

FOURTH SCHEDULE.

been valued as sums certain payable at the end of their respective terms, and mortality has only been taken into consideration where the premiums are payable during the joint lives of the child and purchaser, $3\frac{1}{2}$ per cent. compound interest being used; the surrender value has been taken as the minimum reserve. Annuities have been valued by the British Offices' Life Annuity Tables (1893), using 3 per cent. interest. In the case of annuity-assurances the value at age 60 of the annuity has been computed by the 1883 English Annuitants Experience and treated as an endowment payable at age 60, which has then been valued, in combination with the insurance portion of the contract, by the Institute H^M Table, with $3\frac{1}{2}$ per cent. interest.

The valuation has been made in duplicate, and the policies valued in groups where practicable.

(2.) *Principles of Distribution of Surplus.*—The divisible surplus is distributed among the policyholders entitled to participate as a uniform reversionary bonus per cent. on sums assured and existing bonuses, for each premium paid since the last division; and an interim bonus is also paid, at the same rate, in respect of those policies which may be surrendered or become claims before the next distribution of surplus. The approximate profit from favourable mortality in the General Section and the Temperance Section respectively has been ascertained and specially divided among the members of the respective sections. The result is that temperance policies will, on this occasion, receive reversionary bonuses at a rate 5 per cent. higher than general policies which are like them in all other respects.

The divisible surplus has been converted into reversionary bonuses by means of the H^M Table of Mortality with $3\frac{1}{2}$ per cent. interest, the reversion for a continuous assurance having been used for whole-life policies.

III.

The Tables of Mortality used in the Valuation were,—

- (1.) For Assurances, the Institute of Actuaries H^M (Healthy Males) Table;
- (2.) For Annuities, British Offices' Life Annuity Tables (1893).

IV.

The rate of interest assumed in the valuation was $3\frac{1}{2}$ per cent., except in the special cases mentioned in paragraph II (1), where a higher reserve was considered necessary.

V.

The whole of the loading, or the difference between the premiums payable to the office and the net premiums, amounting to £69,618 per annum and valued at £816,750, has been reserved for future expenses and profits; and in the case of limited-premium and paid-up policies, where the loading as well as the risk-premium is payable for a limited period only, a further reserve of £4,425 has been made to provide for expenses and profits when the premiums shall have ceased.

VI.

The Consolidated Revenue Account for the three years that have elapsed since the last valuation is given on page 11.