General Remarks.—While there has been a slight falling off in the amount of new business, fewer policies have run off the books, the improvement being no less than £72,579 in the amount assured. There has been a great improvement in the lapses, the decrease in that item being partly due to the application of the bonus last declared. The decrease in the policies void more than compensates for the slight falling off in the new business, and the net increase in the policies in force is therefore greater than for the previous year.

A heavy lapse rate is undoubtedly a prominent characteristic of colonial life insurance, and is probably caused to a considerable extent by social conditions beyond the control of the offices themselves. However, this unpleasant feature is common to all colonial life offices, but it will be apparent from a consideration of the following facts that the constant efforts of this department to minimise the evil have not been without good results:—

(1.) The increase in the renewal premium income of the department has been steady and progressive, as will be seen from the following table:—

Year.	Renewal Premiums.	Increase.
	£	£
1887	174,163	...
1888	181,225	7,062
1889	187,736	6,511
1890	195,213	7,477
1891	202,852	7,639
1892	212,437	9,585

(2.) The total amount of insurance retained by the department after twenty-three years of existence is over eight millions, being equal to an average of £350,000 of sum assured for each year's operations. This very substantial average net increase is more than a whole year's new business of many first-class British offices.

(3.) The amount of insurance voided by lapse and surrender has absolutely decreased year by year, although the total insurance in force (from which these terminations arise, and with which they must be contrasted) has constantly increased in volume. The following table will show that the proportion which these terminations bear to the total business in force has fallen from 8 per cent. in 1887 to 3·6 per cent. in 1892, a decrease of over 50 per cent.:—

Year.	Total Amount of Insurance in Force at end of Year.	Amount of Insurance Terminated by Lapse and Surrender during the Year.	Percentage of Lapses and Surrenders to Amount in Force.
	£	£	
1887	6,832,000	544,000	8·0 per cent.
1888	7,076,000	466,000	6·6 "
1889	7,326,000	454,000	6·2 "
1890	7,544,000	400,000	5·3 "
1891	7,783,000	371,000	4·8 "
1892	8,036,000	289,000	3·6 "

As may be gathered from the accounts and returns presented herewith, the policy now being pursued by the department is that of aiming for a healthy increase of business each year, and, at the same time, reducing the expenditure to such a point as will lessen as much as possible the cost of insurance to each policyholder. This policy is, in my opinion, the only sound one to pursue in the management of a life-insurance institution; and this view appears to prevail more than formerly in life-insurance circles throughout the world.

JOSEPHUS H. RICHARDSON,
Commissioner.