be liable in any way to be affected by, express, implied, or constructive notice, however given, of any trust hereafter created affecting any policy. 45

Assignments to be in form in First and Second Schedules.

4. Every assignment hereafter made shall, if not to the company issuing or liable under the policy assigned, be in such one of the forms, or to the effect

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set forth in the *First* Schedule hereto, as is most suitable to the circumstances; but, if the assignment be by way of surrender to the company liable under the policy assigned, it shall be in the form or to the effect set forth in the *Second* Schedule hereto.

5 5. Every mortgage hereafter made shall be in the form or to the effect set forth in the *Fourth* Schedule hereto, and executed by the mortgagor and by the mortgagee, unless the mortgage be to the company liable under the policy, in which case it shall be executed by the mortgagor only.

Mortgages to be in form in *Fourth* Schedule.

10 6. No assignment or mortgage hereafter made shall be of any validity until registered as herein provided, subject, nevertheless, to the provisions of section *thirteen* hereof relating to registration of mortgages to companies.

Assignments and mortgages not to be valid unless registered.

15 7. An assignment shall be registered by leaving the same, with the policy, at the office of the company; whereupon the secretary shall, if the assignment be in his opinion in due form and properly executed, indorse on such policy a memorandum, in the form or to the effect set forth in the *Third* Schedule hereto, and shall retain the assignment in the office of the company, and return the policy, with the said indorsement thereon signed by himself, to the person leaving the same, unless *such assignment* be by way of surrender to the company liable under the policy, in which case he shall retain the policy.

How assignments registered.

20 8. Such assignment, signed by the secretary, shall have the effect of vesting the policy absolutely in the assignee, who shall *thereupon* become the holder of such policy, and may thereafter sue, as well at law as in equity, in his own name, on the policy assigned, and the receipt of such assignee shall be a valid discharge both at law and in equity for all moneys payable thereunder.

Effect of registration.

25 9. If any such assignment is upon any trust, such trust shall be effected by way of declaration of trust by some separate instrument, and no notice of any such trust shall be inserted in the assignment or indorsed upon the policy.

How trusts may be declared.

30 10. There shall be implied in every mortgage, not being a mortgage to the company liable under the policy mortgaged, the covenants, powers, conditions, and agreements set forth in the *Fifth* Schedule hereto, and *such implied provisions shall have the like effect as if the same had respectively been set forth in such mortgage at length.*

Covenants, &c., implied in mortgages not being to company.

35 11. There shall be implied in every mortgage to the company liable under the policy mortgaged the covenants, powers, conditions, and agreements set forth in the *Sixth* Schedule hereto, and *such implied provisions shall have the like effect as if the same had respectively been set forth in such mortgage at length.*

Covenants, &c., implied in mortgages to company.

40 12. All or any of the covenants, powers, provisoes, conditions, and agreements set forth in the *Fifth* or *Sixth* Schedules may, if so expressed in the mortgage, be negated, modified, or altered, or others may be added to the same, in any way not inconsistent with the provisions of this Act.

Implied covenants, &c., may be negated or altered.

45 13. A mortgage, if not to the company liable under the policy, shall be registered by leaving the same, executed as aforesaid, with the policy and a certified copy of the mortgage, at the office of the company, whereupon the secretary shall, if the mortgage be, in his opinion, in due form and properly executed, indorse on such policy a memorandum, in the form or to the effect set forth in the *Seventh* Schedule hereto, and also shall indorse on the mortgage a memorandum of the same having been registered, in the form or to the effect set forth in the *Eighth* Schedule hereto, and shall retain the certified copy of the mortgage in the office of the company, and shall return the policy and the *original* mortgage, with the respective indorsements thereon signed by himself, to the person leaving the same.

How mortgages registered.

A mortgage to the company liable under the policy shall be registered by indorsing the memoranda above mentioned on the mortgage and on the policy

respectively, and the secretary shall retain the policy and the mortgage in the office of the company.

Several mortgages may be registered.

14. Any number of mortgages may be registered against the same policy, but they shall take effect and have priority according to priority of the date of registration. 5

Mortgagee when selling may execute assignment.

15. Any mortgagee, when he has sold a policy under the power of sale implied in his mortgage, may execute an assignment of the mortgaged policy, adding words in the assignment purporting that he has sold it in exercise of his power of sale as aforesaid; and thereupon all the provisions of this Act relating to the registration and effect of assignments shall apply to such assignment. 10

Company or purchaser not affected by notice of improper sale, &c.

16. No company whose secretary is required to register an assignment by a mortgagee, nor any purchaser from a mortgagee, shall be bound to inquire into the propriety or regularity of the sale, or be affected in any way by notice, express, implied, or constructive, that the same is in any way improper or irregular, or be bound or concerned to see to the application of the proceeds of a sale by a mortgagee. 15

How mortgages discharged.

17. When the sum secured by any mortgage has been paid off either wholly or in part, or where for any other reason the mortgagee has become bound to discharge the mortgage either wholly or partially, he shall indorse on the mortgage held by him a memorandum of discharge in the form or to the effect set forth in the Ninth Schedule hereto, and the same when registered shall effectually release and discharge the policy from the said mortgage to the extent specified in the said memorandum of discharge. 20

If discharges partial, several may be given.

