

The introduction of this pernicious scheme for offering large death benefits without adequate provision is probably the most dangerous attack yet made on the stability and good standing of our societies, and should it spread throughout these valuable organizations the friendly society movement in this country will most certainly receive a serious setback, and bring nothing but disappointment to numbers of persons who have been induced to join the scheme.

Whatever may be said to the contrary, the systems that have been adopted in New Zealand are on the same fallacious basis as similar schemes that have been and are now working such havoc among fraternal societies in America, and any difference in detail that may exist is to the disadvantage of the New Zealand system.

#### VALUATIONS.

The volume of work completed during the year can be judged by the number of societies and branches whose affairs came under supervision—viz., 255 bodies, with a membership of 26,094—a number far exceeding the output for 1907, which constituted a record up to that date.

There is, I regret to state, considerable delay on the part of some societies in furnishing this office with the data necessary for the valuations to be proceeded with, and I hope that secretaries will in future send their statistics in as soon as they receive the forms, in order to insure compliance with the new Act, which legalises only the actuarial valuation carried out in this office.

The desirability of more widely circulating valuation reports and statistics among the members of societies generally has come under my notice on several occasions. It frequently happens that the Valuer's report, after its receipt by the secretary, gets no further than that officer or his immediate *confreeres*, and, as there was only the one copy supplied, no other result was to be expected. Several societies, of course, print the reports and supply a copy to all members; but these, as a rule, are favourable reports. The valuation reports, and their accompanying statements and returns, take a very great deal of preparation, and much expert knowledge is expended on their compilation. All members should have the opportunity of seeing the report of their society and lodge, as by this means alone can they learn something of the principles governing the financial security of their organizations, and so be enabled to intelligently apply that knowledge to the task of carrying out the reforms necessary for the improvement and progress of their orders.

On the completion of a valuation the practice is now adopted of preparing a sufficient number of copies of the report, and forwarding them to the society for distribution among a wider circle of members than hitherto—a change that should prove of great benefit to societies.

#### THE USE OF A SURPLUS.

As an outcome of the valuations made in this office, the funds of a number of societies and branches have disclosed surpluses, which during the year have been authorised to be allotted for the reduction of members' contributions or the increasing of their benefits. The use of surplus funds for the purpose of reducing the contributions of old members must be regarded as one of the most humane objects for which such moneys could be appropriated, and those members who have for many years been paying what they considered a high rate of contribution can now congratulate themselves on the fact that whatever they paid over and above the estimated requirements is now coming back to them as a welcome relief by reducing their payments for the remainder of life.

#### MEMBERSHIP AND BENEFITS.

In my report for the year 1908 I drew attention to the possibilities awaiting friendly societies in the direction of attracting members by means of increased funeral benefits, and I published tables setting out the better terms that the societies could offer for such benefits as compared with the rates quoted by industrial insurance bodies.

It is most encouraging to find that the lead given then has been followed by so many societies, who have during the last twelve months adopted increased funeral benefits on terms that should bring them an increasing membership, and it is the more gratifying to record that these societies are establishing their benefits on a sound and safe basis, with due provision for an actuarial reserve.

#### COMPULSORY INSURANCE AGAINST SICKNESS AND INFIRMITY.

A most important step, and one fraught with great changes in the social and economic condition of the nation, has recently been taken by the British Government in formulating a scheme, in conference with the friendly societies' representatives, for compulsorily insuring all workers against sickness and infirmity. The aim of the proposed legislation is apparently to draw the unthrifty into some scheme by which it is hoped not only to relieve the burden on the thrifty, but to increase the comfort and raise the standard of living for the lowest members of the community.

As the proposed British reforms are to a great extent evolved from a study of the German system, it will probably be recognised that the present is an opportune time to make more generally known the main features of those great and far-reaching laws which are universally regarded as the greatest effort yet made to repair defects in the social system. I have therefore compiled from various sources an account of the operation of these laws, and attach it hereto in Appendix I.

#### AUDIT.

The number of licensed auditors available for the use of societies has been considerably increased within the past few years, with the object of encouraging the employment of more competent accountants than, unfortunately, societies in general have been trusting to in the past. I have already referred to the measures which the Act of 1909 enables this office to take in certain cases, and it is significant to note that the use of competent auditors is now recognised by several societies who a few