

Outgo.—During the year 407 policies became void by death, for claims amounting to £132,428. This is a decrease in amount as compared with the previous year, and considerably under what is provided for in the tables of mortality used by the Department. Three hundred and eighty-two policies also matured as claims during lifetime for £101,829, and it will be of interest to know that £3,661,650 has been paid in respect of claims by death and survival since the Department was founded thirty-nine years ago.

The ordinary surrenders amounted to £33,927 (as against £25,770 in 1907, and £32,810 in 1906), and a further sum of £25,234 has been paid to Civil servants on relinquishing their policies in order to join the Superannuation Fund. There is reason to believe that the passing of the Public Service Superannuation Act, besides being responsible for the whole of the latter item, has also been partly the cause of the increase in ordinary surrenders, as quite a number of ordinary policies have been given up by Civil servants on the ground that they could not afford to keep them in force after joining the Superannuation Fund. On the other hand, loans released by surrender decreased from £20,680 to £18,121, and the sum assured under lapsed policies is about £12,000 less than in 1907.

Accumulated Funds.—The net increase in the funds during the year (after payment of the surrender value of the Civil Service policies and providing a further addition of £20,000 to strengthen the Investment Fluctuation Reserve) amounted to £117,273, and the total assurance, annuity, and endowment funds, apart from special reserves, now exceed four and a quarter millions, standing as an actual fact at £4,264,685. The following statement shows the progressive growth of the Department in this and other respects during the past twenty years :—

Year.	Policies in Force.				Total Income.	Accumulated Funds.	Total Expenses (excluding Taxes).	Ratio of Total Expenses (excluding Taxes) to	
	Number.	Sum assured.	Bonuses.	Annuities.				Total Income.	Premium Income.
1888	26,168	£ 7,076,252	£ 286,236	£ 4,540	£ 282,201	£ 1,452,479	£ 42,361	Per cent. 15·0	Per cent. 20·3
1898	37,848	9,304,741	819,486	20,906	410,148	2,861,534	50,075	12·2	18·0
1908	47,933	10,955,749	1,068,950	20,679	534,441	4,264,685	56,420	10·6	16·6

The Balance-sheet.—On the 31st December, 1908, the total assets of the Department amounted to £4,399,848, and were invested as shown in the following comparative statement :—

At 31st December, 1907.		Class of Investment.	At 31st December, 1908.	
Amount.	Percentage of Total Assets.		Amount.	Percentage of Total Assets.
£ 2,388,021	56·2 per cent.	Mortgages on freehold property ...	£ 2,571,865	58·5 per cent.
697,054	16·4 "	Loans on policies ...	730,865	16·6 "
667,996	15·7 "	Government securities ...	668,013	15·2 "
176,804	4·2 "	Local bodies' debentures ...	179,509	4·1 "
122,436	2·9 "	Landed and house property ...	124,325	2·8 "
104,467	2·4 "	Miscellaneous assets ...	107,983	2·4 "
94,644	2·2 "	Cash on current account ...	17,288	0·4 "
£4,251,422	100·0 per cent.	Total ...	£4,399,848	100·0 per cent.

The chief items of interest in the balance-sheet are the following :—

(1) The item "Properties acquired by foreclosure" has again disappeared from the assets, the Department having no foreclosed properties on its hands.

(2) The total investments show an increase of £221,471, now amounting to £4,276,470.

(3) Cash in hand and on current account has decreased from £94,644 to £17,288, the difference being invested in mortgages on property and other securities bearing a higher rate of interest than that of the bank.

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. A strict net premium valuation on the basis of H^m 3½ per cent. disclosed a surplus of £249,196, after allowing for £13,138 interim bonuses paid during the triennium, and making a further provision of £20,000 towards the Investment Fluctuation Reserve. Of the surplus £56,766 was carried forward for the purpose of still further strengthening the valuation basis in the near future, and the balance of £192,430 was applied to provide bonus additions to all participating policies by the compound reversionary bonus method, by which policyholders receive bonuses not only on the sum assured, but on all the previously allotted bonuses which have not been surrendered. The resulting bonus rate to policies in the General Section was 20s. per cent. per annum, and in the Temperance Section 22s. per cent.

In the Valuation report attention is drawn to the satisfactory results of the last triennium, in consequence of which "the Department is now in a position to allot increased bonuses all round, and also to make such substantial reserves as will enable it to commence another triennial period of activity with every confidence."

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