The premium income is quite satisfactory, the renewal premiums having increased by £7,390, and the new premiums by £2,406. The interest earned has increased by £2,764, and, although the average rate has slightly declined—to £4 13s. 11d. per cent.—this has been the general experience of financial institutions during recent years, and the Department is making full provision to meet the situation by assuming the low rate of 3½ per cent. in the triennial valuation now proceeding.

The outgo for claims by death and maturity was somewhat higher than in the previous year, but was fully provided for, as the maturing claims were practically known in advance, and the claims by death were well within the expectation.

The expenses were less than in 1897, although a much greater amount of business was done, and the ratio of expenses (including the land- and income-tax) to total income fell from 14·86 per cent. to 14·34 per cent.

Accumulated Funds.—The funds now stand at £2,861,534, representing an increase of £136,429 during the year. There seems good reason to anticipate that the close of the present year will show an accumulated fund of three millions sterling.

The following table will show the growth of the funds since the foundation of the Department in 1870:—

Date.	Accumulated Funds.
	£
30th June, 1870	Nil
30th June, 1880	459,336
31st December, 1890	1,715,193
31st December, 1898	2,861,534

The Balance-sheet.—On the 31st December, 1898, the total assets amounted to £2,924,364, and were invested as shown in the following comparative statement:—

At 31st December, 1897.		Class of Investment.	At 31st December, 1898.	
Amount.	Percentage of Total Assets.		Amount.	Percentage of Total Assets.
£			£	
983,452	35·2 per cent.	Mortgages on freehold property ...	1,130,609	38·7 per cent.
827,829	29·7 "	Government securities	827,858	28·3 "
499,531	17·9 "	Loans on policies	541,474	18·5 "
151,678	5·5 "	Local bodies' debentures	150,829	5·2 "
145,264	5·2 "	Landed and house property, and properties acquired by foreclosure	140,708	4·8 "
77,454	2·8 "	Miscellaneous assets	85,151	2·9 "
103,462	3·7 "	Cash on current account	47,735	1·6 "
£2,788,670	100·0 "	Total	£2,924,364	100·0 "

The chief features of interest in the balance-sheet are: (1) A decrease of £55,727 in cash in hand and on current account; (2) an increase of £41,943 in loans on policies; and (3) an increase of £147,157 in mortgages on freehold property.

Although not appertaining to a review of last year's transactions I cannot close this report without a passing reference to the untoward accident which it now seems impossible to doubt has overtaken the Union Steam Ship Company's s.s. "Ohau." It will be remembered that on the occasion of the disaster in the Brunner mine the lives of no less than eighteen of the victims were insured in this Department. Similarly in the case of the missing steamer six of the ship's company have policies in this office, some taken out under special arrangements with the Union Company and some on the policy-holders' own initiative. So completely do the ramifications of the Department's business permeate all New Zealand interests that it is safe to assert that scarcely any event can happen adversely or beneficially affecting any section of the community without its reflex being almost immediately felt in the Department's individual experience. On occasions such as the disaster to the "Ohau" it is some consolation to know that, while the loss to the Department is relatively a trivial matter and one which it is its special function to meet, the insurance moneys will to some extent mitigate the privations of those who have been so suddenly and painfully bereaved.

J. H. Richardson,
Government Insurance Commissioner.