

## FOURTH SCHEDULE.

at increased rates, making the reserve for these equal to English Government Experience (1884), with 3 per cent. interest. In the case of annuity-assurances the value at age 60 of the annuity has been computed by the 1884 English Annuitants Experience and treated as an endowment payable at age 60, which has then been valued, in combination with the insurance portion of the contract, by the Institute H<sup>m</sup> Table, with 3½ per cent. interest.

All policies have been valued separately in duplicate, and also in groups where practicable.

The surplus has been allotted among the policyholders in the manner described in the next section.

- (2.) *Principles of Distribution of Surplus.*—The divisible surplus has been allotted among the policyholders by ascertaining the profits arising from the excess of interest realised over the valuation rate of 3½ per cent. and dividing that portion of the surplus exclusively among 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<sup>m</sup> 3½ per cent. reserves at the 31st December, 1896. The remaining surplus has been divided among 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. The approximate profit from favourable mortality in the General Section and the Temperance Section respectively has been ascertained and specially divided among the members of the respective sections. The result is that general and temperance policies which are alike in all other respects receive equal reversionary bonuses on this occasion.

The divisible surplus has been converted into reversionary bonuses by means of the H<sup>m</sup> Table of Mortality with 3½ 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<sup>m</sup> (Healthy Males) Table ;
- (2.) For Annuities, Finlaison's 1884 Government Annuitants Tables.

No Table of Mortality was used in the valuation of pure endowments.

## IV.

The rate of interest assumed throughout the valuation was 3½ per cent.

## V.

The whole of the loading, or the difference between the premiums payable to the office and the net premiums, amounting to £38,182 per annum and valued at £508,687, 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 £9,516 has been made to provide for expenses and profits when the premiums shall have ceased.