

The rates of bonus allotted under new endowment and whole-life assurances when taken as a percentage of the sum assured range from £1 18s. to £2 per cent. per annum, and increase up to £3 6s. per cent. per annum in the case of policies of longer durations.

In regard to the results of this distribution, I would point out that the above bonuses are considerably greater than those declared at any previous division. The stringency of the valuation basis (the details of which are required by sections 36 and 37 of the Act to be supplied triennially) has been fully maintained, and an additional £10,000 has been transferred to the Investment Fluctuation Reserve. These results cannot fail to prove very gratifying to the policyholders, and will have a beneficial effect on the efforts of the field staff in obtaining new business. In this connection, however, I consider it wise to point out that, having regard to the substantial cost of writing new business, a life-insurance office can only absorb a certain amount without straining its profit-earning powers. There is such a thing as overtrading even in life insurance, and an extensive new business does not in itself constitute an index to prosperity. It is therefore not the policy of the Department to achieve mere "big figures," but rather to progress in a steady manner and on safe and economic lines in order to consolidate the interests of the policyholders.

*General.*—The results of the Department's trading during the past year may be viewed with every satisfaction. The new-business figures have been up to expectation, and increased premiums and interest income have produced a substantial addition to the funds. The continued investment and reinvestment of the large funds of the Department naturally calls for a great deal of time and thought, but, taking into consideration the financial stringency through which the Dominion has been passing, the losses have been singularly few, and the rate of interest has been at a satisfactory level. The mortality experience has been favourable, and there has been a substantial decrease in the ratio of expenses, both to premium income and to total income. These favourable features are being well maintained, and they constitute the main source of the materially increased bonuses now declared at the inauguration of the system of annual profit distributions. The policyholders, therefore, can look forward to the future with every confidence.

A. E. ALLISON, Government Insurance Commissioner.

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