

FOURTH SCHEDULE.

- (2.) *Principles of Distribution of Surplus.*—The divisible surplus has been allotted amongst the policyholders by ascertaining the profits arising from the excess of interest realised over the valuation rate of 4 per cent. and dividing that portion of the surplus exclusively amongst those participating policies which were in force at the last valuation and which remained in force at the present valuation, in proportion to their H^m 4 per cent. reserves at the 31st December, 1893. The remaining surplus has been divided amongst all the participating policies in proportion to the loadings 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,—with the exception that whole-life assurances issued during the triennium received reversionary bonuses at the rate of 20s. per £100 assured, and endowment assurances at the rate of 18s. per £100 assured, for each year of the triennium; it having been ascertained that those rates were approximately what would have resulted from an allotment in exact proportion to the accumulated loading. The approximate profit from favourable mortality in the General Section and the Temperance Section respectively has been ascertained and specially divided amongst the members of the respective sections. The result is, on this occasion, that general policies receive slightly higher reversionary bonuses than temperance 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.

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

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, Finlaison's 1884 Government Annuitants Tables; excepting for special annuities, which were valued by the Carlisle Table.

IV.

The rate of interest assumed throughout the valuation was 4 per cent.

V.

The whole of the loading, or the difference between the premiums payable to the office and the net premiums, amounting to £44,261 per annum and valued at £565,900, 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 £13,577 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 in Table D, page 20.