18. If any one or more of such discharges are only partial, further discharges, as often as the case may require, may be executed in the like form and registered in the like manner as specified in the preceding section. 25

How discharges registered.

19. A memorandum of discharge shall be registered by leaving the mortgage, with such memorandum indorsed thereon, together with the policy, at the office of the company, whereupon the secretary shall, if the same be in his opinion in due form and properly executed, indorse on such policy a memorandum in the form or to the effect set forth in the Tenth Schedule hereto, and shall also indorse on the mortgage a memorandum of the same having been registered in the form or to the effect set forth in the Eleventh Schedule hereto, and shall return the mortgage and policy so indorsed to the person leaving the same, unless such mortgage be to the company, in which case the mortgage and policy shall be retained by the secretary. 30 35

How title to policy acquired by bankruptcy, &c., registered.

20. Whenever the right to any policy is acquired by bankruptcy, or under a will or intestacy, or under a writ of execution issued out of any Court whatsoever, the person so acquiring such right and desiring to have his title to the policy registered shall produce the said policy to the secretary, with the evidence necessary to establish such right; and the secretary, if satisfied with the said evidence, or with such further evidence as he may call for, shall indorse on the policy a memorandum in the form or to the effect set forth in the Twelfth Schedule hereto, signed by himself, and return the policy to the person so acquiring title thereto, and such indorsement shall vest the policy in such person as fully and effectually as if it had been assigned to him under the provisions hereof. 40 45

Provisions as to registration, &c., of assignment of policies to apply to mortgages.

21. All the provisions of this Act as to assignment of policies, registration thereof, or otherwise registering title to a policy, shall, *mutatis mutandis*, be read and construed as applicable to assignments of mortgages, registration thereof, and otherwise registering title to mortgages. 50



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22. Before being required to effect any registration hereunder the secretary may require such reasonable evidence as he thinks fit as to the authenticity of the signatures thereto, or as to any other matters which might, in his opinion, affect the validity of such document.

Secretary before registering documents may require proof of signatures.

5 23. If any secretary shall refuse for any reason whatsoever to register any document or matter the registration whereof by him is hereby provided for, it shall be lawful for any person desiring to have such registration effected to call upon such secretary, by summons before a Judge of the Supreme Court in Chambers, to show cause why such registration should not be effected, and, after  
10 hearing such evidence as may be brought before him, either *vidé voce* or upon affidavit, such Judge may make an order compelling such registration to be effected or otherwise as he shall think fit, and may make such order either with or without costs.

Registration may be ordered by Judge of Supreme Court.

15 24. If the Judge shall order such registration to be effected, the secretary shall forthwith effect the same, and any registration effected in pursuance of *and in conformity with* a Judge's order shall absolutely discharge the secretary and his company of and from any responsibility or liability whatsoever for the consequences of such registration.

Registration effected by order of Judge shall discharge secretary from liability.

20 25. The date of registration to be placed by the secretary on any policy or instrument shall, in all cases, and for all purposes of this Act, be deemed to be as nearly as possible the hour and day when such registration was first capable of being effected by the secretary.

What is date of registration.

26. The secretary shall keep a record of each registration effected by him, by entries in the books of the company, in such manner as he shall think fit.

Secretary to keep record of registrations.

25 27. The secretary, the company, and all other persons whomsoever, in all transactions and dealings of any kind whatsoever about or in connection with any policy, shall not, except in the case of fraud, be affected by notice of any interest whatsoever in any policy which interest is not registered on the policy, and all registered dealings with the duly-registered assignee or mortgagee of a  
30 policy shall not, except in the case of fraud, be capable of being set aside or affected in any manner whatsoever by any such notice as aforesaid.

Notice of unregistered dealings not to affect company or purchasers.

35 28. When any policy is lost or destroyed, or when any instrument required to be registered or the production of which is in any way essential to any registration *received* to be effected hereunder is lost or destroyed, the secretary may, on such evidence and subject to such terms and conditions as he in his own discretion shall think fit, issue a certified copy of such policy, which shall thereafter for all the purposes of this Act take the place of the *policy* lost or destroyed, and thereafter be the sole evidence of the contract made by the policy, or he may effect any registration on any such terms and conditions as he shall  
40 think fit, notwithstanding the loss or destruction of any such instrument as aforesaid.

Provision for lost or destroyed policies or instruments.

45 29. Notwithstanding the provisions of this Act as to registration, nothing herein contained shall operate to prevent any competent Court or Courts from enforcing any equities which may exist as between the parties to any transaction or matter relating to any policy or any interest therein, or in any moneys payable thereunder.

Courts may enforce equities.

30. A company may charge any fee not exceeding five shillings for effecting any registration hereunder.

Power of company to charge fee for registration.

