

These considerations lead to the conclusion that the adoption of tables of present values based on outside experience does not err on the side of severity. An actuarial estimate of a society's position is necessary not only as a matter of prudence but also as a matter of justice. Unless such an estimate be taken from time to time no discovery can be made of errors, whether arising from false assumptions at the commencement or from the effect of changing conditions. The payment for many years of inadequate contributions must leave the legacy of a deficiency long since contracted to others who, though not responsible for the mistake, will have to bear the loss. If, therefore, such an initial mistake was made, or if, either in combination with or apart from such mistake, an excessive sickness has been experienced, or losses have occurred, it is imperative that members should know to what extent their finances have been thereby affected, in order that, if needful, they may apply an immediate remedy, and so prevent the society from drifting into a position of yet greater difficulty and danger. Even though what might reasonably be regarded as an adequate scale of contributions was adopted at the commencement, yet, as years pass, it is unsafe to go on in ignorance of the effect produced by the combined results of the various causes which, whether under control or not, help a society's sound progress or hinder it. On the other hand, should a surplus be disclosed, resulting from good management or accidental good fortune, it is equitable that the present members should receive the benefit thereof. Herein lies encouragement for societies to adopt a liberal scale of contributions and to exercise special care in the conduct of their affairs. Valuation of a friendly society has been aptly compared with stock-taking by a trader, the neglect of which would involve a charge of criminal recklessness. Year by year a society's balance-sheet may show an increase of accumulated capital, but unless such increase be measured by reference to the amount of liabilities it cannot be known whether the increase is sufficient. Although an actuarial estimate may not furnish an absolutely accurate forecast of the future, it is not the part of wise men to found a scheme of thrift on blind chance, and to let it drift without an effort to direct or even ascertain its course. Under new external conditions there is the greater need of caution, and the first consideration of the members of a friendly society should be to make their thrift secure.

18. Valuations were made as on the 31st December, 1895, of the following societies:—

M.U.I.O.O.F.—Nelson District, 5 branches; Lyttelton District, 8 branches.

A.O.F.—Taranaki District, 7 branches; Nelson District, 10 branches.

19. The total sickness of these societies during the quinquennium preceding valuation was nearly 25 per cent. in excess of the expectation, and the sickness of members above age 40 was 83 per cent. in excess of the expectation. The actual sickness per death was 269 weeks, the expected ratio being 118 weeks, and the actual sickness per death of members above age 40 was 330 weeks, the expected ratio being 121 weeks.

20. Summarised results of the valuations are given in two tables (Appendix V.).

Table A shows—

1. Number of members at the date of valuation;
2. Present value of benefits;
3. Present value of contributions to benefit funds;
4. Value of accumulated benefit funds;
5. Surplus or deficiency;
6. Average surplus or deficiency per member;
7. Average age of members;
8. Average annual contribution, per member, to benefit funds;
9. Average value, per member, of accumulated benefit funds;
10. Rate of interest, per annum, credited to benefit funds (average for quinquennium);
11. Surplus or deficiency at previous valuation (average per member).

Table B shows—

1. Ratio to liabilities of—(a) Present value of contributions to benefit funds; (b) value of accumulated benefit funds; (c) total assets; (d) surplus or deficiency.
2. Causes of surplus or deficiency.

For convenience of publication, the causes assigned for the surplus or deficiency disclosed by valuation are indicated in Table B by means of letters referring to a list prefixed to the table.

21. Societies, on application to the Registrar, may have their valuations made free of cost. The experience of the societies valued in the office as at the end of 1895 represents 12,929·5 years of life at risk. This experience has been grouped with that published in tabular form in last year's report, and the combined results are exhibited hereunder.

SICKNESS and MORTALITY EXPERIENCE of Societies valued in the Office (Men Members only).

Age of Members.	Number of Years of Life at Risk.	Sickness (Weeks).				Number of Deaths.	
		First Six Months.	Second Six Months.	After Twelve Months.	Total.	Of Members.	Of Wives.
Under 25	11,817·5	7,963	477	851	9,291	56	9
25-30	11,908·0	6,958	505	715	8,178	55	25
30-35	11,632·5	7,577	622	1,221	9,420	55	38
35-40	10,748·5	7,793	564	1,007	9,354	53	52
40-45	8,434·5	7,091	835	2,755	10,681	45	46
45-50	6,576·5	7,097	933	3,548	11,578	51	30
50-55	4,912·0	6,620	1,274	4,358	12,252	72	38
55-60	2,584·5	4,064	905	5,232	10,201	54	21
60-65	1,325·5	2,652	596	4,113	7,361	19	15
65-70	397·0	1,057	256	3,011	4,324	16	8
70 and upwards	222·0	660	352	3,011	4,023	18	5
All ages	70,558·5	59,522	7,319	29,822	96,663	494	287