

The course of the business during the triennium is indicated in the following

CONSOLIDATED REVENUE ACCOUNT.

Dr.	£	s.	d.	Cr.	£	s.	d.
Funds at beginning of triennium	2,997,681	0	4	Death claims	337,146	2	6
Tontine Savings Fund No. 1 ..	16,752	13	11	Matured claims	190,222	19	10
Renewal premiums	799,447	6	1	Annuities paid	34,840	3	11
New premiums	66,758	17	2	Surrenders	156,235	15	8
Consideration for annuities ..	25,912	19	10	Cash bonuses	28,915	1	1
Interest	426,890	6	2	Commission	43,387	9	9
Fees	39	3	10	Taxes	28,695	1	3
				Expenses	108,438	17	2
				Investment reserves ..	22,783	9	6
				Funds at end of triennium ..	3,382,817	6	8
Total	£4,333,482	7	4	Total	£4,333,482	7	4

The premium income shows a satisfactory increase of £57,385 over that of the previous triennium. The interest income was £426,890, as against £393,078 for the former period; the average rate of interest realised was £4 9s. 3d. in 1900, £4 8s. 5d. in 1901, and £4 8s. 6d. in 1902. These figures, which were deduced by finding the rate yielded by the interest for each year on the mean of the funds at the beginning and end of the year, indicate that the fall in the rate received a check towards the close of the triennium.

The mortality experienced has again been very favourable, both in the General and Temperance Sections, and, though the amount paid in death-claims has increased, this is to be expected concurrently with the growth of the office. Surrenders show an increase, largely due to the winding-up of a Tontine Section falling during the triennium. The amount paid in commission and expenses of management was practically the same, being £151,826, as against £151,578 for the previous three years. The manner in which the expense-rate has declined during the last twelve years will be seen from the following :—

RATIO OF COMMISSION AND EXPENSES (excluding Taxation).					
Year.			To Total Income.		To Premium Income.
1890	..	..	14·4 per cent.	..	20·2 per cent.
1894	..	..	13·5	..	19·6
1898	..	..	12·2	..	18·0
1902	..	..	11·3	..	16·8

The taxation, not included in the above, represents approximately 2 per cent. of the total income, or 3 per cent. of the premium income, of the Department.

THE VALUATION.

The valuation of the policies current at 31st December, 1902, has been made on the same basis as that adopted in 1899—viz., by the Institute of Actuaries' H^m Table of Mortality, with interest at the rate of 3½ per cent., the net premiums only being valued as an asset, and the whole of the loading reserved for future expenses and profits. The annuities were valued by the 1884 Government Annuitants' Experience, a special reserve being made in their case to bring up their reserves to a 3 per cent. standard.

A valuation upon this basis resulted in a net liability of £3,214,409, as will be seen from the appended Valuation Summary, and as the Assurance and Annuity Funds at the close of the triennium, after making a further provision of £22,783 towards the Investment Reserve Fund, amounted to £3,382,817 6s. 8d., there resulted a surplus of £168,408 6s. 8d.

The following is the valuation balance-sheet :—

VALUATION BALANCE-SHEET, 31ST DECEMBER, 1902.

Dr.	£	s.	d.	Cr.	£	s.	d.
To Net value of liabilities (as per Valuation Summary)	3,214,409	0	0	By Accumulated Funds (as per Consolidated Revenue Account)	3,382,817	6	8
„ Surplus	168,408	6	8				
	£3,382,817	6	8		£3,382,817	6	8

In addition to the above surplus, £9,300 was paid as interim bonus, thus making the total profit for the three years, £177,708 6s. 8d.