REPORT BY THE ACTUARY

RESPECTING THE

VALUATION OF THE LIABILITIES

UNDER LIFE POLICIES AND ANNUITIES

OF THE

NEW ZEALAND

Government Insurance Department,

In terms of Section 36 of the Government Life Insurance Act, 1908.

FOURTH SCHEDULE.

I.

THE date up to which the valuation was made was the 31st December, 1923.

II.

The principles upon which the valuation and distribution of profits were made were as follows:—

(1.) *Principles of Valuation.* — The valuation has been made upon a strictly "net premium" basis; in other words, no credit whatever has been taken for any loadings or extra premiums, the pure premiums alone having been valued for inclusion among the assets. The liability has been ascertained by taking the difference between the present value of the sums assured (including reversionary bonuses) and the present value of the pure premiums (derived from the British Offices O^{M} Table with 3 per cent. interest). Where the original premiums have been reduced by the application of amounts received in consideration of the surrender of bonuses or former policies the pure premiums have been reduced by an equal amount. In all cases where an extra premium was payable the policy has been valued at the true age, and a full proportion has been reserved for the unexpired risk for which the extra premium had been paid. Adequate extra reserves have been made for limited-premium policies and the immediate payment of claims in the case of whole-life assurances, and allowance has been made for the actual incidence of the premium income. Endowments have 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