50 31. Any company may, subject to any by-laws or regulations made by it or affecting it, and subject also to the terms and conditions of the policy, apply the surrender-value of any policy, or any part of such surrender-value, in payment of overdue premiums and interest thereon; and any moneys so applied, with

Company not prevented from applying surrender-value to keep policy in force.

accrued interest thereon, shall be a first charge on the money payable under such policy and on the surrender-value thereof, and may be deducted therefrom as against any mortgagee or assignee whomsoever.

PROTECTION OF POLICIES.

Policies to be kept in force by surrender value.

32. No policy shall become void by non-payment of premium so long as the premium and interest in arrear are not in excess of the surrender value as declared by the company issuing the same in the answer of such company given to the tenth question of the Sixth Schedule to "The Life Assurance Companies Act, 1873."

Certain policies absolutely protected from bankruptcy, &c.

33. *Subject to the provisions of this Act* no policy now issued or hereafter to be issued the holder of which has become bankrupt under any law now in force or hereafter to be passed relating to bankruptcy or insolvency, nor any interest in such policy or in any moneys payable thereunder, shall pass to the trustee in such bankruptcy, or in any way become part of such bankrupt's estate available for distribution among his creditors; nor shall such policy, or any interest therein, or in any moneys payable thereunder, be capable of being seized or levied upon or taken in execution by or under the process of any Court whatever, or pass under a general assignment of the policy-holder's property, or become available for the payment of debts under an intestacy, or under a will unless specially directed by *such* will.

Class of policies to which preceding protection applies.

34. (1.) The provisions of section *thirty-three* hereof shall only apply to policies the terms of which are dependent on the contingencies of the life of the policy-holder himself, and the payments for which to the company issuing the same are by the policy provided to be made during the lifetime of the insured or during *seven* years at least, and to be payable by equal instalments at intervals of not more than a year, and to any other policies which are dependent on the contingencies of the life of the policy-holder himself, or of his children, which, at the time of the bankruptcy, taking in execution, or execution of the general assignment, death of the intestate or testator, shall have been in existence for *seven* years at the least.

Limit of amount protected.

(2.) The protection granted by section *thirty-three* hereof shall only avail to protect a policy or policies to the extent of two thousand pounds of assurance, *exclusive* of any accrued or allotted profits thereon, or in the case of annuities to the extent of one hundred and four pounds per annum.

Assured may elect priority in protection of policies.

(3.) If any policy-holder entitled to protection under section *thirty-three* hereof shall be the holder of a policy or policies assuring a greater amount on the whole than the limits specified in subsection *two* hereof, he shall be entitled, after the happening of the event by reason of which the necessity for the protection arises, upon being requested so to do by the person who would be entitled to such policy or policies but for the said protection, by notice in writing served upon him personally, or left at or posted to his last known place of abode or residence in the colony, to elect which of such policy or policies, or any part thereof up to the limits specified in the said subsection *two* hereof, shall be protected as aforesaid.

In default, assignee may register his title.

(4.) If such person fails so to elect by notice in writing left at the office of the company liable under the policy within the time aforesaid, then the person otherwise entitled as aforesaid may elect in the like manner, and may thereupon proceed to have his title registered to such policy or policies as he thereby becomes entitled to.

(5.) Such protection shall not avail to protect *any policy* from passing to a trustee in bankruptcy, if it be proved to the satisfaction of a Judge of the Supreme Court, on a summons taken out by *the said* trustee to compel the registration of his title to *the* policy as such trustee, that such policy was taken out by the bankrupt with intent to defraud his creditors.

Protection lapses in case of fraud.

(6.) No holder of a policy whose policy has been protected from bankruptcy by virtue of the said *thirty-third* section hereof shall be capable, for a period of three years after his bankruptcy, of selling or assigning such policy, or of surrendering the same, except in consideration of a paid-up policy for the amount *which may be purchased by* such surrender value, or of mortgaging the same, except for the purpose of keeping the said policy in force; and no such mortgage shall operate to secure the payment of the moneys advanced on the security thereof, unless the said moneys so advanced shall, at the time of advancing the same, be wholly applied in making the payments necessary to keep the said policy in force.

Protected policy inalienable for three years after bankruptcy.

(7.) No secretary, in registering an assignment or mortgage, and no person taking an assignment or mortgage of a policy, shall be bound to inquire whether the holder of such policy has been bankrupt within three years; and, except in the case of fraud, no assignment or mortgage or registration shall be capable, as against the person acquiring title thereunder or the secretary affecting registration thereof or his company, of being set aside on the ground that it was such a policy as referred to in the last preceding proviso, and that the holder thereof had so assigned or mortgaged it in contravention of the terms of such proviso.

Assignment of policy not void if registered without notice of previous bankruptcy.

(8.) Nothing herein contained shall be deemed to limit or abridge, as regards policies now in existence, the protection to which they or the moneys payable thereunder are now entitled under the portions of the Acts hereby repealed.

Saving as to existing policies.

INSURANCE BY MARRIED WOMEN.

35. Any married woman may become the holder of any policy the terms of which are dependent on the contingencies of the life of herself, her husband, or her children, or any of them, as fully and effectually as, *mutatis mutandis*, her husband could become, and for all purposes whatsoever she may, without the consent of her husband, assign, mortgage, discharge, or otherwise deal with such policy, and all interest therein, as fully and effectually as if it were properly vested in her as *an unmarried woman*, and *while so vested* it shall not be capable of being dealt with by her husband in any way, or be liable for or be affected by his debts or engagements.

