FOURTH SCHEDULE.

Valuation of Endowment Assurances, comprising 31 per cent. of the total sum assured. Every policy was separately valued as at the next renewal date, assuming the next premium just due and unpaid.

The premium valued was the net premium that would have been charged if the policy had been renewable yearly.

The valuation formula used was

$$A_{x+n\,:\,\overline{t-n}|} - P_{x:\overline{t}|}(1+a_{x+n\,:\,\overline{t-n-1}|}).$$

The valuation age, $x+n$, was obtained by deducting the year of birth from 1891.

The unexpired term, $t-n$, was obtained by subtracting 1891 from the year of maturity, and adding that fraction of a year corresponding to the premiums falling due between 31st December and the anniversary of the policy.

The following table will show the amount reserved on endowment assurances for every £100 of sum assured:—

TABLE III.—ENDOWMENT ASSURANCES.—SPECIMEN RESERVES.

Age at Entry.	III_{10}. Duration.		III_{20}. Duration.				III_{35}. Duration.				Age at Entry.
	1 Year.	9 Years.	1 Year.	5 Years.	10 Years.	19 Years.	1 Year.	5 Years.	10 Years.	20 Years.	
15	8·296	87·924	3·413	18·052	39·439	92·605	1·535	7·762	16·136	39·243	15
20	8·094	87·812	3·179	17·290	38·934	92·508	1·306	6·999	15·666	38·809	20
25	8·091	87·789	3·197	17·410	38·899	92·462	1·364	7·323	15·992	39·175	25
30	8·050	87·731	3·172	17·285	38·678	92·385	1·393	7·477	16·313	39·652	30
35	8·023	87·664	3·175	17·211	38·612	92·284	1·485	7·859	17·205	40·651	35
40	7·967	87·581	3·178	17·349	38·545	92·138	..	..	..	..	40
45	7·950	87·431	3·249	17·358	38·398	91·896	..	..	..	..	45
50	7·834	87·207	3·277	17·553	38·359	91·519	..	..	..	..	50
55	7·741	86·844	..	..	..	..	..	..	..	..	55
60	7·566	86·241	..	..	..	..	..	..	..	..	60

Limited-premium Policies, comprising 5 per cent. of the total sum assured, were valued in the same manner as ordinary whole-life policies for the sum assured, and like endowment assurances for the pure premiums, except that the premium is for an assurance payable at the moment of death.

(*b.*) *The Principles adopted in allotting the Surplus.*—The divisible surplus was allotted amongst the policyholders thus:—

(1.) The profit arising from the excess of interest realised over the valuation rate of 4 per cent. was divided amongst those participating policies in force at the last valuation date which remained in force at the present valuation, in proportion to their H^{M} 4 per cent. reserves at 31st December, 1885.

(2.) The remaining surplus was divided amongst all the participating policies in proportion to the loading on the premiums paid on each policy during the quinquennium, policies secured by a limited number of premiums being treated as though the premiums had been spread over the whole term of the policy. The approximate profit from favourable mortality in the General Section and Temperance Section respectively was ascertained, and