

ACTUARY'S REPORT

OF THE VALUATION OF THE

GOVERNMENT INSURANCE DEPARTMENT

AS AT 31ST DECEMBER, 1928.

Presented to both Houses of the General Assembly pursuant to Section 40 of the Government Life Insurance Act, 1908.

Wellington, 22nd March, 1929.

IN accordance with your instructions and in compliance with section 40 of the Government Life Insurance Act, 1908, and amendments, an investigation and a valuation in respect of the assurance and annuity contracts of the Department has been made in respect of the year ending 31st December, 1928, with the object of ascertaining the net surplus which may be distributed amongst the policy-holders, and I have the honour to report as follows :—

The total contracts consisted of 68,562 policies, assuring £22,084,471, inclusive of bonus additions and £25,120 immediate and deferred annuities, per annum, the Office premiums thereon amounting to £617,642 per annum.

■ The average net rate of interest earned by the funds of the Department during the year was £5 9s. 9d. per cent. after deduction of taxes, and the expenses of management were 15·29 per cent. of the premiums, or 9·35 per cent. of the total income. The corresponding rates of the previous year were £5 10s. 10d. per cent. and 16·17 per cent., or 9·84 per cent. respectively.

The experience of the Temperance and General Sections during the past year have been separately investigated in accordance with the Act, and this investigation has disclosed that the bonus rates recommended below should be declared in both sections.

The bases adopted for the valuation (the details of which are required by sections 36 and 37 of the Act to be supplied triennially) were as follows :—

- (a) The British Offices Om Table, 1893, and the British Offices Annuity Tables, 1920, were employed in the case of assurance and annuities respectively, at 3 per cent. interest; and
- (b) The net premium method of valuation has been followed in arriving at the value according to the above tables of the liabilities in respect of the Department's contracts, and where necessary additional reserves have been made for future bonuses, expenses, and other contingencies.

The valuation has disclosed a total surplus of £216,115, as follows :—

	£
Total funds at 31st December, 1928	7,582,679
Less value of liabilities	7,370,160
Net surplus	212,519
Add interim bonuses paid during the year	3,596
Total surplus	£216,115

The results of this valuation have been carefully considered, and I recommend that the following rates of compound bonus should be declared on the sum assured and existing bonuses in respect of each full year's premium paid during the year :—

Policies issued under present premium tables :—	Per Cent.
Whole-life assurances, and long-term endowment assurances maturing at age 80 (Tables A and B)	£ s. d. 2 0 0
Endowment assurances (excluding Tables A and B)	1 18 0
Double endowment assurances and pure endowments	1 7 6
Policies issued under premium tables which have been closed :—	
Whole-life and endowment assurances	1 16 0
Double-endowment assurances	1 10 0

The above bonuses will absorb £200,287, and I recommend that the balance of the net surplus—viz., £12,232—should be carried forward.