FOURTH SCHEDULE.

Limited-premium Policies, comprising 5 per cent. of the total sum assured, were valued in the same manner as ordinary whole-life policies for the sum assured, and like endowment assurances for the pure premiums, except that the premium is for an assurance payable at the moment of death.

(*b.*) *The Principles adopted in allotting the Surplus.*—The divisible surplus was allotted amongst the policy-holders thus:—

(1.) The profit arising from the excess of interest realised over the valuation rate of 4 per cent. was divided amongst those participating policies in force at the last valuation date which remained in force at the present valuation, in proportion to their H^{M} 4 per cent. reserves at 31st December, 1890.

(2.) The remaining surplus was divided amongst all the participating policies in proportion to the loading on the premiums paid on each policy during the triennium, policies secured by a limited number of premiums being treated as though the premiums had been spread over the whole term of the policy. The approximate profit from favourable mortality in the General Section and Temperance Section respectively was ascertained, and specially divided amongst the members of the respective sections. The result was that temperance policies received slightly higher reversionary bonuses than general policies, which were like them in all other respects.

The divisible surplus was converted into reversionary bonuses by means of the H^{M} table of mortality with 4 per cent. interest.

In all cases of rated-up lives, such lives were treated as though they had been of the higher age for bonus purposes.

Question 3.—The table or tables of mortality used in the valuation.

Answer.—For assurances, the Institute of Actuaries' Healthy Males (H^{M}) Table was used; and for annuities the Government Annuitants' Experience, 1884.

Question 4.—The rate or rates of interest assumed in the calculations.

Answer.—The rate of interest assumed throughout was 4 per cent.

Question 5.—The proportion of the annual-premium income (if any) reserved as a provision for future expenses and profits.

Answer.—The whole of the loading, amounting to £40,596 per annum, has been reserved for future expenses and profits, in addition to a special reserve of £13,642 for limited-premium policies.

Question 6.—The Consolidated Revenue Account since the last valuation.

Answer.—The Consolidated Revenue Account since the last valuation is given in Table C, page 16.

Question 7.—The liabilities of the Department under life policies and annuities at the date of the valuation, showing the number of policies, the amount assured, and the amount of premiums payable annually under each class of policies, both with and without participation in profits; and also the net liabilities and assets of the Department, with the amount of surplus or deficiency.

Answer.—The liabilities under life policies and annuities are shown in Table B, pages 14, 15. The net liabilities and assets of the Department, with the surplus, are shown in Table D, page 16.