

ACTUARY'S REPORT

ON THE VALUATION OF THE

GOVERNMENT INSURANCE DEPARTMENT

AS AT 31ST DECEMBER, 1938.

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

Wellington, 10th February, 1939.

IN accordance with your instructions, a valuation of the Department's liabilities under its policies has been made for the year ended 31st December, 1938, with the object of ascertaining the net surplus available for distribution amongst the policyholders, and in accordance with section 40 of the Government Life Insurance Act of 1908, and amendments, I have the honour to report as follows:—

The liabilities arise in respect of 86,155 policies assuring, inclusive of bonus additions, the sum of £31,648,139 and £96,011 immediate and deferred annuities per annum; the Office premiums thereon amounting to £746,268 per annum.

The bases adopted for the valuation were as follows:—

(a) Endowments: 3 per cent. interest without mortality.

(b) Temporary Assurances: The proportion of the premiums corresponding to the unexpired risk.

(c) All other classes of assurance: The Om mortality table with 3 per cent. interest.

(d) Annuities: The *a* (*m*) and *a* (*j*) mortality tables with 3 per cent. interest.

The net premium method of valuation was employed in respect of groups (a) and (c) above, and, in addition to the liability brought out on that basis, reserves for future bonuses, immediate payment of claims, and other contingencies were included.

The valuation has disclosed a total surplus of £239,799 as follows:—

	£
Total funds at 31st December, 1938	10,575,749
Less value of liabilities	10,340,316
Net surplus	235,433
Interim bonus paid during year	4,366
Total surplus	£239,799

As required by the Act, surplus arising from favourable mortality has been investigated separately for the General and Temperance Sections, the result indicating that the same rates of bonus should be allotted to policies of the same class in both sections.

I accordingly recommend that the following rates of compound reversionary bonus be declared on the sum assured and existing bonuses in respect of each full year's premium paid during the year:—

<i>Policies issued under Present Premium Tables.</i>	Per Cent.		
	£	s.	d.
Whole-life assurances, and long-term endowment assurances maturing at ages 80 and over	1	15	0
Other endowment assurances	1	10	0
Double endowment assurances	1	2	0
Pure endowments	1	0	0

Policies issued under Premium Tables which have been closed.

Whole-life and endowment assurances	1	10	0
Double endowments	1	7	0

The above bonuses will absorb the sum of £220,192, and I recommend that the balance of the net surplus—viz., £15,241—be carried forward.

S. BECKINGSALE, F.I.A., Actuary.

The Government Insurance Commissioner, Wellington.

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