THE SURPLUS.

Of the surplus of £222,065 (which does not include the interim bonus paid during the triennium, amounting to £17,052), I recommend that £9,057 be carried forward, and that £213,008 be divided amongst all the participating policyholders in the form of a uniform reversionary bonus per cent. on the sum assured and existing bonuses for each premium paid since the previous valuation.

The result is that, after distinguishing between general and temperance policyholders in regard to profit from favourable mortality in the manner provided for by the Act, policies in the General and Temperance Sections respectively will again receive compound bonuses of 21s. per cent. upon the sum assured and existing bonuses for each year's premium paid since the last valuation, the total reversionary bonus so allotted amounting to £338,760. This compound bonus of 21s. per cent. is equivalent to a simple bonus commencing at 21s. per cent. per annum to new policies, and increasing with the duration of the policies to 33s. per cent. per annum in the case of the older policies.

In a report obtained for the Department from Mr. George King, F.I.A., the eminent British actuary, to which special reference is made in the Commissioner's annual report, Mr. King mentions, *inter alia*, that the compound bonus of 21s. per cent. per annum is a good one when it is remembered how very low are the premiums charged by the Department. A statement of this character from such a quarter is, of course, most gratifying, especially when I am able to say that an increase may be reasonably looked forward to in the future.

The market price of Government and other securities quoted on the Stock Exchange has, of course, naturally fallen owing to the war, and it is satisfactory that the surplus has been sufficient to enable the Department to write its securities down to the lowest quotation and at the same time to maintain the high level of bonus allotted on the previous occasion.

A complete valuation statement, prepared in accordance with the Government Life Insurance Act, 1908, is appended.

Respectfully submitted,

PERCY MUTER,
Actuary.

The Government Insurance Commissioner.