

Income.—On the income side, the chief items of importance are the increase of £175,820 in the total premium income, and the revenue from interest, which exceeds by £111,218 the interest earnings of the previous triennium. The net effective rate of interest credited to the funds each year for the past six years has been as follows:—

Rate of Interest (after deduction of Taxes from Interest).

	£	s.	d.		£	s.	d.
1918	4	15	11	1921	5	3	5
1919	5	5	0	1922	5	3	11
1920	5	1	8	1923	5	6	8

Outgo.—The death claims of the triennium were £194,074 lighter than in the previous triennium, which, however, included heavy amounts for war and influenza epidemic claims. The incidence of the mortality was favourable and resulted in a material profit.

The sum paid to the holders of endowment assurance or endowment policies who survived the selected terms amounted to £653,295, an increase of no less than £109,674 over the previous triennium.

THE VALUATION.

The business to be valued consisted of 60,545 policies, assuring £17,906,612, inclusive of bonus additions, and £23,024 immediate and deferred annuities per annum, the ordinary annual premiums thereon amounting to £499,333. The Department also receives £1,987 per annum representing additions to the tabular premiums. These extra premiums are assumed to cover the current year's extra risk, and are not brought into the valuation as an asset.

Basis of Valuation.—The net premium method of valuation has been strictly adhered to, whereby the whole margin of loading has been reserved as a provision for future expenses. The O^m Table of Mortality has been used for assurances, and the British Offices' Life Annuity Tables (1893), for annuities, 3 per cent. interest being used in each case.

The value of the total liability under the several contracts is	...	£	11,069,355
Deduct the value of the future net premiums	...		5,183,220
			<hr/> 5,886,135
The Accumulated Funds are	...		6,222,485
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Difference, being <i>Net Surplus</i> at 31st December, 1923	...		336,350
Add Interim Bonuses paid during the triennium	...		19,210
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Gross Surplus	...		£355,560
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THE SURPLUS.

Of this surplus of £355,560 the sum of £19,210 has been applied as shown above. Of the balance of £336,350 I recommend that £18,787 be carried forward, and that £317,563 be divided amongst all the participating policyholders in the form of compound reversionary bonuses per cent. on the sum assured and existing bonuses for each premium paid since the previous valuation. This will provide new reversionary bonuses of approximately £477,000.

Due consideration has been given to the difference between the present rates of premium and those charged before 1900 (hereafter referred to as the "Old Issue"), and to the more favourable mortality experienced in the Temperance Section, and a differential rate of bonus has been allotted to secure equity as far as practicable between the various classes of Assurance in both the General and Temperance Sections. The result is that new Assurance and Endowment Assurance policies effected during the triennium receive simple reversionary bonuses of 26s. and 30s. per cent. per annum on the sum assured in the General and Temperance Sections respectively, and business effected prior to that date, if existing bonuses have been left intact, bonuses increasing with the duration of the policy to £2 3s. per cent. per annum in the case of the older policies.

Double Endowment Assurances will receive simple reversionary bonuses ranging from 21s. to 27s. of the sum assured.

The Bonus Fund for Pure Endowments is sufficient to ensure that maturities during the next succeeding triennium will in no case receive less than £1 per cent. per annum over the whole duration of the policies.

These bonuses, although materially higher than the Department has ever declared in the past, can be allotted without straining its resources in any way. No Australasian life office adopts a stronger valuation basis than the Department, quite apart from the amount held in the Investment Fluctuation Reserve, of which little short of the whole will ultimately be available for retransfer. This, coupled with the fact that the Department was able, in a single triennium, to step from a 3½ per cent. to a 3 per cent. net premium valuation of its policy liabilities, an achievement which one of the strongest life offices of the world took twenty years to accomplish, is sufficient to justify the statement that none of the Department's competitors can look forward with more confidence to the maintenance of the bonus rate.

A complete valuation statement, prepared in accordance with the Government Life Insurance Act, 1908, is given on page 9.

The Government Insurance Commissioner.

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Actuary.

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