

The result is that the General and Temperance Sections respectively will receive compound bonuses of 20s. per cent. upon the sum assured and existing bonuses for each year's premium paid since last valuation, the total reversionary bonus so allotted amounting to £322,090. This compound bonus of 20s. per cent. is equivalent to a simple bonus commencing at 20s. per cent. per annum to new policies, and increasing with the duration of the contracts to 34s. per cent. per annum in the case of the older policies.

Owing to the war there has been a further fall in the market price of Government and other securities quoted on the Stock Exchange, and of course every increase in the rate of interest further depreciates the value of stock bearing a lower rate. The securities will naturally rise in value as they approach maturity, but in the meantime it has been thought inadvisable to value them at more than their market value. A further sum of £99,704 has therefore been carried to the Investment Fluctuation Reserve, bringing the amount up to £288,825. Owing to the decrease in the value of securities and the increased return on investments, the proposed reduction of the valuation basis for assurances to $3\frac{1}{4}$ per cent. interest has been postponed. The assumption, however, of so low a future interest-earning power as $3\frac{1}{4}$ per cent. in view of the increasing interest returns, coupled with the large provision for the possible depreciation of securities, renders the valuation a very stringent one.

A complete valuation statement, prepared in accordance with the Government Life Insurance Act, 1908, is appended.

Respectfully submitted,
PERCY MUTER,
Actuary.

The Government Insurance Commissioner.