

REPORT

OF THE VALUATION OF THE

GOVERNMENT INSURANCE DEPARTMENT

AS AT 31st DECEMBER, 1930.

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

Wellington, 2nd March, 1931.

IN accordance with your instructions, an investigation and a valuation of the annuity and the assurance contracts of the Department have been made for the year ended 31st December, 1930, with the object of ascertaining the net surplus available for distribution amongst the policyholders, and, in compliance with section 40 of the Government Life Insurance Act, 1908, and amendments, I have the honour to report as follows :—

The business to be valued consisted of 71,868 policies, assuring, inclusive of bonus additions, £23,845,034, and £25,152 immediate and deferred annuities per annum, the Office premiums thereon amounting to £665,447 per annum.

The bases adopted for the valuation were as follows :—

- (a) The British Offices OM Table, 1893, and the British Offices Annuity Tables, 1920, were employed in the case of assurances and annuities respectively, with 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 additional reserves have been included for future bonuses, expenses, and other contingencies.

The valuation has disclosed a total surplus of £232,581 as follows :—

Total funds at 31st December, 1930	..	..	..	..	£	8,248,847
Less value of liabilities	..	..	..	..	£	8,020,048
Net surplus	..	..	..	..		228,799
Add interim bonus paid during year	..	..	..	..		3,782
Total surplus	..	..	..	..		<u>£232,581</u>

Separate investigations of the General and the Temperance Sections, as required by the Act, disclosed that identical rates of bonus should be declared in both sections.

I accordingly recommend that the following rates of compound bonus 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 (Tables A, B, and A special)	£ s. d. .. 2 2 0
Endowment assurances (excluding Tables A, B, and A special)	.. 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 £224,145, and I recommend that the balance of the net surplus—£4,654—be carried forward.