

REPORT BY THE ACTUARY.

To the Registrar.

29th August, 1918.

THE work of valuation suffered considerably during the year from staff changes, due largely to the war, causing a shortage in the number of experienced officers employed.

The same mortality and sickness basis has been adopted for valuation purposes as in previous years—viz., the experience of New Zealand friendly societies up to age 70, and Sutton's English Sickness Tables and Farr's Healthy English Mortality Tables after that age, with modification in special cases. Particulars of the valuations completed are given in Appendix V.

The societies valued during the year comprise—(1) The Lyttelton District, M.U.I.O.O.F.; (2) the Auckland Provincial District N.I.O.O.F.; (3) the Aorangi Lodge, Wellington, B.U.O.O.F.; (4) the New Zealand Central District I.O.R., a partially consolidated society; (5) the Southland District M.U.I.O.O.F.; and (6) the Hawke's Bay District A.O.F., which has taken steps since the valuation date in the direction of the consolidation of its Sick and Funeral Funds.

The valuation results may be briefly summarized as follows: (1) and (6) are completely solvent; (2) shows an unsatisfactory financial position, due to an inadequate scale of contributions, and to adherence to the generally discarded method of equal contributions for all ages; (3) is operating under a rather low scale of contributions, but shows an improved position, due to high interest-earnings and the stationary character of the membership; (4) had a large deficiency, chiefly due to a considerable influx of new members under an inadequate contribution scale, which has, however, been since increased; while (5) shows an improved position.

There are evidences of a progressive policy in some of the societies valued, as both (1) and (5) adopted improved scales of contributions prior to their present valuation dates, and in the case of (4) the scale of contributions in force in 1907 has been twice increased—namely, in 1911 and 1913. Good interest-earnings have also been obtained by most of these societies, and there has been a notable improvement in this respect in the case of (5).

Speaking generally, the sickness and mortality experienced in the societies valued were below the standard rates. The periods reviewed hardly came within the scope of the war.

The question of the prospective effect of the war on friendly-society finance generally has been dealt with in previous reports on the subject. It may be said, however, that the loss to a society from mortality on active service is roughly indicated (if reinsurance has been effected) by the levies it pays for reinsurance of all members at the front, against which must be reckoned the contributions received on account of such members for their funeral benefits, as well as the liabilities released in respect of those who die. The loss will be fully disclosed in the first valuation after the war.

Any loss from the waiving of soldiers' contributions to the Sick and Funeral Funds would show at the same valuation. As regards sickness, apart from the few cases where sickness allowance is paid to soldiers on active service, there will be a prospective extra liability on account of soldiers returning temporarily or permanently impaired in health; this factor will also affect the course of the post-war mortality. These post-war factors are practically incommensurable, and a considerable number of years may have to pass before the effects are fully disclosed.

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