

1941.
NEW ZEALAND.

STATE FIRE INSURANCE OFFICE.

ANNUAL REPORT OF THE GENERAL MANAGER FOR THE YEAR ENDED 31st DECEMBER, 1940.

Presented to both Houses of the General Assembly pursuant to the Provisions of the State Fire Insurance Act, 1908.

State Fire Insurance Office, Wellington, 28th March, 1941.

I HAVE the honour to submit the thirty-sixth annual report of the State Fire Insurance Office, for the year ended 31st December, 1940, with the Revenue Account and Balance-sheet.

The following are the comparative figures for the last three years:—

	1938.		1939.		1940.	
	£	£	£	£	£	£
Income—						
Premiums	193,501		205,539		218,253	
Other receipts, less land-tax	46,099		50,743		50,258	
	239,600		256,282		268,511	
Outgo—						
Bonus rebate to policyholders	37,747		37,201		41,922	
Claims	30,839		39,443		31,617	
Working-expenses (exclusive of income-tax and Fire Board contributions)	58,657		58,232		58,542	
Fire Board contributions	10,492		11,365		12,124	
Income-tax	32,288		51,273		66,564	
National and Social Security tax		19,783	
Carried to reserve for unearned premiums		4,880	
	170,023		197,514		235,432	
Surplus, apportioned as follows:—						
Written off Office premises	23,000		28,000		23,000	
Reserve Fund	577		768		..	
Bonus Rebate Reserve		10,079	
Reinsurance Reserve	30,000		20,000		..	
Investments Fluctuation Reserve	16,000		10,000		..	
	69,577		58,768		33,079	
Total	239,600		256,282		268,511	
Reserves and funds at 31st December ..	1,160,407		1,191,175		1,206,134	
	Per Cent.		Per Cent.		Per Cent.	
Ratio of claims to premium income	15·94		19·19		14·49	
Ratio of working-expenses (exclusive of income-tax and Fire Board contributions) to premium income	30·32		28·33		26·82	
Ratio of Fire Board contributions to premium income	5·42		5·53		5·55	
Ratio of income-tax and National and Social Security tax to premium income	16·68		24·95		39·56	

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.

