

During the year some difficulty arose in dealing with the investment of the Department's funds. A falling-off occurred in the demand for mortgage loans of the smaller amounts, and this, combined with an unprecedented increase in the Department's income, with resultant rapid accumulation of funds, caused the statutory limitations upon the Department's lending-powers to be more severely felt than hitherto. Under the circumstances special action was initiated, with the satisfactory result that at the end of the year the whole of the funds available were definitely contracted for.

Interest.—The net effective rate of interest credited to the Insurance Fund, after deduction of land and income tax from interest, was £5 6s. 8d. per cent.

Investment Fluctuation Reserve.—It will be remembered that, owing to conditions arising out of the world war, it was deemed advisable in 1917 to set aside the sum of £99,704 to strengthen the Investment Fluctuation Reserve Fund. After full consideration of the improved financial outlook and all the other factors involved, and more particularly in view of the fact that the basis of valuation of the actuarial liabilities of the Department was being strengthened by approximately £250,000, it was decided that the best interests of the Department would be served by a repayment to the Assurance Fund, and accordingly £75,788 was transferred from the Investment Fluctuation Reserve Fund.

Triennial Investigation.—The triennial valuation of the Department's liabilities and assets as at 31st December, 1923, was completed by the Actuary early this year. The most important features of the valuation—the results of which are set out fully in the Actuary's report—are—

- (1.) The valuation has been made upon the very severe basis of OM 3 per cent. as against the former HM 3½ per cent.—that is to say, not only is a more stringent mortality table employed, but a future interest-earning power of only 3 per cent. has been taken credit for in place of the former 3½ per cent. The result is a strengthening of the actuarial reserves by approximately a quarter of a million pounds, against which must be reckoned the transfer from the Investment Fluctuation Fund mentioned above, the net strengthening of the total reserves being approximately £173,000.
- (2.) The material increase in the rate of compound reversionary bonuses provided by the record surplus of £336,350. The amount of cash surplus distributed to policyholders was £317,563, which is greater by £99,857 (or nearly 50 per cent.) than the amount divided at the last triennial investigation.

It is extremely gratifying to be able to report that, as indicated above, the Department was able to place its reserves upon so very strong a basis and simultaneously to declare bonuses in excess of anything done before.

General.—The impregnable position disclosed by the actuarial valuation, including the very satisfactory margin existing between the rate of interest assumed (3 per cent.) and the actual earning-power of the Department's funds, which gives every promise of satisfactory continuance, indicates the virility of the Department and constitutes the best possible augury of future prospects.

A. T. TRAVERSI, F.I.A., Commissioner.

REVENUE ACCOUNT OF THE GOVERNMENT LIFE INSURANCE DEPARTMENT FOR THE YEAR ENDED 31ST DECEMBER, 1923.

	£	s.	d.		£	s.	d.
Amount of Funds at 1st January, 1923	5,922,824	13	4	Death claims under assurance policies, including bonus additions	166,657	7	0
Renewal premiums—Assurance, Annuity, and Endowment ..	444,539	7	3	Endowment Assurances matured, including bonus additions ..	229,865	15	0
New premiums (including instalments of first year's premiums falling due in the year) ..	42,854	14	1	Endowments matured ..	5,542	15	0
Single premiums—Assurance and Endowment ..	1,777	2	4	Premiums returned on endowments ..	139	8	3
Consideration for Annuities ..	10,042	8	9	Bonuses surrendered for cash ..	2,416	12	5
Interest and Rent .. £326,901 5 9				Annuities ..	20,630	3	7
Less land and income tax, £8,098 15s. 4d.; property expenses, &c., £3,377 10s. 6d.	11,476	5	10	Surrenders ..	30,899	14	1
				Loans released by surrender ..	43,589	12	9
Transfer from Investment Fluctuation Reserve Account ..	75,788	0	0	Commission, new* .. £30,501 8 10			
				„ renewal .. 3,148 18 9			
	315,424	19	11		33,650	7	7
				Expenses of management—			
				Salaries—			
				Head Office ..	23,088	12	9
				Branch offices and agents ..	12,499	1	8
				Extra clerical assistance ..	629	0	8
				Medical fees and expenses ..	6,225	15	8
				Travelling-expenses ..	562	5	7
				Advertising ..	484	0	8
				Printing and stationery ..	1,904	13	11
				Rent ..	5,236	18	10
				Postage and telegrams ..	1,892	3	1
				Exchange ..	43	17	8
				General expenses ..	3,600	8	4
				Triennial expenses ..	1,207	18	2
					57,374	17	0
				Amount of funds, 31st December, 1923	6,222,484	13	0
	£6,813,251	5	8		£6,813,251	5	8

* Including agents' allowances.