progress of a society, but that it is unreasonable and vexatious to insist upon a series of detailed statistical documents, which shall enable the Registrar to trace the progress of each individual member. It was the desire of the Government to consider favourably any well-grounded complaint on the part of societies; but, as the Registrar could not report that the statistical documents in question—which consist of the form of card and form of experience return appended as Schedules III. and IV. hereto—were unessential to that periodical compilation of sickness and mortality experience which it is one of the objects of the Act to secure, it was decided not to dispense with the requirement objected to. Nevertheless, as the compilations aimed at were recognized as not likely, owing to insufficiency of numbers, to possess any great actuarial value until the lapse of nearly a generation, it was considered only fair to remunerate secretaries for their trouble in supplying the necessary data. The experience returns and cards for the year 1883 have accordingly been paid for by fees graduated according to the following scale: For lodges with 50 members or under, 7s. 6d.; with an additional 5s. for each additional 50 members or part of 50 members.

## VALUATIONS.

24. During 1883 no less than fourteen complete valuations were returned to the Registrar. Six of these were valuations of districts, each containing several affiliated lodges and courts, respecting each of which a separate valuation report was forwarded to the Registrar. The report made by Mr. Wiggins to the Wellington District of Manchester Unity Odd Fellows is given in extenso as Schedule I. hereto, as it deals in a very able manner with an unusually large number of important questions affecting the welfare of friendly societies; and a table summarizing the results of all valuations made under the Act, and returned to the Registrar before the 1st January of the present year, is appended as Schedule V.

25. From this table it will be seen that the majority of lodges hitherto valued exhibit what is technically called a deficiency. Much misapprehension appears to exist among members of lodges as to the intended significance of this term. By some it has been held to imply that the outstanding debts of the lodge are in excess of its present assets, and that the lodge is therefore, in the commercial sense of the word, insolvent. Great has been the indignation of members possessed with this idea at being told that their lodge, which has possibly a large accumulated fund, "exhibits a deficiency." It is necessary therefore to explain that the deficit announced by a Valuer is not one in the ordinary commercial sense. It arises by comparing the fund actually possessed by the lodge with the fund which, in the opinion of the Valuer, it *ought* to possess in order that, with the contributions and interest expected to be received, it may be reasonably certain to meet the liabilities of the future as they accrue. But even amongst those who are aware that the valuation is a discounting of the future, and not a mere inventory of present assets and liabilities, there is often a misunderstanding as to what is exactly implied when a lodge is pronounced "insolvent." It is readily understood that a certain standard is set up by the Valuer by which to discount or estimate the future. Certain assumptions are made as to the future experience of the lodge, both with regard to the interest its funds will realize, and with regard to the sickness and mortality which will befall its members. And when, as often happens, these assumptions are less favourable than what the experience of the past would indicate, great discontent is expressed at what is considered an unnecessarily severe valuation. A further assumption is uniformly made by the Valuers which is certainly contrary to all the experience of the past, and admittedly most unlikely to be realized in the future. It is assumed, namely, that all the existing members of a lodge will remain in it till death; whereas all experience shows that a large proportion secede after having been members for a comparatively short time, and after having paid into the funds far more than they have ever drawn out. It is easy to see that this assumption has a tendency to produce an over-estimate of the liabilities of a lodge. On all these grounds a considerable number of societies seem to have lost all faith in the valuations, and to be in no way disconcerted, but only indignant, when they are declared by a Valuer to be insolvent. What reply can be made to the position thus taken up by the societies? It must be admitted in the first place that the use of the term "insolvent," as applied to all societies which do not come up to the Valuers' standards, is objectionable. The word "unsafe," or even "unsound," would be more legitimate. For it does not follow from the fact that a lodge is unable to stand the Valuer's test, that the lodge is *certain* or even *likely* to fail in fulfilling its obligations, but only that there is *a very appreciable danger* of its so failing. A distinction must be recognized between the *most probable* future liabilities of societies, and those heavier liabilities which, though not *most* probable, are not by any means very *improbable*. It is clear that a society must be able to face these heavier liabilities before it can be called "safe," although it cannot fairly be called "insolvent" unless it is unable even to cope with those lighter liabilities distinguished as the "most probable" ones.

26. Under these circumstances the Registrar has made the suggestion that, in the case of each lodge, a second valuation should be made, showing the sum the lodge ought to have in hand to meet its engagements *on the most probable assumptions respecting its future experience*. Where the funds are well invested, a higher rate of interest than 4 per cent. would be used in this second valuation, and also a reasonable allowance would be made for the profits likely to accrue from future secessions. The Valuer would of course point out candidly that the reserve fund thus indicated could not be sufficient to put the society in a reasonably safe position, and he would make his more rigid valuation as heretofore in order to indicate the heavier reserve fund required for safety. The two results would appear side by side, and each could be taken for what it is worth. Many societies, which now console themselves with the reflection that the deficiencies which Valuers allege against them are merely due to over-severity in the standards of valuation employed, would be wholesomely astonished to discover that even by the more lenient methods their financial condition was demonstrated to be unsound.

27. Although the Registrar thus considers that a change in the direction demanded by many of