21. The report and balance-sheet of the New Zealand Friendly Societies' Mutual Fidelity Guarantee Association for 1892 affords evidence of the fact that breaches of trust are few and far-between. On the strength of the conviction that a very small percentage would cover leakage by fraud, the promoters of the society were encouraged to establish a mutual guarantee fund; and the result has fully justified their expectation. Only a small annual premium has been charged, yet the receipts have year by year exceeded expenditure, and already the accumulation considered sufficient as a reserve has been very nearly reached. It is hoped that very soon a levy to cover expenses of management and actual loss will suffice to maintain the efficiency of the society. By means of this association and of the New Zealand Foresters' Guarantee Association, which also is prospering, the burden of personal security is removed from the officer and his bondsmen, and the society is more effectively protected.

22. The following extract from the report of the Insurance Commissioner of the Commonwealth of Massachusetts is an able exposition in briefest possible terms of the true purpose and prudent management of a mutual benefit society:—

Interdependence and co-operation for mutual protection and relief in danger or misfortune form the strongest friendly ties outside those of family and kinship. Co-operation and combination find expression in every form of civilised life, and wherever confined to necessary and reasonable purposes are among the grandest elements of human progress. By them are accomplished results impossible to individual effort. The development of means of travel, commerce, manufactures, and all the great marks of human progress to-day are due to the co-operation and combination of individual capital, skill, and effort. So, too, in the minor and closer individual concerns of life. No man can certainly say that he will from his individual endeavours be able to leave a support for his dependants when his life shall fail; but by co-operation and combination a body of men may each say certainly to the others, "If you are called before us your family shall have a support and reasonable competence, for in consideration of reciprocal advantages we will to-day each set forth our easy share to the end of making the promise sure." This is life-insurance co-operation, and so may accident and disability insurance be similarly effected. They are good, and commend themselves to reason and prudence. The faults and failures in co-operation come almost wholly from an ill-advised object and purpose, or from ill-advised and inadequate provisions for meeting what might be a proper purpose. Life-insurance management is a science. In any other important profession years of careful study, practice, and experience are needed to bring reliable skill, but every uninstructed idler is sure that he knows all about life insurance, and fools rush in where wise men tread with diffidence and frequent misgivings; and in none of the employments of life is it more true than in insurance management that honest ignorance is more dangerous and fatal than designing fraud. Some day, after a more thorough skinning and frying, it may dawn upon the community that insurance is something which should be humanly safe and secure to its patrons—that such insurance, like everything else that is good for anything, costs money, and must be paid for if its advantages are to be availed of.

Valuations.

23. Valuations were made as at the 31st December, 1891, of the following societies:—

Societies with Branches.

M.U.I.O.O.F.—Auckland District, 11 branches; Wellington District, 12 branches; Marlborough District, 2 branches; Motueka District, 4 branches; North Canterbury District, 14 branches; Ashburton District, 5 branches.

A.O.F.—Wellington District, 25 branches.

P.A.F.S.A.—12 branches.

Societies separately registered.

M.U.I.O.O.F.—Wellington District Widow and Orphan Fund.

A.O.S.—Sanctuary Sir George Grey.

U.A.O.D.—Lyttelton Hearts of Oak Lodge, Otago Lodge, Band of Hope Lodge, Enterprise Lodge, Ivanhoe Lodge, Perseverance Lodge, Acorn Lodge, and Ponsonby Lodge.

24. Summaries of the results of the valuations are given in two tables (Appendix V.).

Table A shows—

1. Number of members at the date of valuation;
2. Present value of benefits;
3. Present value of contributions to benefit funds;
4. Value of accumulated benefit funds;
5. Surplus or deficiency;
6. Average surplus or deficiency per member;
7. Average age of members;
8. Average annual contribution, per member, to benefit funds;
9. Average value, per member, of accumulated benefit funds;
10. Rate of interest, per annum, credited to benefit funds (average for quinquennium);
11. Surplus or deficiency at previous valuation (average per member).

Table B shows—

1. Ratio to liabilities of—(*a*) Present value of contributions to benefit funds; (*b*) value of accumulated benefit funds; (*c*) total assets; (*d*) surplus or deficiency.
2. Causes of surplus or deficiency.

For convenience of publication the causes assigned for the surplus or deficiency disclosed by valuation are indicated in Table B by means of letters referring to a list prefixed to the table.

25. The valuation report does not always contain a comparative statement of the actual and expected sickness for the period under review. The number of members in those societies in respect of which the comparison is made is 5,400. The membership of those which at the date of valuation had been established more than five years but less than twenty years, and more than twenty years, respectively, was 2,091 and 3,309. Of those established more than five years but less than twenty years, the average sickness per member per annum was nearly 20 per cent. below the expectation; and of those established more than twenty years, the average sickness was nearly 15 per cent. above the expectation. There are wide differences in the experience of societies situated in the same