

During the year the Branch's holding of war bonds was increased by £200,000, the last instalment (£50,000) of its 1916 subscription having been paid over and further amounts totalling £200,000 having been applied for. Of these last-named amounts £150,000 was paid into the Treasury prior to 31st December, 1917, and the balance of £50,000 early in the current year. In addition to completing this 1917 subscription the Branch has already this year taken up a further sum of £145,000 in inscribed stock under the War Purposes Loan Act, 1917.

The rate of interest realized on the mean funds, after deduction of land and income tax from interest, was £4 16s. 3d. per cent.

Investment Fluctuation Reserve.—Owing to the prolongation of the war there has been a further fall in the market price of Government and other securities quoted on the London Stock Exchange. The securities will naturally rise in value as they approach maturity, and will eventually be redeemed at par, but in the meantime it has been thought inadvisable to value them at more than their market value. An additional sum of £99,704 has therefore been carried to the Investment Fluctuation Reserve, bringing the amount up to £288,825.

Triennial Investigation.—The valuation of the Department's liabilities on the 31st December last was completed early in the present year, full particulars of which are given in the Actuary's report. After adding a further sum of £99,704 to the Investment Fluctuation Reserve, as mentioned above, there remained a surplus of £216,712, of which £205,291 was divided among the policyholders by way of bonus, and the balance of £11,421 carried forward. The surplus divided, as on former occasions, was allotted as a compound reversionary bonus on the sum assured and bonuses in force, thus giving bonuses increasing with the duration of the policies to those policyholders who had not surrendered their previous bonuses.

The bonuses allotted range from 20s. to 34s. per cent. per annum in the case of the older policies, on the sum assured; General and Temperance policyholders, whose policies were in other respects equal, receiving the same bonus.

The cash surplus divided, £205,291, represents additions to the policies payable at death or on maturity of £322,090. Since the inception of the Department in 1870, £2,016,676 in cash has been distributed by way of bonus, the corresponding additions to the sums assured being £3,568,310.

The Staff.—The Department has continued the policy indicated in the last paragraph of my report for the year 1916 respecting the recruiting of its officers for service in the Expeditionary Forces. The members of the staff who have joined the Forces up to the present date number fifty-eight, and of these three have been killed and twenty-one wounded. One officer who is a member of the Second Division is under orders to go into camp in October next, while another is liable to be called up at short notice.

In addition to these gentlemen who are now on active military duty or are about to report themselves, five of our officers are discharging civilian duties in the Defence Department and in the Discharged Soldiers Information Department, and one of our senior officers has been appointed secretary of the National War Funds Council. The absence of so many experienced officers with the Expeditionary Forces and on the various other war duties referred to has necessarily thrown an increased strain upon those who remain, and I am happy to have the opportunity of testifying to the excellent spirit in which increased duties and responsibilities have been undertaken, and the satisfactory manner in which the work of the Department has been carried on in the face of great and growing difficulties.

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Government Insurance Commissioner.