Married women may insure as if unmarried.

Provided nevertheless that a married woman may insure the life of her husband without having a pecuniary or other valuable interest in his life.

INSURANCES BY PARENTS ON LIVES OF CHILDREN.

36. It shall be lawful for any parent to insure the lives of all or any of his children who are under the age of ten years at the date of effecting the insurance, and for any company to effect such insurance, subject to the following conditions —

Conditions on which parents may insure lives of children.

(1.) No company shall insure or pay on the death of any child under five years of age any sum of money which, added to any sum of money payable by any other company, or by any society registered under any Act relating to friendly societies, on the death of such child, exceeds six pounds; or on the death of a child under ten years of age any sum of money which, added to any sum of

Limitation of sum assured.

money payable by any other company, or by any society registered under any Act relating to friendly societies, on the death of such child, exceeds ten pounds.

Money to be paid only to parent of child.

(2.) No company shall pay any sum on the death of a child under ten years of age except to the parent of such child or to the executor or administrator of such parent, and then only upon the production by such parent or executor or administrator of a certificate of death in the form mentioned in the next subsection hereof, issued by the Registrar of Births and Deaths or other person having the care of the register of deaths, containing the particulars after mentioned.

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Special certificate of death required.

(3.) Whenever a certificate of the death of a child is applied for, for the purpose of obtaining a sum of money from a company, the name of such company and the sum sought to be obtained therefrom shall be stated to the Registrar of Births and Deaths, who shall write on or at the foot of such certificate the words "To be produced to the (naming the company)," "said to be liable for payment of the sum of £ (stating the sum);" and all certificates of the same death shall be numbered in consecutive order and the sum charged by the Registrar of Births and Deaths for each such certificate shall not exceed one shilling.

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Condition as to issue of certificate.

(4.) No Registrar of Births and Deaths shall give any one or more certificates of death for the payment in the whole of any sum of money exceeding six pounds on the death of a child under five years, or for the payment in the whole of a sum exceeding ten pounds on the death of a child under ten years; and no such certificate shall be granted unless the cause of death has been previously entered in the register of deaths on the certificate of a Coroner, or of a registered medical practitioner who attended such deceased child during its last illness, or except upon the production of a certificate of the probable cause of death under the hand of a registered medical practitioner, or of other satisfactory evidence of the same.

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Inquiries to be made by company.

(5.) Any company to which is produced a certificate of the death of a child which does not purport to be the first certificate shall, before paying any money thereon, be bound to inquire whether any and what sums of money have been paid on the same death by any other company or by any society registered under any Act relating to friendly societies.

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Penalty on company for contravention.

(6.) If any company pays money on the death of a child under ten years of age otherwise than is provided by this Act, it shall be liable to a penalty not exceeding *one hundred* pounds.

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Penalty for producing false certificate.

(7.) If any parent or executor or administrator of a parent claiming money on the death of a child produces any certificate of such death other than is herein provided to the company from which the money is claimed, or produces a false certificate, or one fraudulently obtained, or in any way attempts to defeat the provisions of this Act with respect to payments upon the death of children, the person so offending shall be liable to a penalty of not more than *one hundred* pounds.

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Certain policies excluded from the operation of this section.

But the provisions of this section shall not be deemed to apply to policies on the lives of children by the terms of which money is payable on the expiration of a certain period or the attaining of a specified age, or *by the terms of which* the whole or any part of the moneys paid to the Company in respect of such policy are returnable on the death of the child.

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MONEYS PAYABLE UNDER A POLICY FOR BENEFIT OF MINORS, ETC.

