16. In the years 1890 and 1891 the percentage of members sick and the average sickness per member showed a considerable increase on the rates of the preceding years. In 1892 these rates again rose. No appreciable change took place in 1893.

17. The high average sickness per death which is annually recorded contradicts the assumption that a low death-rate may be expected to be accompanied by a low rate of sickness. The prolongation of the life of sick members results from conditions favourable to longevity generally. The protracted duration of life, especially in the case of members suffering from chronic complaints, while increasing receipts, increases expenditure still more. In contrast with this experience, but teaching the same lesson, the history of societies in those parts of England where the death-rate is above the average is thus referred to by Mr. Watson, in his report on the fifth valuation of the Manchester Unity:—

> Throughout the Lancashire districts, and in many manufacturing centres in Yorkshire and the North, the mortality is found to have exceeded the expectation of the valuation tables. . . . . As to its financial effect on friendly societies there is neither obscurity nor doubt. At the cost of anticipating by a few years a small assurance at death, and of losing a comparatively small amount in contributions, lodges are relieved, by unlooked-for death, of the weighty sickness claims which advancing age is bringing on.

18. Information as to the forms kept in the Registry Office for the convenience of societies, and sent free on application, is to be found in Appendix V.

Valuations.

19. Valuations were made as on the 31st December, 1893, of the following societies:—

Societies with Branches.

M.U.I.O.O.F.—Hokitika District, 4 branches; Invercargill District, 6 branches.

A.O.F.—Auckland District, 15 branches; Hawke's Bay District, 12 branches; South Canterbury District, 3 branches.

U.A.O.D.—Grand Lodge of Canterbury, 14 branches.

Societies without Branches.

M.U.I.O.O.F.—Widow and Orphan Fund of the Motueka District.

A.O.F.—Widow and Orphan Fund of the Canterbury United District.

U.A.O.D.—Auckland Lodge, Totara Lodge, Bishop Lodge, and Brunner Lodge.

R.E.B.S.—New Zealand R.E.B.S.

These societies were valued in the office of the Registrar. The valuation of the North Westland District, M.U.I.O.O.F., was made as on the 31st December, 1892, but the report was not received in time for publication in last year's summary. Request was made by the Secretary of the H.A.C.B.S. that the society's valuation might be made in the office, but several branches failed to furnish the required information.

20. Summarised results of the valuations are given in two tables (Appendix IV.).

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.

21. The number of societies and branches dealt with in the summary is sixty-five. Fifty-one balance-sheets show a deficiency of more than one shilling in the pound. The chief causes of deficiency are inadequate rates of contribution, and unfavourable sickness experience. Some deficiencies are partly due to negligence in regard to investment of funds and to losses.

22. In the valuation of societies with branches whose rules provide for the reinsurance of the funeral benefit with the central body, the assets and liabilities of the funeral fund are distributed, and appear in the balance-sheets of the several branches in combination with the assets and liabilities of their respective sick funds. When the fund is maintained by fixed contributions of the members, each branch is credited with a share of assets proportionate to the present value of its funeral liability. When the fund is supported by levies on branches from time to time, according to the number of members, each branch is debited with a share of the present value of the society's funeral liability proportionate to its membership.

23. Although the equal levy system was long ago condemned by experts and abandoned by reformers, Mr. Watson, in his recently issued report on the valuation of the Manchester Unity, still finds occasion to refer to it:—

> Among the reforms of friendly societies in recent years none are more important and more wide-reaching in their ultimate effect than that which has for its object the establishment of funeral funds on sound financial principles, in substitution of the extremely faulty equal levies which at one time held undisputed sway. The injustice of the equal levy, by which young lodges were charged the same contribution per member as the older lodges, whose current liability was very much greater, has long since been exposed, and, as a means of supporting funeral funds, the system has been expunged from the statute-book of the Manchester Unity.