CORRESPONDENCE.

ON THE VALUATION OF PREMIUMS.

To the Editor of the Journal of the Institute of Actuaries.

SIR,—In a letter in the last number of the *Journal of the Institute*, Mr. James Chatham discusses the question of the average date on which the premiums valued are assumed to fall due. After mentioning various methods of adjusting the account to allow for the unequal distribution of payments throughout the year, he proceeds to point out that, in consequence of the days of grace and the delay of agents in remitting, nearly two months elapse before the premiums are actually received by the office. He then says, "The reserve, "therefore, ought to be increased by, roughly speaking, two months' "premium income." This conclusion appears to be erroneous, as it assumes that the delay in payment at the head office is equivalent to the postponement of the due date for two months. Of course, this is not so, as in the event of death during that period the premium is payable, and the only loss caused by the delay is a small one consisting of interest.

I am, Sir,

Your obedient servant,

T. G. C. BROWNE.

11 *Lombard Street, E.C.*
16 *October* 1893.

To the Editor of the Journal of the Institute of Actuaries.

SIR,—My attention has been drawn to a letter from Mr. C. D. Higham (*J.I.A.*, xxvi, 478), in which he mentions the point I referred to in the letter you were good enough to insert in your last issue. He there suggests "that claim acceleration reserve should be "based on the theoretical instead of on the actual date for payment, "at any rate as long as the fraction combined with the annuity-value "in capitalizing future premiums is dependent on the date of their "falling due rather than of their being received." This method has certainly the merit of consistency, but I am not aware of its ever having been adopted by any office.