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37.
When any moneys become payable under a policy to or for the benefit of a minor, or to or for any person otherwise incapable of exercising his rights, and if there be not any trustee or other person capable in law of giving a valid discharge for such moneys on behalf of such minor or other person so incapable as aforesaid, the moneys becoming payable to or for such minor or person otherwise incapable of exercising his rights may be paid to the Public Trustee, unless another trustee or other person as aforesaid is appointed in due course of law.
Moneys payable to minors or persons incapable of giving discharges may be made to Public Trustee, unless trustee appointed.
- 10
38.
In any such case as is mentioned in the preceding section, the Supreme Court, or a Judge thereof, on application being made on behalf of the person beneficially interested, may appoint the Public Trustee or any other person trustee of such moneys on such terms as such Court or Judge may order.
Court may appoint trustee.
- 15
39.
If any moneys be paid to the Public Trustee under section thirty-seven hereof he may, unless and until another trustee be appointed, act as trustee of such moneys as effectually and with all the like powers as if he had been duly appointed trustee of the same either under section thirty-eight hereof or by any person entitled to appoint a trustee.
Powers of Public Trustee receiving moneys.
- 20
40.
The Public Trustee, whether acting under the thirty-seventh section or by special appointment, or any other trustee of moneys payable under a policy to or for the benefit of a minor, or other person incapable as aforesaid, howsoever such trustee may be appointed, unless otherwise directed by the instrument appointing him trustee, may apply either the corpus or the interest of such moneys, in such mode as he shall in his own absolute discretion think fit, for the maintenance, education, protection, or advancement in life of any minor, or of any other person on whose behalf he holds the same.
Trustee may apply moneys of minors, &c., for their maintenance, &c.
- 25
41.
The payment made to the Public Trustee, or to any other trustee under this Act, shall be a valid and sufficient discharge to the company for the insurance money so paid; and the company shall not be bound to see to the application of such money, or be liable for the subsequent misapplication or non-application thereof by any such trustee.
Payment to Trustee a valid discharge to company.
- 30
42.
The money received by the Public Trustee, acting under the thirty-eighth section hereof, or by any trustee hereunder, unless otherwise directed by the instrument of appointment, in the case of one specially appointed, may be invested by such trustee in New Zealand Government debentures, or in the stock or debentures of any County, Road Board, or Municipal Corporation, if secured on a special rate on property.
How insurance moneys received by Trustee may be invested.
- 35
43.
Such money may also be invested on first mortgage of freehold land in New Zealand, but so that not more than two-thirds of the value of the same, as valued under "The Property Assessment Act, 1879," or by a valuator specially appointed by such trustee to value the same, shall be so advanced, with full power, however, to such trustee from time to time to alter, vary, and transpose the investments held.
- 40
44.
All or any part of the annual income arising from the investment of the insurance money not required for the maintenance, education, or protection of such minor or other person shall be capitalized, and invested in the same manner as the money from which such income is derived.
Income of minor, &c., not required for maintenance, &c., shall be capitalized.

PAYMENTS WITHOUT PROBATE.

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44.
In any case in which the moneys payable under any policy insuring a sum not exceeding two hundred pounds, exclusive of profits, are payable to the executor or administrator of any deceased person, including payments made
Conditions on which payments may be made without requiring probate or administration.

under the *thirty-sixth* section hereof, the company, without requiring probate or letters of administration, may pay such moneys, together with any profits which may have been *added* to such policy, to any person being either the husband, wife, father, mother, child, brother, sister, nephew, or niece of such deceased person, or to any person who can prove himself, to the satisfaction of the company, to be entitled to the effects of the deceased person under his will (if any), or under the statutes for the distribution of the effects of intestates, or to be entitled to obtain probate of the will of such deceased person, or to take out letters of administration of his property. And the company shall in every such case as aforesaid be thereby discharged from further liability in respect of the claim so paid. 5

Provided, however, that the company may in any such case as aforesaid, if it thinks fit, require probate or letters of administration to be taken out, and thereupon pay such moneys to the executor or administrator of the deceased. 10

All persons to whom such moneys as aforesaid are paid shall apply the same in due course of administration; and if the company thinks fit it may require such persons to give sufficient security by bond or otherwise that the moneys so paid will be so applied, *but the company shall not be bound to see to the application of any such moneys.* 15

PROVISIONS AS TO SETTLEMENT POLICIES UNDER REPEALED ACTS. 20

Provisions as to settlement policies.

45. The following provisions shall have effect as regards all policies issued under the eighth section of "The New Zealand Government Insurance and Annuities Act, 1870," or the sixteenth section of "The Government Insurance and Annuities Act, 1874," or under the forty-eighth section of "The Life Assurance Companies Act, 1873," or under any enactments passed or to be passed in substitution thereof respectively:— 25

Policy may be apportioned by deed or will.

(1.) The amount secured by such policy, where the insurance is effected for the benefit of more than one, may, if not apportioned in the policy, be apportioned by the husband by any deed or instrument in writing under his hand, or by his last will and testament, as he may deem proper. 30

If not apportioned parties interested to share alike.

(2.) Where no apportionment is made in any policy as aforesaid, or by deed, instrument in writing, or will as aforesaid, all parties interested in the said insurance shall be held to share equally in the same.

Definition of the word "wife" and "children."

And when it is stated in such policy that the insurance is for the benefit of the wife, or wife and any one or more of the children, of the insured, or of his wife, or of the children generally, without specifying her or their names, then the word "wife" shall mean the wife living at the time when such policy becomes payable; and "children" shall, unless otherwise defined in the policy, mean the children of the insured, whether or not of the same marriage, living at the time when such policy becomes payable, and shall include a child or children en ventre sa mere at such time. 35 40

Wife's name may be inserted in policy where not named, and changed on re-marriage.

