

CONSOLIDATED REVENUE ACCOUNT.

Triennium ending 31st December, 1914.			Previous Triennium.	Triennium ending 31st December, 1914.			Previous Triennium.
	£		£		£		£
Funds at beginning of triennium	4,699,970		4,264,685	Death claims	485,688		416,364
Renewal premiums ..	986,253		936,581	Matured claims	433,855		332,899
New premiums	89,689		75,810	Annuities paid	53,269		47,944
Consideration for annuities	39,264		47,755	Surrenders	166,724		*197,055
Interest	700,918		623,409	Bonuses surrendered for cash	18,694		24,712
Fees	22		10	Commission	72,045		58,151
Tontine Savings Fund No. 2 transferred at maturity	..		18,562	Taxes	46,947		39,152
				Expenses	129,552		120,565
				Investment reserves ..	75,458		30,000
				Funds at end of triennium..	5,033,884		4,699,970
Total	£6,516,116		£5,966,812	Total	£6,516,116		£5,966,812

* Including tontine policies at maturity.

It will be seen that the regularity of the increase of income and outgo has also been well marked.

Income.—The chief item of importance, besides a substantial increase in the premium income, is the revenue from interest, which exceeded by £77,509 the interest earnings of the previous three years. The average rate of interest realized each year for the past six years has been as follows:—

Rate of Interest (deducting Taxes from Interest).

	£	s.	d.		£	s.	d.
1909	4	7	2	1912	4	7	11
1910	4	6	7	1913	4	8	10
1911	4	6	11	1914	4	10	7

These figures were obtained by dividing the interest, less the mortgage and other taxes, by the mean of the funds at the beginning and end of the year, and they show that the rate of interest earned on the Department's investments has been more than maintained.

Outgo.—The claims have considerably increased, but the death-rate is still much lower than assumed in the valuation, and the surplus has consequently received a large accretion from favourable mortality.

The amount paid through policies maturing has steadily increased from year to year, and the sum received by policyholders during the triennium—£433,855—shows the important dimensions this form of thrift has now attained.

The surrenders show a large decrease, as was anticipated, those for the previous triennium being considerably above the average owing to the number of policies relinquished immediately after the expiry of the Tontine Savings Fund No. 2. The decrease in the bonuses surrendered for cash is also attributable to the same cause.

THE VALUATION.

The business to be valued consisted of 52,273 policies, assuring £13,797,075 inclusive of bonus additions, and £22,523 immediate and deferred annuities per annum, the ordinary annual premiums thereon amounting to £368,723. The Department also receives £2,070 per annum, representing additions to the tabular premiums imposed when assurances are effected on lives which are estimated to fall below the requisite standard for any reason. These extra premiums are held to cover the current year's extra risk, and are not brought into the valuation as an asset.

Basis of Valuation.—The net premium method of valuation has been strictly adhered to, whereby the whole margin of loading has been reserved as a provision for future expenses. The H^m Table of Mortality, with 3½ per cent. interest, has been used, but an additional reserve of £108,000 has been added to the liability, making it equivalent to that produced by an H^m 3¼ per-cent. valuation. The annuities were valued by the British Offices Life Annuity Tables (1893), using 3 per cent. interest.

The value of the total liability under the several contracts is	...	£	8,110,987
Deduct the value of the future net premiums	...		3,407,168
			4,703,819
Add special reserve of	...		108,000
			4,811,819
Making an immediate NET LIABILITY of	...		4,811,819
The ACCUMULATED FUNDS (after making further provision of £75,458 towards the Investment Reserve Fund) are	...		5,033,884
Difference, being excess of assets over liability, or GROSS SURPLUS at 31st December, 1914	...		£222,065