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6. The ratio of expenses, including commission, to the premium income is greater than in the last-preceding valuation period. We learn that competition has recently been much more severe in the colony than formerly, and that a great portion of the increase arises from this cause.

7. The property-tax, the burden of which was unimportant five years ago, has now become a serious item, being 2·55 per cent. of the premium income during the quinquennium, with a certainty of material increase. The accumulation of the funds of a comparatively young life assurance institution increases more rapidly than the premium income, so that the property-tax, being levied upon the capital, becomes every year a heavier charge.

8. The result of the valuation is as follows:—

	£
Fund on the 31st December, 1890, as above	1,715,193
Estimated liability	1,475,718
Surplus	£239,475

9. Of the above surplus of £239,475, we recommend that £200,000 be divided, and that £39,475 be retained.

10. Five years ago the valuation of the assurances was made by the Institute of Actuaries' Healthy Males Table, and of the annuities by the British Government Annuitants 1884 Tables, interest at 4½ per cent. having been assumed throughout. A further reserve of £92,556 was then made, one of the reasons for which was that the assumed rate of interest might, if thought desirable, be reduced at future valuations. Accordingly, on the present occasion the rate of interest adopted has been 4 per cent., the mortality tables assumed for assurances having been the Institute of Actuaries' Healthy Males Table, as before. For the annuities, the table adopted has been that now in use in the Department for the granting of annuities. Thus, both as regards assurances and annuities, the present valuation has been carried out on a more stringent basis than formerly, and it is the more satisfactory that nevertheless the surplus is large.

11. The whole of the loading has been reserved for future expenses and profits, and provision has been made for the payment of claims immediately on proof of title. For under-average lives, in some cases, an extra premium is payable, and in others the policies are subject to a debt. In the former the amount of such extra premiums, and in the latter the debts falling to be deducted, will form a fund out of which the probable additional claims will be met.

12. The sum of £92,556 which was reserved at the last valuation would have accumulated at the 31st December, 1890, to about £120,000. Of this, about £80,000 has, according to our estimate, been absorbed by the strengthening of the valuation basis; so that, of the present surplus, about £200,000—the amount now recommended for division—has been actually earned during the quinquennium, exclusive of the intermediate bonuses paid, the amount of which is not stated in the particulars supplied to us. The balance, £39,475, which we now recommend to be reserved, was surplus existing at the beginning of the valuation period.

13. The divisible surplus of £200,000 will be distributed in accordance with the method explained in our report of the 27th December, 1887, namely,—

First. The amount of surplus arising from interest on the reserve made five years ago for participating assurances which are still in existence should be set aside and distributed in proportion to their respective reserves at the beginning of the quinquennium.