Year.	Policies in Force.				Revenue from Interest.	Accumulated Funds.	Year.
	No.	Sum assured.	Bonuses.	Premium Income.			
		£	£	£	£	£	
1879 ...	10,223	3,726,300	...	118,200	16,700	371,900	1879
1889 ...	27,218	7,326,100	274,400	218,800	81,400	1,582,400	1889
1899 ...	39,366	9,558,200	783,500	284,500	133,500	2,997,700	1899

The Balance-sheet.

On the 31st December, 1899, the total assets of the Department amounted to £3,071,581, and were invested as shown in the following comparative statement:—

At 31st December, 1898.		Class of Investment.	At 31st December, 1899.	
Amount.	Percentage of Total Assets.		Amount.	Percentage of Total Assets.
£			£	
1,130,609	38·7 per cent.	Mortgages on freehold property ...	1,333,378	43·4 per cent.
827,858	28·3 "	Government securities	787,887	25·7 "
541,474	18·5 "	Loans on policies	559,562	18·2 "
150,829	5·2 "	Local bodies' debentures	138,911	4·5 "
120,938	4·1 "	Landed and house property ...	122,650	4·0 "
85,151	2·9 "	Miscellaneous assets	89,433	2·9 "
47,735	1·6 "	Cash on current account	33,535	1·1 "
19,770	0·7 "	Properties acquired by foreclosure ...	6,225	0·2 "
£2,924,364	100·0 "	Total	£3,071,581	100·0 "

It will be seen that there has been a further decrease of £39,971 in Government securities, and of £14,200 in cash in hand. There have also been decreases of £11,918 in local bodies debentures, and £13,545 in properties acquired by foreclosure. The increase in loans on policies —£18,088—is much smaller than usual, and the asset which shows the greatest advance is that of mortgages on freehold property, which has been increased by £202,769.

Triennial Investigation.

The triennial valuation of the liabilities has been completed, and the report of the Department's Actuary is appended. Before the basis of valuation was finally adopted, the advice of the Department's well-known Consulting Actuaries in London was sought, and these gentlemen (Messrs. Ralph P. Hardy and George King) acquiesced in the view here held that the valuation should be made upon the basis of 3½ per cent. interest. The valuation was accordingly made upon that basis, the resulting surplus of £126,600 being converted into reversionary bonuses, and the certificates have been forwarded to the policyholders. Although, by valuing at 3½ per cent., and also making strong reserves in connection with the investments, the bonuses suffer a slight temporary reduction, it is felt that undoubted security is the first thing to be considered; and, under existing circumstances, the course now adopted must inevitably tend to develop the best interests of the policyholders.

General Remarks.

During the last session of Parliament a short Amending Act was passed, making better arrangements for dealing with property of the Department, and enabling the Commissioner to delegate certain duties to subordinate officers for the more efficient conduct of business.

An Act was also passed enabling the Department to transact Accident Insurance, and the preliminary arrangements necessary to give effect to the Act are receiving attention.

A further reduction in the rate of interest charged on loans to policyholders upon the security of their policies was made, the change coming into effect immediately after the 31st December, 1899.

The war in South Africa compelled the Department to face, for the first time, the question of war risks, as many of its policyholders were likely to engage in the war, and applications for insurance were received from those actually proceeding to the front. In such cases temporary assurances for two years were granted, at a uniform rate of £6 10s. per cent. per annum, the policies being limited to £250, but no restrictions whatever were imposed upon those already insured; and I am happy to say that, up to the date of this report, the Department has had only two claims directly traceable to the effects of the war.

After consultation with the London Actuaries, and a thorough consideration of the matter in all its bearings, it was decided to place the premium-rates upon a 3½-per-cent. basis. Complete new tables of premiums were consequently formed, and applied to all new business after the 31st December, 1899. Now that the valuation of existing business and the premiums for new business are both placed upon a 3½-per-cent. basis, the Department's financial position is greatly strengthened, and I confidently anticipate the best results for the policyholders.

J. H. Richardson,
Government Insurance Commissioner.