

During the past year the profit derived from mortality has been very favourable, the average net rate of interest has increased slightly, and a reduction has been effected in the expenses of management. These results are highly satisfactory, and fully justify the increased bonus rate which is recommended above in respect of whole-life and long-term endowment assurance policies issued under the present premium tables.

With reference to the above-mentioned favourable mortality, I would point out that light mortality, while a satisfactory and necessary feature of every well-managed life-insurance institution, naturally means the postponement of claims, and consequently usually requires somewhat higher reserves than those indicated by the standard table employed in the valuation of the assurance contracts. In arriving, therefore, at the net liabilities under the assurance contracts, adequate provision has been made for this factor. I may mention in conclusion that the Department is in a very strong financial position, and the policyholders can look forward to the future with confidence.

I have, &c.,

GEO. W. MELVILLE, F.F.A., Actuary.

The Government Insurance Commissioner, Wellington.

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