FOURTH SCHEDULE.

STATEMENT RESPECTING THE VALUATION OF THE LIABILITIES UNDER LIFE POLICIES AND ANNUITIES OF THE GOVERNMENT INSURANCE DEPARTMENT.

Question 1.—The date up to which the valuation is made.

Answer.—The 31st of December, 1890.

Question 2.—The principles on which the valuation and distribution of profits among the policyholders are made.

Answer.—(a.) The Principles adopted in the Valuation.—The valuation has been strictly a "net premium valuation" at true age, with adequate extra reserves for limited-premium policies and prompt payment of claims. No extra premiums or loadings whatever have been treated as an asset in the valuation.

Valuation of Ordinary Whole-life Assurances, comprising 63 per cent. of the total sum assured. It being found that the total premium income of the office fell due on the average about six months and one week from the date of valuation, the addition of $\frac{1}{2}$ was made to the annuity in the valuation formula.

The pure premium valued was the yearly premium, or equivalent annual premium where the policy was renewable more often than once a year, for an assurance payable at the moment of death.

The reversion used for valuing the sums assured and bonuses was the reversion payable at the moment of death.

The valuation formula was therefore—

$$\overline{\mathbf{A}}_{x+n} - \mathbf{P}_x^{(m)} (\cdot 5 + a_{x+n}).$$

The valuation age, x+n, was obtained by deducting the year of birth from the year of valuation, and adding half a year.

The entry age, x, is the true age at entry.

Negative values amounting to £86 only were discovered in the detailed valuation, and these were struck out.

The ordinary class valuation by the method of year-of-birth groupings resulted in a net liability of £654,927, whilst the detailed valuation gave a net liability of £654,953; the difference being only £26.

The following table shows the amount reserved on ordinary whole-life policies payable by whole-life premiums for every £100 of sum assured:—

Age at Entry.	DURATION OF POLICY.													Age Entry.
	½ Year.	1½ Years.	2½ Years.	3½ Years.	4½ Years.	5½ Years.	6½ Years.	7½ Years.	8½ Years.	9½ Years.	10½ Years.	15½ Years.	20½ Years.	A A
15	0'942	1.766	2.574	3.341	4.020	4.718	5.362	6.020	6.702	7.428	8.194	12.387	17.121	15
20	0.979	1.652	2.331	3.045	3.795	4.292	5.423	6.581	7.154	8.044	8.949	13.869	19.454	20
25	1.124	2.012	2.903	3.808	4.730	5.669	6.629	7.618	8.637	9.687	10.765	16.225	23.284	2
30	I.323	2.322	3.392	4.456	5.555	6.682	7.836	9.014	10.551	11.459	12.735	19.773	27 509	30
35	1.602	2.822	4.063	5.336	6.640	7.986	9.380	10.826	15.319	13.846	15.407	23.262	32,453	3.
40	1.934	3,450	4.960	6.549	8.179	9.844	11.230	13.540	14.975	16.739	18.232	28.053	38.089	40
45	2.367	4.193	6:046	7.924	9.834	11.280	13.768	15.800	17.867	19.963	22 084	32.954	43.802	4
50	2.885	5.023	7.310	9.585	11.892	14.552	16.282	18.965	21.363	23.779	26.193	38.132	50.023	5
55	3.293	6.242	8.018	11.612	14.322	17.040	19.757	22.457	25.141	27.808	30,463	43.825	55.957	5
60	4.478	7.607	10.219	13.806	16.877	19.932	22.993	26.056	29'144	32.532	35.312	49.287		6
65	5.283	9,191	12.803	16.442	50.001	23.725	27.298	30.759	34.060	37.188	40.192			6
70	7.227	11.222	15.783	19.798	23.602	27.263	30.812	34.283	37.671	40.996		• •		7
75	9.052	13.495	17.829	22.064	26.222			• • •						7