

REPORT BY THE ACTUARY.

To the Registrar.

12th June, 1920.

THE work of valuation was still being carried out under some disadvantages last year as, largely owing to the effects of the war, staff reorganization had become necessary with the consequent rearrangement of office accommodation which has subsequently taken place. The actuarial work arising out of recently completed valuations, more especially in connection with applications under the Friendly Societies Act for appropriations of surplus capital, has latterly increased considerably. Caution in dealing with such matters has, of course, to be exercised at the present time, as a considerable period must elapse before the full effects of the war on the sickness and mortality experience of the societies can be disclosed by future valuation. The additional actuarial work entailed by the growing requirements of the societies may, however, be considered a satisfactory general indication of their progress towards a stronger financial position.

The same mortality and sickness basis has been adopted for valuation purposes as in previous years—viz., the experience of New Zealand Friendly Societies up to age 70, and Sutton's English Sickness Tables and Farr's Healthy English Mortality Tables after that age, with modification in special cases. Particulars of the valuations completed are given in Appendix IV.

The following societies were valued during the year:—

- (1.) The South Canterbury District, M.U.I.O.O.F., comprising 5 lodges.
- (2.) The Taranaki, New Zealand, District, A.O.F., representing 11 courts.
- (3.) The Wellington District, A.O.F., with 30 courts.
- (4.) The Nelson District, A.O.F., with 11 courts.
- (5.) Sanctuary Sir George Grey (Wellington), A.O.S.
- (6.) The Grand Lodge of the North Island of New Zealand, U.A.O.D., representing 85 lodges.
- (7.) The Grand Lodge of Canterbury, New Zealand, U.A.O.D., with 23 lodges.
- (8.) Grand Council of New Zealand, P.A.F.S.A., representing 12 lodges.
- (9.) Widow and Orphans' Society, Wellington District, M.U.I.O.O.F.

Speaking generally, the valuations of the principal funds of the societies specified above show either a position of complete solvency—*e.g.*, (1), (2), and (9)—or that more or less satisfactory progress had been made in that direction. (1), (3), and (6) afford instances of a progressive policy in recent revisions of contribution or benefit scales, while good interest earnings and efficient management generally have contributed to the improvement shown in the aggregate valuation results.

Certain funds, on the other hand, originally established on an insufficient or unscientific contribution basis, and subsidiary to the main society funds, show very unsatisfactory valuation results. The Insurance and Superannuation Funds belonging respectively to Grand Lodges (6) and (7) above of the U.A.O.D. are cases in point, the financial position of these special funds being such as to require immediate attention. In the case of (6) some steps to strengthen the contribution basis of the Insurance Fund have recently been taken, and, although this is satisfactory so far as it goes, something still remains to be done. A small special benefit fund in connection with (8)—*i.e.*, the P.A.F.S.A.—depends for levies on the principle of assessmentism which has repeatedly been proved to be an unsound system of contribution.

Little effect traceable to the war was apparent on the sickness experience of the societies valued, or on their mortality experience, when the date of valuation was 1915. When the valuation date was later than 1915, however, an increased mortality, at ages under 40, was, as might naturally be expected, a feature of the experience of the larger societies.

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Approximate Cost of Paper.—Preparation, not given; printing (900 copies), £7 10s.

Price 6d.]

By Authority. MARCUS F. MARKS, Government Printer, Wellington.—1920.