REPORT BY THE ACTUARY

ON THE

VALUATION

OF THE

Government Insurance Department,

As at 31st December, 1890.

Sir,— Wellington, 30th April, 1891.

I have the honour to report to you upon the results of the now completed office valuation for the quinquennial period ending 31st December, 1890.

In 1887 the Consulting Actuaries indicated their opinion that it would be desirable to lower the rate of interest assumed in future valuations; and, in conformity with that opinion, which accords with my own, I have valued the liabilities by the H^M Table of Mortality, with 4 per cent. interest, so far as concerns the participating assurances, which number 27,447 policies for £7,508,718, out of a total of 28,102 policies for £7,544,030.

The immediate annuities have been valued by the 1884 experience of the English Government annuitants, with 4 per cent. interest; and for simple endowments and investments the amount of premiums paid, accumulated at 4 per cent. interest, has been reserved as the net liability.

The proper additional reserve for the immediate payment of claims has been made by suitable modifications of the valuation formulæ.

The pure premiums only have been considered as an asset, leaving the total loading, amounting to £35,139 per annum—equal to 16·1 per cent. of the office premium income, and worth £468,394—as a provision for future expenses and contingencies. This is exclusive of the extra premiums, amounting to £4,990 per annum, which have not been reckoned on at all. The results are contained in the following

Summary of Valuation as at 31st December, 1890.

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Value of £7,508,718, sums assured (participating)	3,515,108
Value of £263,761, reversionary bonus additions, and reductions of premium ..	142,684
Reserve for extra premiums of £4,990 per annum	2,495
Reserve of loading on limited-premium and paid-up policies	15,388
	3,675,675
Value of annuities of £5,668 per annum	43,341
Reserve for 553 miscellaneous policies (non-participating)	10,517
	3,729,533
Deduct value of £183,562 per annum, future pure premiums	2,246,992
Net liability	£1,482,541