

Sickness Experience for the Five Years preceding Valuation. (Societies valued in 1907, exclusive of Auckland A.O.F. and Nelson A.O.F.)

Age.	Years of Life at Risk.	Sickness First Six Months.		Sickness Second Six Months.		Sickness after Twelve Months.		Total Sickness.		
		Actual.	Expected.	Actual.	Expected.	Actual.	Expected.	Actual.	Expected.	
		Weeks.	Weeks.	Weeks.	Weeks.	Weeks.	Weeks.	Weeks.	Weeks.	
Under 20	..	1,235	1,018	870	45	43	17	80	1,080	993
20-25	..	6,750	5,302	4,730	500	336	474	469	6,276	5,535
25-30	..	7,812	5,512	5,094	584	390	791	544	6,887	6,028
30-35	..	6,686	4,673	4,476	570	338	1,297	804	6,540	5,618
35-40	..	5,049	3,650	3,687	522	301	1,598	708	5,770	4,696
40-45	..	3,888	3,061	3,392	410	386	1,375	1,161	4,846	4,939
45-50	..	3,283	2,863	3,673	360	468	968	1,901	4,191	6,042
50-55	..	2,566	2,597	3,336	414	695	1,105	2,462	4,116	6,493
55-60	..	1,771	2,252	2,782	431	601	2,645	3,135	5,328	6,518
60-65	..	1,596	2,747	3,085	741	788	6,064	4,915	9,552	8,788
65-70	..	968	1,680	2,285	647	582	7,736	6,738	10,063	9,605
70-75	..	463	1,147	1,695	529	620	5,407	4,525	7,083	6,840
75-80	..	125	282	470	202	203	2,736	1,946	3,220	2,619
80-85	..	48	68	150	36	71	1,553	1,161	1,657	1,382
85 and upwards	..	3	..	4	..	2	149	112	149	118
Totals	..	42,243	36,852	39,729	5,991	5,824	33,915	30,661	76,758	76,214

REMARKS ON THE VALUATIONS.

In submitting the following remarks regarding individual societies or districts, it may not be out of place to state succinctly what is meant by the word "deficiency" in this connection. The business of a friendly society, so far as the Sick and Funeral Funds are concerned, may be said to consist of entering into contracts with members to insure them against certain risks; and the peculiarity of these contracts is that the burden of each of them continually increases for a long term of years, with the increasing ages of the individuals. The contracts are in fact like a lot of wedges, of which the society gets only the thin ends first, the arrival of the thick ends being gradual and long delayed. It is imperative, therefore, that the society should accumulate funds to enable it to meet the increasing demands when they fall due. When it is stated that there is a deficiency, the meaning then is that on a reasonable estimate the accumulated funds held by the Sick and Funeral Fund are not sufficient for this purpose.

Seeing that societies rarely, if ever, admit members over forty-five years of age, it must be clear to any one that many years must elapse before a lodge has its full quota of old members, and hence its full current risk, the very lowest period being about fifty-five years, and in almost all cases considerably more, particularly where the lodge is a growing one.

Several old lodges in New Zealand have already arrived at the stage where the outgo for benefits is in excess of the contribution income. One of these is the Wanganui Lodge (M.U.I.O.O.F.), established in 1858, which during the last sixteen years has actually paid out in benefits £1,875 more than it has received in contributions, and yet the claims were practically normal. The Marlborough Lodge (M.U.I.O.O.F.) is another case, the excess of outgo being £1,969 in sixteen years. These are practical illustrations of the foregoing arguments, and show why a fund must be accumulated in the earlier years. Both these lodges are solvent, it may be added.

In this connection I would point out that the effect of the accession of an increasing number of new members is generally to merely delay the arrival of the dangerous epoch. Many lodges which are in a bad position show a large increase in the funds, and members are thereby apt to be deluded into the idea that the lodge is progressing. This increase in the funds is simply due to the fact that the money of these members arrives in the lodge before the corresponding liabilities develop fully; and an influx of young members, even at the most inadequate rates, will often cause an immediate increase in the funds and an appearance of solvency, though in reality the accession of business may be of the most unprofitable character.

Referring now more particularly to the experience of New Zealand friendly societies, I find that ill-advised investment of benefit-fund money in halls has been a stumbling-block to many lodges, and some lodges are unfortunate in following a practice of allowing large sums of money to remain on current account at a bank, which is of course an expensive luxury.

I now append remarks regarding the various valuations. These remarks are not exactly extracts from my reports, but are rather in the nature of comments designed to give the salient features. The various figures are fully set out in Appendix IV.

Hawke's Bay District, M.U.I.O.O.F.: Valued as at 31st December, 1904.

At the date of the valuation the district consisted of 11 branches, with a membership of 1,225, showing an increase of 243 members during the quinquennium.

The sickness experience of the quinquennium was favourable, being below the standard to the extent of £288, or 5 per cent.; but nevertheless the rates of sickness show an increase as compared