

Outgoings.—During the year 1,828 policies became claims by death of the life assured and by maturity, the payment involved being £685,723. The total amount paid in claims since the inception of the Department is £22,817,812.

Accumulated Funds.—Assurance, annuity, and endowment funds, apart from special reserves of £620,000, now stand at £14,835,563, an increase of £725,046 on the previous year.

Bonus Distribution.—The bonus investigation carried out by the Actuary discloses a net cash surplus of £245,796, including interim bonuses paid during the year, and this surplus enables bonuses to be allotted for 1947 to all participating policyholders at the same rates as for the previous six years. This result has been achieved after creating a reserve for income-tax of £90,000 and strengthening the actuarial reserves by the adoption of a lower interest basis for the valuation of liabilities.

Expense Ratios.—The ratio of expenses to (a) total income and (b) premium income for 1945, 1946, and 1947 is as follows:—

Ratio of expenses to—			1945.	1946.	1947.
(a) Total income	..	..	.. 10·66	12·13	11·67
(b) Premium income	..	..	.. 16·37	17·77	16·42

Expenses ratios increased steadily of recent years owing to greater new business and to increased working-costs arising out of current economic conditions, but it is pleasing to record an appreciable reduction in the percentages for the last year, despite a further increase in the volume of new business.

Investments.—In common with all life-insurance institutions, the Department has been faced with the twofold problem of keeping funds held against the performance of contracts adequately and safely invested, and of securing a reasonable return on those investments. Interest yields have continued to fall as maturing investments are replaced by lower-interest-bearing securities, and the end of the difficulties in this respect is not yet in sight.

General.—The results for the year have given cause for considerable satisfaction. An increased volume of new business has been written, the record figures for 1946 having been exceeded by over £500,000; the ratio of expenses has been reduced; and the Department has been able to maintain its rates of bonus distribution and at the same time to change from an *O^m* —3 per cent. basis to the more stringent *A* 1924/29—2½ per cent. basis in the valuation of liabilities, thus providing a guarantee of stability in the Department's future operations.

Apart from ordinary new business, the Department has gained ground in securing group and staff superannuation schemes. A full range of technical services combined with efficient management assures to employers and employees alike the best contracts available, a fact which is becoming more widely appreciated amongst the business community.

It would not be fitting to conclude without a word of appreciation for the work of the members of the Department's staff (both office and field), who have co-operated so energetically throughout the year to further the interests of the institution which they serve. With a continuation of this enthusiasm on all sides the Department may well look to the future with every degree of confidence.

H. L. RYAN, Commissioner.