

It was found necessary to make a slight reduction in the rate of bonus as compared with the rate declared for several years past. This was brought about by the lower rate of interest which the Department has been able to realize on its investments. The position is one which all life offices have had to face in recent years, and it is to the Department's credit that it has been able to maintain its bonus rates at such a high level notwithstanding the low interest rates.

Expense Ratios.—The ratio of expenses to (a) total income and (b) premium income for 1936, 1937, and 1938 is as follows:—

Ratio of expenses to				1936.	1937.	1938.
(a)	Total income	..	..	9·17	10·35	9·73
(b)	Premium income	..	..	14·01	15·58	15·18

The expense ratios must be regarded as very satisfactory in view of the fact that the new business (and consequently the commission payable) was the highest in the history of the Department.

General.—Summarizing the results for the year:—

- (1) The new business was again the highest ever transacted by the Department in any one year.
- (2) The total income increased by £68,086.
- (3) Claims increased by £205,879 (chiefly due to War loan policies maturing).
- (4) Total funds increased by £226,501.
- (5) Profits divided amounted to £220,192.

During the year the Department moved into its new Head Office building, and the facilities enjoyed in the new premises will greatly assist the prosecution of the Department's work. The building is not yet quite completed, but it is hoped that it will be by the end of the current year. Arrangements for letting practically the whole of the building have been completed.

A fine new building for the Department's Nelson branch is also nearing completion.

In conclusion, I should like to pay a tribute to the good work done by all members of the staff (both office and field). It is due to their efficiency, zeal, and loyalty that the Department holds such a high position in the keenly competitive field of life insurance.

W. E. ARNOLD, Commissioner.