

Owing to conditions arising out of the war and its aftermath, bonus notices were not sent to policyholders in respect of the bonus declarations for the years 1944 and 1945, but with some improvement in the staff situation it has been possible to arrange to distribute notices on this occasion.

Expense Ratios.—The ratio of expenses to (a) total income and (b) premium income for 1944, 1945, and 1946 is as follows :—

Ratio of Expenses to	1944.	1945.	1946.
(a) Total income	8·90	10·66	12·13
(b) Premium income	14·06	16·37	17·77

The increases in the percentages are principally due to the very substantial increases in the volume of new business, also to the increased expenditure for salaries and office requirements.

Investments.—The falling trend in interest rates and the difficulty in securing suitable outlets for the investment of the policyholders' funds has caused some anxiety, but the problems in this respect are no greater than those in general facing all life-insurance institutions, which act as reservoirs for the savings of the thrifty and provident. It must be mentioned, however, that if interest rates remain low all holders of life-insurance contracts must resign themselves to receiving less favourable bonus returns than have accrued in the past.

General.—The results for the past year have been particularly satisfactory, as the new business record created in 1945 has been substantially exceeded, the total of £6,511,227 for the year registering an increase of £1,587,418 over the figures written in 1945. It is desired to acknowledge the fine contribution made to this achievement by the field and agency staff, and the Department is gratified to know that its efforts to extend its sphere of operations are meeting with continued success.

There has been a corresponding increase in the volume of business written under group and staff superannuation schemes, and it is evident that the Department's reputation for prompt and efficient service has enabled it to compete with an increasing degree of success in this field of business.

In conclusion, it is desired to place on record a tribute to the loyalty and co-operation of the Department's staff, and also to make reference to the recent retirement of Mr. J. W. Macdonald from the position of Commissioner, an office which he filled with distinction. Mr. Macdonald spent his career with the Department, to which he gave over forty-four years of sterling service, whilst during this period the Department has attained a position of some eminence in the life-insurance world.

H. L. RYAN, Commissioner.