

appropriated to management expenses; fourthly, that greater trouble should be taken to accurately record the numerical and financial progress of the society, and the sickness and mortality experience, with the view, amongst other things, of exciting a greater interest among members in the condition and progress of their society; and lastly, that every effort should be made to increase the membership of the courts, with the view of securing a nearer approach to an average sickness and mortality experience.

Thus both the valuations reported during the year disclose a very unsatisfactory state of affairs. Largely has this condition of things been due to an ignorance among members of the first principles of sickness and life insurance. Too commonly, in particular, is the notion entertained that because the benefit funds are increasing year by year the condition of the societies may be regarded as sufficiently satisfactory. With the view of counteracting this erroneous idea the Registrar appends hereto a table, prepared by Mr. R. P. Hardy, the eminent English actuary, showing the progress of a sickness assurance fund the contributions to which are only just sufficient to enable the society to meet its engagements. It will be seen what very large and rapid accumulations are necessary in the early years of a society, not in order to produce a surplus fund, but simply in order to enable the bare engagements of the society to be met. In the ideal society to which the table refers there is no sick pay beyond the age of 65, and no new members are supposed to enter. Where, as in all New Zealand societies, sick pay is granted throughout life, and a continuous stream of new members is kept up, it is obvious that the increase in the funds must continue for a much longer time, in order that the relatively enormous liabilities of the distant future may be successfully met. Indeed the fact that a benefit fund has increased continuously for forty or fifty years is of itself no guarantee whatever that all the members will receive the full benefits to which in the future they may become entitled.

“THE WORKING OF A SICKNESS ASSURANCE FUND.

“Suppose 1,000 persons of the age of 35 agree to form a society to secure sick-allowances up to age 65 for those that have been ill. The survivors of them must therefore contribute the sum of £1 17s. 3d. each at the beginning of every year, and those that have been sick may draw out of the funds at the end of the year 20s. for each week's illness.

“The following table shows the income, outgo, and funds in hand every year, up to the time when all the surviving members attain the age of 65. It will be noticed that the income is for the first 18 years larger than the demands, but that after that time the demands exceed the income, leaving the deficiency to be met by a draft upon the invested fund, the amount of which is finally absorbed, the last year's claims being just met.

“The society is then at an end, having accomplished its purposes.”

Age at Beginning of Year.	Number of Members Alive.	Fund at Beginning of Year.	Members' Contributions.	Interest on Investments.	Total Income.	Sickness Claims.	Balance of Income.		Fund at End of Year.	Age at End of Year.
							Excess.	Defect.		
35	1,000	Nil	£ 1,861	£ 56	£ 1,917	£ 1,012	£ 905	...	£ 905	36
36	991	905	1,844	82	1,926	1,024	902	...	1,807	37
37	981	1,807	1,826	109	1,935	1,042	893	...	2,700	38
38	971	2,700	1,807	135	1,942	1,063	879	...	3,579	39
39	961	3,579	1,789	161	1,950	1,091	859	...	4,438	40
40	951	4,438	1,769	186	1,955	1,116	839	...	5,277	41
41	940	5,277	1,749	211	1,960	1,149	811	...	6,088	42
42	929	6,088	1,729	235	1,964	1,186	778	...	6,866	43
43	918	6,866	1,708	257	1,965	1,230	735	...	7,601	44
44	906	7,601	1,686	279	1,965	1,278	687	...	8,288	45
45	894	8,288	1,669	299	1,968	1,332	636	...	8,924	46
46	882	8,924	1,642	317	1,959	1,391	568	...	9,492	47
47	870	9,492	1,619	333	1,952	1,452	500	...	9,992	48
48	857	9,992	1,595	348	1,943	1,517	426	...	10,418	49
49	844	10,418	1,571	360	1,931	1,584	347	...	10,765	50
50	830	10,765	1,545	369	1,914	1,651	263	...	11,028	51
51	816	11,028	1,519	376	1,895	1,721	174	...	11,202	52
52	802	11,202	1,492	381	1,873	1,782	91	...	11,293	53
53	786	11,293	1,463	383	1,846	1,879	...	33	11,260	54
54	770	11,260	1,433	381	1,814	1,966	...	152	11,108	55
55	754	11,108	1,404	375	1,779	2,055	...	276	10,832	56
56	737	10,832	1,371	366	1,737	2,151	...	414	10,418	57
57	719	10,418	1,338	353	1,691	2,262	...	571	9,847	58
58	700	9,847	1,303	335	1,638	2,386	...	748	9,099	59
59	681	9,099	1,268	311	1,579	2,522	...	943	8,156	60
60	661	8,156	1,230	282	1,512	2,667	...	1,155	7,001	61
61	640	7,001	1,191	246	1,437	2,816	...	1,379	5,622	62
62	618	5,622	1,150	203	1,353	2,972	...	1,619	4,003	63
63	595	4,003	1,107	153	1,260	3,130	...	1,870	2,133	64
64	571	2,133	1,063	96	1,159	3,292	...	2,133	Nil	65
Totals...	45,741	7,978	53,719	53,719	11,293	11,293		

These valuations have been dealt with at some length, not only on account of their immediate bearing on the condition of the two Districts mentioned, but also as affording striking illustrations of the results of neglecting to comply with the first principles on which such societies should be founded, viz., (1) the establishment of a scale of contributions adequate (if properly invested) to provide the benefits assured, and (2) the close investment of all the contributions at the highest rate of interest obtainable on first-class securities.

TRADE UNIONS.

During the year 1882 no application was received for registry under “The Trade Union Act, 1878.”

Wm. R. E. Brown, Registrar.