

The rate of interest credited to the Insurance Fund was £5 6s. 6d. per cent. gross on the mean fund, and after deduction of land and income tax from interest was £5 1s. 3d. per cent.

*General.*—I am pleased again to report that the year's progress of the Department has been satisfactory. The new business of over one million and a quarter, while less than that of last year, compares very well indeed with the standard of previous years. There have been substantial increases in both the premium and interest income, accompanied by a decrease in the rate of expenses from 21·4 per cent. to 18·3 per cent. of the premium income and from 13·4 per cent. to 11·4 per cent. of the total income, and there has been a record increase in the funds. A valuation of the policies on the books at the end of last year disclosed a highly satisfactory result.

As this report practically coincides with the occasion of my retirement from the Department after a service of over forty years, something in the nature of a retrospect may be permitted. The following figures illustrate the progress of the Department from the time I took charge as Commissioner in 1890 to the present date :—

Date.	Number of Policies in force.	Premium Income.	Interest Income.	Funds.
		£	£	£
1st January, 1890 .. ..	27,218	217,308	81,386	1,582,448
31st December, 1897 .. ..	36,174	269,688	128,424	2,725,106
31st December, 1905 .. ..	45,137	321,759	169,153	3,822,577
31st December, 1913 .. ..	51,343	366,833	233,224	4,980,131
31st December, 1922 .. ..	59,487	483,734	310,190	5,922,825

It will be seen that the Department has maintained a condition of progress throughout the period. The continued investment and reinvestment of the large funds of the Department has naturally called for a great deal of time and care, but I am able to say that the losses made during the period have been singularly few. During the whole period of its existence the Department has operated in strenuous competition with private offices, and the period during which I have had control has been no exception. As an example and possibly a conspicuous example of State enterprise in commercial competition, the Department has attracted world-wide attention not always of a disinterested nature, but it has earned a very good name as an example of successful State management in a difficult and strenuous commercial business. During the term of my management stress has always been placed upon the policy of making the actuarial soundness of the Department the first consideration, and in this connection the Department was able to stand the strain of paying extra claims due to war causes to the extent of £500,000 with only a very slight decrease in its rate of bonus, notwithstanding which the present position as shown by the office valuation is an exceedingly good one. I may also point to the fact that although the Department's business is restricted to so small a population as that of New Zealand, the Office nevertheless takes a considerable rank in point of magnitude among the offices of a great country like England; and, as previously pointed out, the Department's operations have been in some degree responsible for the fact that the population of New Zealand is one of the best-insured in the world, the sum assured per head in 1917 working out at £42 in New Zealand, as against £31 in Australia, and approximately £29 in Great Britain. I would add that I leave the Department with every confidence that its position in point of soundness is unchallengeable and that its outlook for the future is excellent. Though only the second year of the triennium has elapsed, the surplus, assuming the same valuation basis, is already in excess of what is usually brought out at the end of a triennial period.

J. H. RICHARDSON, Commissioner.