two infant grandchildren, the children of a deceased daughter. He executed no apportionment or nomination in respect of the policy moneys, but his will, although not specifically referring to the policy, constituted his wife his residuary legatee. How should the policy moneys be distributed?

5. Explain the meaning of the term "insurable interest."

6. What contracts has the Government Insurance Commissioner power to enter into under the provisions of "The Government Insurance and Annuities Act, 1874," as re-enacted by "The Government Life Insurance Act, 1886"?

SECTION II.—ACCIDENT.

7. What contracts has the Government Insurance Commissioner power to enter into under the provisions of "The Government Accident Insurance Act, 1899," and "The Accident Insurance Companies Act, 1902"?

8. What liabilities are imposed upon the mortgagee of a property by the operation of "The Workers' Compensation for Accidents Act, 1900."?

9. (a.) What compensation is secured to a worker for a non-fatal injury under the provisions of "The Workers' Compensation for Accidents Act, 1900"?
   (b.) To what extent are those benefits modified by "The Workers' Compensation for Accidents Act Amendment Act, 1902"?

Principles involved in Life Assurance: Life Assurance Book-keeping. For Civil Service Senior. Time allowed: Three hours.

SECTIONS I. AND II.—PRINCIPLES INVOLVED IN LIFE ASSURANCE.

I.

1. What are the elements that enter into the calculation of net premiums, and how are office premiums usually formed from net premiums? Define "level premiums," "natural premiums," and "assessmentism."

2. What relations do office premiums payable half-yearly, quarterly, &c., bear to premiums payable yearly, in the Insurance Department and other offices?

3. What is the "reserve" or "value" of a policy? What is the principle on which it is calculated? Why do most offices make deductions from the full reserves in computing surrender values?

4. What are the principal sources from which surpluses are derived? Exemplify by reference to the Government Insurance Department.

5. How many quinquennial and triennial valuations have been made of the Insurance Department? Give, as nearly as you can, the following particulars of each valuation: (a) The date, (b) the basis, (c) the surplus divided, (d) the reversionary bonuses allotted.

II.

6. Give a brief description of the system practised by the Insurance Department in dealing with policies that are not renewed within the days of grace. Compare the respective merits of this and of any other methods you know of.

7. How are errors in age dealt with in the Insurance Department? Describe any other methods in vogue of which you are aware, and compare their respective advantages and disadvantages.

8. Describe briefly the different kinds of insurance, endowment, and annuity business transacted by the Insurance Department, and also any other varieties of business that you think the Department might properly undertake.

9. What are the chief conditions essential to the success of a life office?

10. What arguments would you advance to persuade a person that it was to his interest to apply small sums from time to time to the payment of premiums on an insurance policy rather than to invest them in a savings-bank or otherwise?

SECTION III.—LIFE ASSURANCE BOOK-KEEPING (with special reference to the Books of the Government Insurance Department).

11. Give a short description of a life insurance "revenue account," showing the principles upon which it is based and the character of the transactions which it embodies. Draft an imaginary revenue account.

12. On the 10th December, 1901, a death was notified in respect of a policy the condition of which was as follows:—
   (a.) Sum assured, £300;
   (b.) Bonuses, £115;
   (c.) Loan on policy, £206 17s. 11d;
   (d.) Interest on policy loan from 1st July, 1901, to date of death (9th December, 1901), £4 12s. 6d;
   (e.) Premium due 15th November, 1901, £8 11s.

Owing to delay by the claimant in completion of proofs the claim was not settled until January, 1902. Trace the entries through the general ledger, and through the revenue account and balance-sheets affected.

13. A policy which had been kept alive out of surrender value for a space of three years, and was then retained on the books for the further period of twelve months during which revival was possible, eventually became absolutely void by lapse. Describe the general ledger postings which this lapsing would involve.

14. Distinguish between the terms "matured," "expired," and "lapsed," as applied to life policies.

15. You are instructed to inspect and audit the branch office at ———. Describe your procedure from arrival at the branch to completion of your duty.