



REPORT BY THE ACTUARY
 RESPECTING THE
 VALUATION OF THE LIABILITIES
 UNDER LIFE POLICIES AND ANNUITIES
 OF THE
 NEW ZEALAND
 Government Insurance Department,

In terms of Section 36 of the Government Life Insurance Act, 1908.

(See Fourth Schedule.)

I.

THE date up to which the valuation was made was the 31st December, 1914.

II.

The principles upon which the valuation and distribution of profits were made were as follows :—

- (1.) *Principles of Valuation.*—The valuation has been made upon a strictly “net premium” basis; in other words, no credit whatever has been taken for any extra premiums or loadings, the net premiums alone having been valued for inclusion among the assets. The liability has been ascertained by taking the difference between the present value of the sums assured (including reversionary bonuses) and the present value of the net premiums (derived from the Institute of Actuaries H^m Table with 3½ per cent. interest), and an addition has been made to this liability of £108,000, which has had the practical effect of reducing the interest basis to 3¼ per cent. Where the original premiums have been reduced by the application of amounts received in consideration of the surrender of bonuses or former policies the present values of such reductions have been added to the liability. In all cases where an extra premium was payable the policy has been valued at the true age, and a full proportion has been reserved for the unexpired risk for which the extra premium had been paid. Adequate extra reserves have been made for limited-premium policies and the immediate payment of claims in the case of whole-life assurances, and allowance has been made for the actual incidence of the premium income. Reserves have been made for Deferred Annuities equivalent to the premiums paid accumu-