

REPORT BY THE ACTUARY.

Friendly Societies Department, Wellington, 26th May, 1916.

To the Registrar.

THE valuations completed during the past year have been made upon the same mortality and sickness bases as in previous years—namely, upon the experience of New Zealand friendly societies up to age 70, and upon Sutton's English Sickness Tables and Farr's Healthy English Mortality Tables after that age, with modification in special cases.

In my report for a previous year I stated that "though the above tables are on the whole very suitable for the valuation of New Zealand societies, it is found that in certain geographical districts and in certain societies there are well-defined departures from the standard rates of mortality and sickness, and before long it will become necessary to undertake a thorough investigation of the data with a view to the construction of auxiliary tables." The need for these auxiliary valuation tables is becoming more and more pronounced, and this work should be undertaken at the earliest opportunity.

No allowance has, so far, been made in the valuations for the prospective effect of the war upon the liabilities of the societies, and that fact will require to be borne in mind in basing any transactions upon the results. So far as immediate mortality is concerned, the financial effect of the war will to a great extent disclose itself during the continuance of the war—that is to say, the first valuation following the war will automatically indicate the exact effect of deaths that have actually occurred in action or from disease. The case is different, however, when we consider temporary or permanent impairment caused by the war and involving prospective sickness or early death, or both. This will constitute an addition to the liabilities of the societies, depending, of course, upon the manner in which societies deal with these cases. There is no doubt that, if it were feasible, the proper course would be to estimate the prospective effect of this factor and add it to the liabilities in the valuation. An alternative course is to leave the matter in abeyance pending the end of the war, and then to make estimates on the best facts that can be obtained. Meanwhile each valuation must be considered to be subject to a reservation. It is, of course, possible that in many lodges the additional liability so produced may be negligible when measured against the total strength of the lodge.

The societies valued during the year comprise the Independent Order of Odd Fellows of New Zealand, a consolidated society; the Canterbury District, A.O.F.; the South Canterbury District, A.O.F.; the Otago and Southland District, U.A.O.D.; and Court Coromandel. Of these the first is completely solvent on valuation, and the second nearly so; whilst the others, excepting Court Coromandel, show a distinct tendency towards improvement.

A. T. TRAVERSI, Actuary.
