ACTUARY'S REPORT.

PROGRESS OF BUSINESS DURING THE TRIENNIUM.

Since the last valuation in 1893 there has been a net increase of 3,063 in the number of policies, £594,438 in the sum assured and bonuses, £9,252 in the amount of immediate and deferred annuities payable per annum, and the tabular annual premiums have increased by £15,062.

A detailed statement of the progress of the office will be found in Table A, which comprises the whole of the policies, and shows clearly the movement during the triennium amongst the different classes of assurance, endowment and annuity.

A brief progress summary of the Temperance and Tontine Sections of the Department is given hereunder:—

—	Temperance Section.		Tontine Section.			
			Tontine No. 1.		Tontine No. 2.	
	Number of Policies.	Sum Assured.	Number of Policies.	Sum Assured.	Number of Policies.	Sum Assured.
		£		£		£
In force at 31st December, 1893	4,558	943,291	4,285	1,190,936	2,141	584,250
Issued during the triennium	1,568	303,360	..	..	2,084	483,850
Void during the triennium	932	191,994	414	117,650	1,039	279,700
Net increase	636	111,366	– (414)	– (117,650)	1,045	204,150
In force at 31st December, 1896 ..	5,194	£1,054,657	3,871	£1,073,286	3,186	£788,400

MORTALITY, INTEREST, AND EXPENSES.

Mortality.—The mortality amongst policyholders has again been much lighter than anticipated, both in the General and Temperance Sections. The approximate profit from favourable mortality in each section has been estimated by the method devised by Messrs. Bailey, Hardy, and King in 1887.

The mortality profit of the Department in the past has been substantial, as might have been expected in view of the admitted healthiness of New Zealand and the care exercised in the acceptance of proposals for insurance; and there is reason to believe that the continuance of a light mortality amongst the policyholders of the Department will prove a steady and reliable source of profit in the future.

A nosological summary of the mortality experienced in each section will be found in Table B, on page 16. The violent deaths of the triennium have been more than usual, numbering 129 and amounting to 17 per cent. of the total deaths. Of the violent deaths, 101 were due to accident, 4 to homicide, and 24 to suicide. Of the accidental deaths, 18 were the result of the disastrous coal-mine explosion in March, 1896. In this connection it may be stated that, while the average sum assured is much less in the case of accidental deaths than the general average, that of suicides is much more, amounting to £546 per life against £249 in the case of accidents.

Interest.—Owing to the general decline in the rate of interest obtainable for new investments in first-class securities it has been found impossible to maintain the high rate which was being earned at the close of the last triennium; an experience, however, which has been shared by life insurance companies throughout the world.

The average rates of interest earned on the mean funds of the Department for the last six years were as follows:—

	£ s. d.		£ s. d.
1891	5 8 2	1894	5 5 0
1892	5 5 2	1895	5 2 3
1893	5 5 3	1896	4 19 0

The fall in the rate of interest during recent years has naturally caused a considerable diminution of the profits expected from this source, and it will for some time be desirable to act with extreme caution in making sufficient reserves to counteract, as far as possible, the effect of a continuance of the present low rates and the possibility of a still further reduction in the future.