

during the preceding year—£1551 5s.—a very different and much less favourable result might have been anticipated.

The total claims on the Company since its commencement have been on 27 lives, and have amounted to £14,224 17s., while by the continuance of the peculiar system, heretofore explained, of setting aside the amount which by the life tables in use might have been anticipated, whether claimed or not by deaths occurring, an increased reserve has been realized amounting to £7,247 18s. 2d. in excess of the claims fallen in, or £8,753 8s. more than the amount actually paid out for claims.

The valuation of the assurance business has been conducted upon the same system as formerly, the liabilities or sums assured having been calculated in full, and the assets or premiums receivable for life, or terms of life, previously reduced to their net or office amount; the loading, or charge made on each premium from which alone profit can be derived, being thus cast aside to enter into the valuations of each year, as it may be received. The safety and prudence of this system, when compared with the more generally adopted plan of valuing the gross income with or without a reduction for future expenses, can hardly be over-estimated.

It is thus shown that £14,678 3s. 4d. is the reserve or increased value of the policies in force, being the sum which, with the net income from premiums, will suffice to meet every claim as it matures.

The amount at the credit of the assured in

the Mutual Branch is.....	£22,513	0	6
And their proportion of the reserve for increased value and risks unclaimed being..	17,777	8	9
Leaves a balance of .....	4,735	11	9

available for division as profit.

This sum would of itself warrant an increase upon the dividend declared last year, but the Directors conceive that they will be acting more prudently in continuing the same dividend for a year or two until a reserve of profits of sufficient amount is realized, and more certainty arrived at