(3.) Where a wife's name is not stated in any such policy, the husband, by a written application signed by him and attested by a witness, may apply to the company to have such name inserted in the policy, and the company may thereupon direct the Secretary to insert the wife's name accordingly in the policy in such manner as it shall think best. 45

In a similar manner and by a like procedure, the husband, on re-marriage, may require the name of his then wife to be substituted for that of any former wife inserted in such policy. 50

- 5
(4.)
Where such a policy is effected for the benefit of more persons than one, and the sum assured has been apportioned by the person whose life is assured, such apportionment shall be valid notwithstanding that all the persons mentioned as beneficiaries in said policy may not be included in such apportionment. *And the payment made by the company in terms of such apportionment shall be deemed to release the company from all claims under any such policy.*
Apportionment valid although beneficiaries not all included.
- 10
(5.)
Any person having taken out such a policy with right to participate in the profits may, *subject to the regulations or by-laws of the company issuing the policy*, from time to time either direct the application of such profits in payment or reduction of premiums, or direct the same, *when converted into a reversionary bonus*, to be added to the insurance money, and the share of each person, when more than one are benefited, will, in the case of such addition, be proportionately increased. *If no direction is given, then the profits shall be converted into a reversionary bonus.*
Assured may direct application of bonuses.
- 15
(6.)
The benefit of any such policy shall revert to the insured when the child for whose benefit it was effected, or the surviving child for whose benefit it exists, dies without issue before *the insured*, or when the wife for whose benefit solely it exists predeceases her husband with or without issue; and the benefit of any share in an apportionment shall likewise revert to the insured when the child to whom it was apportioned dies without issue before the insured, or when the wife to whom it was apportioned predeceases her husband with or without issue.
Reversion on death of beneficiaries.
- 20
(7.)
When the insured and all the persons beneficially interested under such a policy are *sui juris*, they may jointly assign, mortgage, discharge, or otherwise deal with the policy as fully and effectually as the *assured* could have done if he held it for his own use and benefit only.
Beneficiaries may join in assignment of policy.
- 25
(8.)
When a policy reverts to the insured in whole or for a share or shares, the insured may deal with such policy or share or shares as if the insurance had been effected and been always held for his own benefit.
On reversion insured may deal with policy as his own.
- 30
(9.)
Any person who has taken out such a policy, and who finds himself unable to continue to pay the premiums, may from time to time borrow on the security of the policy, from the company who issued the same, or from any person, such sum as may be necessary to keep the policy in force, such loans to be secured by mortgage on the policy.
Assured may borrow on policy for maintaining the same.
- 35
(10.)
Notwithstanding anything contained in any law or statute, or in any rule of law of equity to the contrary, the holder of a policy may, from time to time, with the consent of his wife living at the time, borrow, on the security of the policy, such sums as he may think fit, and grant a mortgage on the policy as a security for any such loan.
Insured, with wife's consent, may mortgage settlement policy.

*Annual Statement, &c., by Company.*

- 50
46.
Every company shall, at the expiration of each financial year of such company, prepare and deposit in like manner, and in addition to other state-
Company to furnish annual statements of all its policies.

ments required by "The Life Assurance Companies Act, 1873," a statement of all its policies at the close of such year in the form contained in the *Thirteenth* Schedule to this Act.

Company to furnish separate statements of New Zealand business.

47. Every company shall keep a separate account of all its life assurance business transacted in New Zealand, and of the entire assets of the company in New Zealand, and shall, in addition to the annual statements of its whole business required under sections twenty-one, twenty-two, and twenty-six of "The Life Assurance Companies Act, 1873," and under section *forty-six* of this Act, prepare separate statements of its business transacted in New Zealand in the forms contained in the First, Second, Third, and Fourth Schedules to "The Life Assurance Companies Act, 1873," and in the form contained in the *Thirteenth* Schedule to this Act; and such statements shall be deposited with the Colonial Treasurer within *five* months of the expiration of the financial year of the company.

Penalty for non-compliance with Act.

48. Every company which makes default in complying with the requirements of this Act, and shall continue in such default for *seven* days after notice by the Colonial Treasurer, or any person interested in the matter of such default, shall be liable to a penalty not exceeding *fifty* pounds for every day during which the default continues.

REPEAL.

Repeal.

49. Sections forty-six to fifty, *both inclusive*, of "The Life Assurance Companies Act, 1873," and sections fourteen, fifteen, sixteen, seventeen, eighteen, nineteen, twenty-one, twenty-two, twenty-three, *and* twenty-five of "The Government Insurance and Annuities Act, 1874," are hereby repealed.

SCHEDULES.

Schedules.

FIRST SCHEDULE.

Sec. 4.

FORM OF ORDINARY TRANSFER.\*

Date of Transfer.	Signature of Transferor.	Witness.	Transferee.			Signature of Transferee.	Witness.	Date of Registration of Transfer.	Signature of Secretary.
			Name in full.	Address.	Occupation.				

\* By this Form of Transfer an absolute assignment of the policy is effected.

FORM OF ASSIGNMENT TO PURCHASER.

1b.

I, A.B., being the holder of Policy No. \_\_\_\_\_ in the books of the [Here set out name of company], (subject, however, to [here state mortgages, if any]), insuring £ \_\_\_\_\_ on the life of \_\_\_\_\_, in consideration of the sum of





annum, payable by                      payments on the                      day of the  
 months of                      in each year [Or if mortgage not given to secure a loan  
 strike out previous covenants, and here set out covenant to perform the obligation  
 for the securing of which mortgage is given.] [Here set out special covenants,  
 if any]; and, for the better securing to the mortgagee the performance of the  
 covenants herein set forth, the mortgagor hereby mortgages to the mortgagee  
 all his right, title, and interest in the said policy above described.

