1941. NEW ZEALAND.

STATE FIRE INSURANCE OFFICE.

ANNUAL REPORT OF THE GENERAL MANAGER FOR THE YEAR ENDED 31ST DECEMBEF, 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: --

Income— Premiums Other receipts, less land-tax			£ 193,501 46,099		£ 205,539		$^{\pounds}_{218,253}_{50,258}$	
Outgo— Bonus rebate to policyholders Claims Working-expenses (exclusive of and Fire Board contributions) Fire Board contributions Income-tax National and Social Security tax Carried to reserve for unearned pres	income-ta	••• •• •• ••	37,747 30,839 58,657 10,492 32,288		37 ,201 39,443 58,232 11,365 51,273		$\begin{array}{r} 41,922\\ 31,617\\ 58,542\\ 12,124\\ 66,564\\ 19,783\\ 4,880\end{array}$, ; ;
Surplus, apportioned as follows : Written off Office premises Reserve Fund Bonus Rebate Reserve Reinsurance Reserve Investments Fluctuation Reserve	··· ·	•••	16,000	69,577	28,000 768 20,000 10,000	58,768	23,000 10,079 	235,432
Total Reserves and funds at 31st Decemb		.1,		1	,191,175		1,206,134	268,511
Ratio of claims to premium income Ratio of working-expenses (exclusive tax and Fire Board contributions)	e of income	e-	Per Cent. 15•94		Per Cent. 19·19		Per Cent. 14 • 49	
income Ratio of Fire Board contributions to income Ratio of income-tax and National	⁻ . to premiur	n	$30 \cdot 32$ $5 \cdot 42$		$28 \cdot 33$ 5 \cdot 53		$\begin{array}{c} 26 \cdot 82 \\ 5 \cdot 55 \end{array}$	
Security tax to premium income	and book	.w 1	$16 \cdot 68$		$24 \cdot 95$		39 •56	

1. The increase in premium income amounting to $\pounds 12,714$ 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, &e., £15,731.

3. The total amount granted in bonus rebates to policyholders is greater than in any previous year, and a further sum of $\pounds 10,079$ 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_3^3 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 ratereduction.
 - (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 $\pounds 18,500,000$ 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 policy-holders 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 $\pounds 100,000$ 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.

 $\mathbf{2}$

REVENUE ACCOUNT OF THE STATE FIRE INSURANCE OFFICE FOR THE YEAR ENDED 31ST DECEMBER, 1940.

Premiums after deduction of reinsura Other receipts —				£	s.	d.		£	s.	d.
Other receipts —	ances			218,253			Bonus rebate to policyholders	41,921		
	£	s. (,			Losses by fire and earthquake (after deduction or			
Interest, commission, and rent	52,354	3	8				reinsurances)	31,616	16	- 9
Less land and income tax							Income-tax	40,413	12	5
£28,246 14s, 8d, and							National and social security tax			
national and social security							Commission			
tax £8,377	36,623	11	8				Salaries		10	6
				15,730	12	-0	Contribution to Public Service Superannuation			
							Fund	408	13	7
							Contribution to Fire Boards under the Fire		• • •	
							Brigades Act, 1908		13	1
							Expenses of management— £ s. d			
							Travelling-expenses 2,440 2 1			
							Printing, stationery, and adver- tising 1,456 1 8			
						1	tising, 1,456 8 Rent 1,679-16-9			
							Exchange $1.$ $1.$ $1.$ $1.$ $1.$ $1.$ $1.$			
							Postages, telegrams, cablegrams,			
							and sundry charges 4,337 3 4			
								9,964	7	2
							Office equipment	500		
							Office premises : Depreciation		9	2
							Reserve for unearned premiums	4,880	4	7
								200,905	-4	0
							Bonus Rebate Reserve	10.070		
							Office premises : Written off	con and		
			-	233,984	 I	0		£233,984	1	0

BALANCE-SHEET OF THE STATE FIRE INSURANCE OFFICE ON THE 31ST DECEMBER, 1940.

L	iabilitie	8.						Assets.		£	8.	d.
Capital authorized by the	State	Fire	£	.C	в.	d.	Government sccurities .			692,189	12	0
Insurance Act, 1908		I	00,000				Local-authority securities .			240,907	17	4
Less not raised		1	00,000				Rural Advances bonds .			14,175	- 0	0
			· · · · · · · · · · · · · · · · · · ·	Nil			Fixed deposits and at short cal	1	• •	130,000	0	0
Bad Debts Reserve				1,500	-0	0	Land and buildings			209,748	12	7
Reserve Fund				747,928	16	4	Outstanding premiums .			11,551	2	5
Investments Fluctuation Rese	rve Fu	nd		-85,000	- 0	0.	Interest accrued but not due .			10,545	7	8
 Reserve for uncarned premium 	าร			109.126	14	6	Rent accrued or due			3,891	15	10 -
Bonus Rebate Reserve				122,578	17	-0	Rent overdue			71	14	7
Reinsurance Reserve Fund				140,000	- 0	- 0	Cash in Reserve Bank of N	lew				
Premium and other deposits				1,558	- 9	- 0	Zealand at Wellington, or	in £	s. d.			
 Outstanding fire and earthqua 	ke loss	es		3,509	- 0	- 0	transit to Wellington	75,90	5 19 5			
Government taxes				126,055	-6	- 9	Imprest Account balances : H	ead				
Sundry creditors				43,803	17	10	Office and branches	2,65	$5 \ 9 \ 3$			
Other amounts owing by the 0)fíice	£	s. d.			1				78,562	8	8
Reinsurance premiums due		5,323	19 1									
Commission		2,381	13 - 7									
Printing, stationery, and ad	lver-											
tising		29	0 8									
Postages and sundry charge	к	2,847	16 - 4									
				10,582	9	8						
			£1	,391,643	11				£1	,391,643	11	1
			_						_	<u> </u>		
						'						

23rd June, 1941.

.

J. H. JERRAM, General Manager. L. H. OSBORN, Deputy General Manager.

I hereby certify that the Revenue Account and Balance-sheet have been duly examined and compared with the relative books and documents submitted for audit, and correctly state the position as disclosed thereby .--C. G. COLLINS, Controller and Auditor-General.

Approximate Cost of Paper. -- Preparation, not given ; printing (1810 copies), £4-158.

By Authority: E. V. PAUL, Government Printer, Wellington.-1941.

Price 3d.]

٥

.

a.