

## FOURTH SCHEDULE.

proportion of the premiums corresponding to the unexpired risk. 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.

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 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 O<sup>M</sup> Table of Mortality with 3 per cent. interest.

## III.

The Tables of Mortality used in the Valuation were,—

- (1) For Assurances, the O<sup>M</sup> (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 24·4 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, 1936, to 31st December, 1938, 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 pages 12 and 13.