In witness whereof the mortgagor has hereunto subscribed his name this  
 day of                      , 18                      .

A.B.,  
 Mortgagor.

Signed by the above-named A.B., as  
 mortgagor, in the presence of—

G.H.

[Occupation and address.]

See 10, 12.

#### FIFTH SCHEDULE.

COVENANTS, POWERS, CONDITIONS, AND AGREEMENTS TO BE IMPLIED IN MORTGAGES NOT BEING MORTGAGES TO THE COMPANY LIABLE UNDER THE POLICY MORTGAGED.

On the part of the mortgagor,—

- (1.) That during the continuance of this mortgage the mortgagor will duly and punctually, at the proper times for so doing, make all payments and do all such acts, deeds, matters, and things as are necessary to keep the policy hereby mortgaged in full force, and after making any such payment will produce to the mortgagee the receipt for the same, and will not do, or permit or suffer to be done, any act, deed, matter, or thing whereby or by means whereof the policy hereby mortgaged may lapse or become void, or become liable to lapse or become void in any manner whatsoever:
- (2.) That if from any cause whatever the mortgagor shall fail or neglect to make all or any part of the payments necessary to keep the said policy in force, it shall be lawful for but not imperative on the mortgagee to make such payments on behalf of the mortgagor, and the same, with interest thereon at eight pounds per centum per annum from the date of payment by the mortgagee until repayment to him, shall be repayable by the mortgagor to the mortgagee immediately upon demand, and, until repayment, shall be a charge upon the hereby mortgaged policy, and the same shall not be redeemable until such moneys are repaid:
- (3.) That, subject as is hereinafter mentioned, the mortgagee shall be entitled to the custody of the policy hereby mortgaged during the continuance of this mortgage:
- (4.) That if the amount assured by the policy hereby mortgaged shall become a claim or be payable prior to the day mentioned in this mortgage for the payment of the principal moneys intended to be hereby secured, then and in such case the said principal moneys and interest thereon up to date shall be deemed to be due and payable to the mortgagee on the day on which the said amount became payable, in lieu of the day so mentioned in this mortgage for payment; and the mortgagee's receipt and discharge for the payment of the said amount shall be deemed to be, to the extent thereof, a receipt and discharge of the moneys assured by the policy hereby mortgaged.

And, on the part of the mortgagee,—

- (1.) That upon repayment of all the principal money and interest secured by this mortgage at the time herein specified for payment of the same, and upon performance and observance of such other obligations or agreements as is by this mortgage provided, he, the mortgagee, will execute a discharge of such mortgage in accordance with the provisions of "The Life Assurance Policies Act, 1884," and will thereupon deliver this mortgage, with such discharge indorsed thereon, and the policy hereby mortgaged, to the mortgagor:
- (2.) That if at any time, or from time to time, during the continuance of this mortgage, the mortgagor shall desire to assign the policy hereby mortgaged, or to mortgage the same subject to such mortgage, he, the mortgagee, will, on reasonable notice being given to him of the mortgagor's said desire, produce the said policy, as often and for so long as may be reasonably required, at the office of the company, and permit the said assignment or mortgage to be registered on the same.

And it is declared and agreed, by and between the mortgagor and mortgagee,—

That if the mortgagor shall make default in payment of the principal or interest moneys secured by this mortgage, or any part thereof, on the days or times in this mortgage fixed for the payment of the same, or shall otherwise make default in the observance or performance of the conditions or agreement to secure the observance or performance of which this mortgage is made, or if the mortgagor shall make default in the observance or performance of any one or more of the covenants contained or implied in this mortgage, then in any of such cases it shall and may be lawful for the mortgagee forthwith, or at any time thereafter, to sell the hereby mortgaged policy, or such interest therein as is mortgaged by this mortgage, in such mode and on such terms and conditions in all respects as he shall, in his own absolute discretion, think fit, with full power to buy in the same at any sale, and again offer the same for sale as often as occasion may require, or to surrender the same to the company issuing it on receiving the surrender-value for the same, and to apply the proceeds of such sale, or the amount of such surrender-value, first in payment of all costs, charges, and expenses to which the mortgagee has been put in connection with such sale or surrender or otherwise in connection with this mortgage, and next in payment of all the principal, interest, or other moneys secured by the mortgage; and the surplus (if any) shall be paid to the mortgagor.

SIXTH SCHEDULE.

Secs. 11, 12.

COVENANTS, POWERS, CONDITIONS, AND AGREEMENTS TO BE IMPLIED IN MORTGAGES TO THE COMPANY LIABLE UNDER THE POLICY MORTGAGED.

On the part of the mortgagor,—

- (1.) That interest at the rate mentioned in this mortgage, on the principal amount received under this mortgage, shall be payable by the mortgagor to the mortgagee by equal half-yearly payments on the days mentioned in this mortgage for the purpose:
- (2.) That if the moneys insured by the policy hereby mortgaged shall become payable during the continuance of this mortgage, the mortgagee may

deduct all principal moneys hereby secured, and all interest then due thereon, from the amount assured by the policy when paying over the same; and thereafter no further interest shall be payable to the mortgagee on the said principal moneys:

- (3.) That if at any time during the continuance of this mortgage the total amount of principal and interest due under this mortgage, together with overdue premiums on the policy hereby mortgaged (if any), shall exceed the then surrender-value of such policy, or if the said policy shall be allowed to lapse, then and in any such case the policy hereby mortgaged shall thereupon become absolutely void.

