

scrutiny, and the additions to the investment fluctuation reserve have been made upon a basis which it is believed will, in accordance with the established practice of the Department, maintain the reserve in advance of all requirements. The balance of £156,994 has been added to the assurance, annuity, and endowment funds, which now amount to £3,822,577. The following short statement will give some idea of the growth of the Department, in this and other respects, during the past fifteen years:—

Year.	Policies in Force.					Revenue from Interest.	Accumulated Funds.	Ratio of Total Expenses (including Taxes) to Total Income.
	Number.	Sum Assured.	Bonuses.	Annuities.	Premium Income.			
1890	28,102	£ 7,544,030	£ 263,762	£ 5,669	£ 223,610	£ 89,796	£ 1,715,193	Per cent. 16·5
1905	45,137	10,468,316	954,751	49,305	321,759	169,153	3,822,577	13·0
Improvement in 15 years	17,035	2,924,286	690,989	43,636	98,149	79,357	2,107,384	3·5 (Decrease).

The Balance-sheet.—On the 31st December, 1905, the total assets of the Department amounted to £3,927,804, and were invested as shown in the following comparative statement:—

At 31st December, 1904.		Class of Investment.	At 31st December, 1905.	
Amount.	Percentage of Total Assets.		Amount.	Percentage of Total Assets.
£ 1,966,913	52·3 per cent.	Mortgages on freehold property ...	£ 2,132,039	54·3 per cent.
667,950	17·8 "	Government securities ...	667,965	17·0 "
660,262	17·5 "	Loans on policies ...	679,493	17·3 "
135,768	3·6 "	Local bodies' debentures ...	154,334	3·9 "
123,580	3·3 "	Landed and house property ...	122,436	3·1 "
102,383	2·7 "	Miscellaneous assets ...	103,119	2·7 "
103,659	2·8 "	Cash on current account ...	67,614	1·7 "
1,004	0·0 "	Properties acquired by foreclosure...	804	0·0 "
£3,761,519	100·0 per cent.	Total	£3,927,804	100·0 per cent.

It will be seen that there has been an increase of £18,566 in local bodies' debentures, and an increase in loans on policies of £19,231, which is smaller than usual, and is suggestive of easier financial conditions enabling more policyholders to avoid trenching upon their life-insurance accumulations. Properties acquired by foreclosure have virtually disappeared from the balance-sheet, the small amount shown being the balance due on a property sold on terms, which at the date of this report has been actually liquidated in cash. The Department now stands in the highly gratifying position of having no foreclosed properties on its hands. The asset which shows the greatest advance is that of mortgages on freehold property, which has been increased by £165,126, and is now well into the third million.

Triennial Investigation.—The valuation of the Department's liabilities on the 31st December last was completed early in the present year, and the full particulars are contained in the Actuary's report. After applying the severe test of a strict net premium valuation on the basis of H^m 3½ per cent. there was found to remain a surplus of £195,881 over and above the liabilities valued at £3,626,695. Of this surplus £16,887 was carried forward as a reserve against possible future fluctuations, and the sum of £178,994 was applied to provide bonus additions to all participating policies. The individual bonuses were allotted by the compound-reversionary-bonus method introduced three years ago, which has given general satisfaction. The total reversionary bonuses allotted amounted to £302,910, and policyholders in the General Section received larger bonuses than at the previous investigation. It is a matter for regret that on this occasion it has been found necessary to allot somewhat smaller bonuses to the Temperance policyholders than at the last distribution, not because there was not sufficient surplus available on the Department's business as a whole to provide increased bonuses for them also, but because the Department is obliged by law to distinguish between the mortality profit derived from the separate sections, General and Temperance. An honest effort (extending over twenty years) has been made to give abstainers the benefit which they claim as their due on account of superior vitality; but unfortunately this intention has been frustrated by the small amount of support given to this separate section and by one or two other subsidiary causes not necessarily associated with the mortality of the Temperance Section, in respect of which there is, as will be seen from the report of the Actuary on the triennial valuation, no reason to think that it is inferior to that of the General Section. It is therefore considered that it would be to the advantage of every one concerned if the section were merged in the general business of the Department, thus effecting a considerable economy in the general administration and ensuring to the present Temperance policyholders the more stable conditions as regards bonuses enjoyed by the General policyholders of the Department.

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