

The bonus allotted under the present issue of ordinary endowment assurances has been increased to £1 15s. per cent. per annum of the sum assured and existing bonuses, and, in the case of the corresponding issue of long-term endowment and whole-life assurances, the rate has been increased to £2 per cent. per annum of the sum assured and existing bonuses. These bonuses are very satisfactory, especially in view of the low premiums charged, and have been declared in conjunction with the maintenance of the strong valuation basis adopted by the Department.

*Expense Ratios and Rate of Interest.*—The ratio of expenses to (a) total income and (b) premium income, and the effective rate of interest (after the deduction of taxes) earned on the funds for 1925, 1930, and 1935 are as follows:—

| Ratio of expenses to—          |       | 1925.   | 1930.   | 1935.   |
|--------------------------------|-------|---------|---------|---------|
| (a) Total income               | .. .. | 11·08   | 8·41    | 8·62    |
| (b) Premium income             | .. .. | 18·00   | 13·88   | 13·39   |
|                                |       | £ s. d. | £ s. d. | £ s. d. |
| Net effective rate of interest | .. .. | 5 9 1   | 5 11 7  | 4 6 9   |

The expense ratios must be regarded as very satisfactory in view of the facts that the new business (and consequently the commission payable) was the highest in the history of the Department and that an addressograph-machine was installed at a cost of £3,788.

*General.*—Summarizing the results for the year:—

- (1) The new business was the highest ever transacted by the Department in any one year.
- (2) The total income increased by £14,042.
- (3) Claims decreased by £33,377.
- (4) Total funds increased by £336,909.
- (5) Profits divided amounted to £217,790.
- (6) Total assets now exceed £10,000,000.

During the year practically the only investments offering were those for long terms at low rates of interest. The Department, confident that such a position must be transient, followed the policy adopted by some of the leading British life offices, and allowed the funds to accumulate. The policy has been justified; advances are now being made more freely than they have been since the depression began, and it is confidently expected that by the end of 1936 the whole of the Department's funds will be invested at a rate which will show a reasonable return to its policyholders.

During recent years the Department has made marked advances, and, given average trade conditions, there is every reason to expect further progress. The Department is constituted entirely on the lines of a mutual life-insurance office, its policyholders being a group joined together for mutual aid and protection. In the attainment of this end policyholders not only benefit themselves, but, as their funds are invested entirely in New Zealand, they assist in a substantial way in its development. The welfare of the Department is therefore of vital interest not only to policyholders, but to the people of New Zealand generally.

W. E. ARNOLD, Commissioner.

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