And on the part of the mortgagee,—

- (1.) That if all the principal and interest moneys hereby secured are duly paid off and satisfied according to the terms and provisions of this mortgage, then and in such case, if the policy hereby mortgaged shall then be in full force, and shall not have lapsed or become void, or become liable to lapse or to be declared void, the mortgagee shall duly execute and procure to be registered, in accordance with the provisions of "The Life Assurance Policies Act, 1884," a discharge of this mortgage, and then shall return the said policy to the mortgagee:
- (2.) That if and so soon as the policy hereby mortgaged shall have become void as above provided, such avoidance shall be held to be in full satisfaction and discharge of the principal and interest moneys due on this mortgage, and shall be deemed to acquit, release, and discharge the mortgagor of and from the same, and from all actions, suits, claims, and demands on account thereof or in relation thereto.

Sec. 18.

SEVENTH SCHEDULE.

MEMORANDUM OF REGISTRATION OF MORTGAGE ON POLICY.

MORTGAGE of the within policy to \_\_\_\_\_, of \_\_\_\_\_, registered this day of \_\_\_\_\_, 18\_\_\_\_, at \_\_\_\_\_ o'clock in the \_\_\_\_\_ noon.

\_\_\_\_\_, Secretary.

Sec. 18.

EIGHTH SCHEDULE.

MEMORANDUM OF REGISTRATION OF MORTGAGE ON MORTGAGE.

THIS mortgage registered this \_\_\_\_\_ day of \_\_\_\_\_, 18\_\_\_\_, at \_\_\_\_\_ o'clock in the \_\_\_\_\_ noon.

\_\_\_\_\_, Secretary.

Sec. 17.

NINTH SCHEDULE.

MEMORANDUM OF DISCHARGE OF MORTGAGE.

THIS mortgage is hereby discharged [*If discharge be only partial, add words showing how far discharge is intended to operate*].

A.B.,  
Mortgagee.

Signed by the above-named A.B., as  
mortgagee, in the presence of—

C.D.

[Occupation and address.]

Life Assurance Policies.

TENTH SCHEDULE.

Sec. 19.

MEMORANDUM OF REGISTRATION ON DISCHARGE OF MORTGAGE ON A POLICY.  
 DISCHARGE of mortgage to [If discharge is only partial, add words showing how far discharge operates] , registered this day of , 18 , at o'clock in the noon.  
 , Secretary.

ELEVENTH SCHEDULE.

Sec. 19.

MEMORANDUM OF REGISTRATION OF DISCHARGE OF MORTGAGE ON MORTGAGE.  
 DISCHARGE of within mortgage [If discharge only partial, add words showing how far discharge operates] registered this day of , 18 , at o'clock in the noon.  
 , Secretary.

TWELFTH SCHEDULE.

Sec. 20.

MEMORANDUM OF REGISTRATION ON POLICY OF TITLE OTHERWISE THAN BY WAY OF ASSIGNMENT.  
 THE within policy has become vested in A.B., of , by virtue of [Here state how title to policy has been acquired], this day of , 18 , at o'clock in the noon.  
 , Secretary.

THIRTEENTH SCHEDULE.

STATEMENT OF POLICIES ISSUED, DISCONTINUED, AND EXISTING IN THE DURING THE YEAR ENDED

	Assurance.				Endowment.				Annuity.			
	No. of Policies.	Sum Assured.	Single Premium.	Annual Premium.	No. of Policies.	Sum Assured.	Single Premium.	Annual Premium.	No. of Policies.	Amount of Annuity per Annum.	Con- sideration received.	Annual Premium.
Total policies in force at beginning of year ...												
Policies issued during the year ...												
Totals ...												
Policies discontinued during the year ...												
Total policies existing at end of year ...												

PARTICULARS OF POLICIES DISCONTINUED.

How Discontinued.	Assurance.			Endowment.			Annuity.		
	No. of Policies.	Sum Assured.	Annual Premiums.	No. of Policies.	Sum Assured.	Annual Premiums.	No. of Policies.	Amount of Annuity per Annum.	Annual Premiums.
By Death ...		£	£ s. d.		£	£ s. d.		£ s. d.	£ s. d.
„ Maturity ...									
„ Surrender ...									
„ Lapse ...									
„ Change ...									
Other causes ...									
Totals ...									

PROGRESS OF THE BUSINESS OF THE ... SINCE ITS ESTABLISHMENT TO

	No. of Policies.	Sums Assured.	Annuity per Annum.	Annual Premiums.
		£ s. d.	£ s. d.	£ s. d.
Total issued ...	...			
Total discontinued ...	...			
Total existing ...	...			
Annual income from interest ...			...	
Total annual income ...			...	

By Authority: GEORGE DIDSBURY, Government Printer, Wellington.—1884.