

is rendered worthless; as in a relatively small society it is most improbable that there will be, in respect of both periods reviewed, a similar deviation from the standard. A favourable or an excessive sickness and mortality among a few hundred, or even a few thousand, members during the limited period of a quinquennium affords no sufficient warrant for a haphazard increase or decrease of values. If an examination of the past history of a society should distinctly bring to light conditions that are likely to exercise a *permanent* effect upon the rates of sickness and mortality, then certainly the valuer's assumptions ought to be modified in accordance with such conditions; but it is because the society's actual experience is admitted to be insufficient as a basis for a table of present values that we fall back upon some wider experience whereby to estimate the future. If, for example, the sickness experience of the societies in this colony, so far as it has been tabulated, showed a manifest increase or decrease as compared with the English standard, the effect of such difference should be taken into account; but if the soundness of the assumption, which is based on the experience of upwards of a million years of life, be called in question, it may be answered that there is more probability of error in the assumption that the sickness in a small society affords a reliable indication of what may be expected in the future, especially when it is considered that the actual experience is found to vary greatly, not only in the several branches of a society, all existing under similar conditions, but also from year to year, and from quinquennium to quinquennium in individual lodges, and that the average total sickness of the colony cannot be adduced as evidence of probability of considerable variation from English experience. Nor should the fact that a lodge is so well served by its trustees as to realise for a few years a high rate of interest upon its accumulated funds be deemed a sufficient ground for assuming a higher rate than that which on general considerations can reasonably be regarded as approximately probable, on an average, for the lifetime of existing members. On the other hand it may fairly be assumed that, although there has hitherto been negligence or mismanagement in regard to investment of funds, trustees will in future be found to manifest greater zeal and ability in the discharge of the duties of their responsible office. On one ground, indeed, it may be argued that a more stringent method of valuation ought to be employed. A death-rate lower than that assumed in the calculation of present values and premiums, in conjunction with a sickness-rate equal to that assumed, would involve financial loss. Whether or no the mortality experience of New Zealand will continue to repeat itself, and the after-lifetime at each age show a better record than that obtaining in other temperate climes, such experience indicates at least a probability of a favourable average in respect of longevity, while the recorded total sickness affords no evidence that a similar advantage may be anticipated in respect of health. So far, this liability to error has not been provided for. Hereafter it may be necessary to take the contingency of this adverse combination into account. Meanwhile the profit on well-invested funds will act as a partial compensation. Moreover, it is possible that, by reason of a diminishing rate of sickness following upon advances in physical and economic science, or by reason of an unexpected distribution in respect of the periods of sickness duration, the difference in money value may fall to a minimum.

22. An improvement during the quinquennium is recorded, of a more or less marked character, in the financial position of a considerable number of the lodges valued, due partly in many instances to a favourable sickness experience. And yet the table (Appendix II.) showing the percentage for the year 1889 of members at risk who were sick and the average sickness per member in lodges consisting of one hundred members and upwards, grouped according to Orders, repeats the evidence of former years in respect of the wide range of the sickness experience in single lodges, while the average of the whole remains nearly constant. Such marked fluctuation proves the necessity of allowing a margin for safety even when a surplus appears on valuation, especially when the membership is small.

23. In the societies valued the average annual sickness per member ranges from 0·10 weeks to 2·68 weeks, the contrast between a light and a heavy experience resulting partly as a consequence of the higher ages of the members of the older lodges, and partly, probably, from the fact that, although town life and town occupations in New Zealand cannot be said to be severely trying to health, the conditions of life in the country districts are favourable by comparison.

24. Of the New Zealand lodges of the U.A.O.D. only the sick fund is capable of valuation, the accumulations of the funeral fund being held by the Grand Lodge in Victoria. The last published valuation of the Grand Lodge funeral fund having been made under a misconception in consequence of imperfect information supplied to the actuary, it is to be regretted that the error has remained uncorrected, especially as there is reason to believe that there existed a serious deficiency. It is announced that there is a proposal to reduce the annual contribution to the funeral fund from 6s. to 4s. per member. The Registrar hopes that the good sense of the majority will avail to avert the adoption of such a measure without actuarial advice. The only branch of the Order in New Zealand that has yet registered a graduated scale of contributions is the Blenheim Mistletoe Lodge, and it is also the only one whose assets are equal to its liabilities.*

25. The figures in the column in the valuation summary, in which is shown the rate of interest earned during the quinquennium indicate great differences in the amount of attention and care bestowed on matters of finance by the various lodges. They also bear witness to the fact that a careful investment of funds, although essential as an adjunct to adequate rates of contribution, goes but a very little way in making up a deficiency arising from the initial failure to establish a scientific relationship between the scales of contribution and benefits. Of thirty-three lodges, the mean annual rate of interest on whose funds during the quinquennium exceeded 5 per cent. twenty-three show a deficiency ranging from 6d. to 4s. 8d. in the pound.

* Since the above was written an amended graduated scale has been registered by the Excelsior Lodge, U.A.O.D., and it is reported that other lodges in this Order intend to take similar action.