FOURTH SCHEDULE.

Annuities have been valued by the *a (f)* and *a (m)* Annuity Tables deduced from the mortality of British Annuitants, 1900–1920, using 3 per cent. interest. In the case of annuity assurances the value at the age of entering upon the annuity has been computed by the above-mentioned Annuity Tables and treated as an endowment payable at the specified age, which has then been valued, in combination with the insurance portion of the contract, by the OM Table, with 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, for each premium paid since the last division, 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 profit from favourable mortality in the General Section and the Temperance Section respectively has been estimated and specially divided among the members of the respective sections. The result is that Temperance policies will, on this occasion, receive compound reversionary bonuses at the same rate as General policies which are like them in all other respects.

The divisible surplus has been converted into reversionary bonuses by means of the OM Table of Mortality with 3 per cent. interest, the reversion for a continuous assurance having been used for whole-life policies.

III.

The Tables of Mortality used in the Valuation were,—

(1) For Assurances, the OM (British Offices) Table;

(2) For Annuities, the *a (f)* and *a (m)* Annuity Tables deduced from the mortality of British Annuitants, 1900–1920.

IV.

The rate of interest assumed in the valuation was 3 per cent.

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 19·6 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, 1927, to 31st December, 1929, is given on page 13.

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 pages 14 and 15.