

ACTUARY'S REPORT
ON THE VALUATION OF THE
GOVERNMENT INSURANCE DEPARTMENT

AS AT 31st DECEMBER, 1940.

Presented to both Houses of the General Assembly pursuant to Section 40 of the Government Life Insurance Act, 1908.

Wellington, 10th April, 1941.

IN accordance with your instructions, a valuation of the Department's liabilities under its policies has been made as at 31st December, 1940, with the object of ascertaining the net surplus available for distribution amongst the policyholders, and in accordance with section 40 of the Government Life Insurance Act of 1908, and amendments, I have the honour to report as follows:

The liabilities arise in respect of 92,177 policies assuring, inclusive of bonus additions, the sum of £34,578,010 and £96,188 immediate and deferred annuities per annum: the Office premiums thereon amounting to £775,518 per annum.

The bases adopted for the valuation were as follows:—

- (a) Endowments: 3 per cent. interest without mortality.
- (b) Temporary Assurances: The proportion of the premiums corresponding to the unexpired risk.
- (c) All other Classes of Assurance: The O^M mortality table with 3 per cent. interest.
- (d) Annuities: The *a (m)* and *a (f)* mortality tables with 3 per cent. interest.

The net premium method of valuation was employed in respect of groups (a) and (c) above, and, in addition to the liability brought out on that basis, reserves were included for future bonuses, immediate payment of claims, and other contingencies, including those likely to arise out of the present war.

The valuation disclosed a total surplus of £191,931, as follows:—

	£
Total funds at 31st December, 1940	11,417,522
Less value of liabilities	11,229,490
Net surplus	188,032
Interim bonus paid during year	3,899
Total surplus	£191,931

As required by the Act, surplus arising from favourable mortality has been investigated separately for the General and Temperance Sections, the result indicating that the same rates of bonus should be allotted to policies of the same class in both sections.

I accordingly recommend that the following rates of compound reversionary bonus be declared on the sum assured and existing bonuses in respect of each full year's premium paid during the year:—

Policies issued under Present Premium Tables.

	Per Cent.
Whole-life assurances, and long-term endowment assurances maturing at	£ s. d.
ages 80 and over	1 5 0
Other endowment assurances	1 1 0
Double endowment assurances	0 17 0
Pure endowments	0 15 0

Policies issued under Premium Tables which have been closed.

Whole-life and endowment assurances	1 1 0
Double endowments	1 0 0

The above bonuses will absorb the sum of £166,318, and I recommend that the balance of the net surplus—viz., £21,714—be carried forward.

S. BECKINGSALE, Actuary.

The Government Insurance Commissioner, Wellington.

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