

Bonus Distribution.—The bonus investigation carried out by the Actuary discloses a net cash surplus of £271,061, including interim bonuses paid during the year, and this surplus enables bonuses to be allotted for 1948 to all participating policyholders at the same rates as for the previous seven years.

Expense Ratios.—The ratio of expenses to (a) total income and (b) premium income for 1946, 1947, and 1948 is as follows :—

Ratio of expenses to—				1946.	1947.	1948.
(a) Total income	..	..	..	12·13	11·67	12·22
(b) Premium income	..	..	..	17·77	16·42	17·13

Expense ratios show slight increases over all as compared with 1947, but these were mainly attributable to the strain imposed by writing a greatly increased volume of new business. The ratios covering management expenses included in the over-all figures showed a slight decrease, despite the high level of everyday costs due to prevailing conditions.

Investments.—The major problem faced by life offices to-day is the continued fall in interest yields on the funds, and this gradual decline has not yet been arrested, though the Department in this respect suffers no greater disabilities than its competitors. The funds are closely invested, and during the year the Department has succeeded in placing a greater proportion of new investments in loans on mortgage of freehold property, yielding a more adequate interest return.

General.—The Department has enjoyed another very satisfactory trading year, new business having again reached a record level, being over £1,000,000 in excess of the record amount written in 1947. The increase in funds of £826,434 is the largest increase registered in any one year and income for the first time has exceeded the £2,000,000 mark. This business is all confined to New Zealand and does not include any industrial insurance, as this type of business is not transacted by the Department, being considered unsuited to the economic needs of the people of this country.

There is an accumulation of evidence that the Department's contracts are meeting with full acceptance with all classes in the community, and further progress has been made in the establishment of group and staff superannuation schemes, which contribute a satisfactory quota towards new-business figures.

The life-insurance service rendered by the Department to the public of New Zealand is second to none, and appreciation is due to all members of the Office and field staff for the excellent work performed throughout the year in maintaining this high standard.

The Department enters on its eightieth year of business with undiminished confidence in its ability to meet any eventuality.

H. L. RYAN, Commissioner.