

## FOURTH SCHEDULE.

the joint lives of the child and purchaser, 3 per cent. interest being used. 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 the age of entering upon the annuity has been computed by the above-mentioned Annuity Tables and treated as an endowment payable at the specified age, which has then been valued, in combination with the insurance portion of the contract, by the O<sup>M</sup> Table, with 3 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 compound reversionary bonus per cent. on sums assured and existing bonuses, for each premium paid since the last division, the rate of such bonus for each class of assurance being determined as far as practicable by the profit earned. 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 profit from favourable mortality in the General Section and the Temperance Section respectively has been estimated and specially divided among the members of the respective sections. The result is that Temperance policies will, on this occasion, receive compound reversionary bonuses at a rate four shillings per cent. per annum 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 O<sup>M</sup> Table of Mortality with 3 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 O<sup>M</sup> (British Offices) Table;
- (2.) For Annuities, British Offices' Life Annuity Tables (1893).

## IV.

The rate of interest assumed in the valuation was 3 per cent.

## V.

The whole of the loading, or the difference between the premiums payable to the office and the valuation "pure" premiums, amounting to £69,100 per annum and valued at £849,595, 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 £4,707 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.

## VII.

1. The liabilities of the Department under life policies and annuities at the date of the valuation, showing the number of policies, the sums assured, and the amount of premiums payable annually under each class of policies, both with and without participation in profits, will be found in detail in the Valuation Summary given on pages 12 and 13.

2. The net liabilities and assets of the Department, with the amount of surplus, are shown in the Valuation Balance-sheet given on page 11.