

1. The increase in premium income amounting to £12,714 over the figures for the previous year will, I think, be regarded as very satisfactory.

2. The loss ratio is the lowest in the history of the Office. The net surplus accruing from the operations for the year after deduction of taxes is £33,079, underwriting profit contributing £17,348 (or 7.95 per cent. of premiums) and income from investments, &c., £15,731.

3. The total amount granted in bonus rebates to policyholders is greater than in any previous year, and a further sum of £10,079 from the profits for the year has been carried to the Bonus Rebate Reserve Fund. As the maximum rate of bonus is reached the graduated system which now applies benefits each year an increasing number of policyholders.

4. The following is a recapitulation of some of the more outstanding services rendered by the Office since its establishment :—

- 1905 : Reductions of $33\frac{1}{3}$ per cent. on rates on dwellings and like risks and 10 per cent. on other classes of risks. Special higher ratings abolished.
- 1915 : Adoption of policy form which furnishes a complete copy of the contract signed by the insured.
- 1923 : Rebate system established, and 15 per cent. rebate declared to policyholders. Since 1923 the rate of rebate has varied from 10 per cent. to $12\frac{1}{2}$ per cent.
- 1931 : Extension of insurance to cover up to 10 per cent. thereof for furniture and effects of dwellings removed temporarily.
- 1933 : Additional special rebate from $7\frac{1}{2}$ per cent. to $12\frac{1}{2}$ per cent. given on dwellings and farm risks.
- 1936 : (a) The rebate of 1923 and additional special rebate of 1933 made into a permanent rate-reduction.
(b) New system of graduated bonus rebates instituted, whereby policyholders of one year or more receive a rebate varying between 10 per cent. and 25 per cent. according to the length of time they have been insured with the Office, the maximum rebate being reached in three years.

The above-mentioned services have resulted in savings to the insured public amounting to not less than £18,500,000 in the aggregate.

These premium reductions have affected every class of risk, whether trade, farming, or residential. Within the largest class of risk—dwellings and the like—typical cases show that State Fire policyholders now pay 4s. per cent., 5s. 3d. per cent., and 5s. 8d. per cent., as compared with 10s. per cent., 13s. per cent., and 15s. per cent. paid for similar risks in 1904.

5. During the year the Office, jointly with the Accident Branch, assisted the war effort by an interest-free loan of £100,000 for the purposes of the War Expenses Account established under Part I of the War Expenses Act, 1939.

6. The activities of the Office were increased during the year under the provisions of the Marine Insurance (War Risks) Emergency Regulations 1940. The liabilities are carried by the Consolidated Fund, but the whole of the administration of the scheme for the compulsory insurance of Home-trade ships is undertaken by this Office, and is working smoothly.

7. During the year the requirements of war have depleted the staff of many trained and experienced officers. The work of the Office, with its increasing business and activities, thus throws added responsibility upon those who remain, but I am glad to report that with the assistance of temporary staff the standard of service to the public has been well maintained. I gratefully acknowledge the cheerful and competent service rendered by all officers during the year.

J. H. JERRAM, General Manager.