

FOURTH SCHEDULE—*continued*

made for the actual incidence of the premium income. Endowments have been valued as sums certain payable at the end of their respective terms, $2\frac{1}{2}$ per cent. interest being used. Annuities have been valued by the $a(f)$ and $a(m)$ Ultimate tables of mortality using 3 per cent. interest.

Policies have been valued in groups where practicable.

- (2) *Principles of Distribution of Surplus*.—The divisible surplus is distributed among the policyholders entitled to participate as a compound reversionary bonus per cent. on sums assured and existing bonuses, the rate of such bonus for each class of assurance being determined as far as practicable by the profit earned. An interim bonus is also paid, at the same rate, in respect of those policies which may become claims before the next distribution of surplus.

The divisible surplus has been converted into reversionary bonuses by means of the A 1924–29 Ultimate table of mortality with $2\frac{1}{2}$ per cent. interest.

III

The tables of mortality used in the valuation were,

- (1) For assurances, the A 1924–29 Ultimate Table ;
- (2) For annuities, the $a(f)$ and $a(m)$ Ultimate Tables.

IV

The rates of interest assumed in the valuation were $2\frac{1}{2}$ per cent. for assurances and 3 per cent. for annuities.

V

The proportion of the annual premium income reserved as a provision for future expenses and profits is represented by the difference between the premiums actually payable and the valuation premiums, and amounts to 23·0 per cent. of the annual premium income. In addition, special provision has been made for future expenses and profits under assurances by limited premiums.

VI

The Consolidated Revenue Account for the period 1st January, 1945, to 31st December, 1947, is given on page 11.

VII

1. The liabilities of the Department under life policies and annuities at the date of the valuation, showing the number of policies, the sums assured, and the amount of premiums payable annually under each class of policies, both with and without participation in profits, will be found in detail in the Valuation Summary given on page 12.

2. The net liabilities and assets of the Department, with the amount of surplus, are shown in the Valuation Balance-sheet given on page 11

VIII

All participating policies in force at the date of the valuation share in the profits. The surplus is allotted in the form of compound reversionary bonuses which vest immediately and are payable with the sum assured in the event of a claim ; but, except in the case of short-term double-endowment policies, they do not acquire a cash value for surrender purposes until the policies to which they belong have been two years in existence.