

1917.  
NEW ZEALAND.

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# STATE FIRE INSURANCE OFFICE.

ANNUAL REPORT OF THE GENERAL MANAGER FOR THE YEAR ENDED 31st DECEMBER, 1916.

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

State Fire Insurance Office, Wellington, 1st May, 1917.

I HAVE the honour to present the twelfth annual report of the State Fire Insurance Office, together with Revenue Account and balance-sheet for the year ended 31st December, 1916.

It is my pleasant duty to report that during the year under review the operations of the Office have proved in every respect very successful. In all features of the business the results are in advance of those of any previous year.

The net profits, after placing £2,577 to unearned-premium reserve and £1,000 to investments-fluctuation reserve, amounted to the sum of £35,697. This profit exceeds that of any previous year by slightly over £10,000.

The net income shows an increase of £6,395, and compares favourably with the increase of previous years, particularly in view of the facts that a very large proportion of our trained staff are absent on active service and that building operations in most parts of the Dominion have been greatly restricted by war conditions.

The working-expense ratio shows an increase of 0·2 per cent., due solely to the fact that a heavier "writing-down" of office-equipment values has been adopted than has hitherto been the case.

The loss-ratio of 28·22 per cent. for the year is remarkably low, and may be regarded as quite abnormal. It is just over 10 per cent. lower than the lowest previously experienced, and not much (if any) above half the average normal loss-ratio for the whole fire-insurance business of the Dominion. It would appear from our loss-ratio for the past two years that the war has had a marked influence on the destruction of property by fire. I trust that this influence may be permanent.

The total cover (new and renewals) issued during the year amounted to the large sum of over £19,000,000.

The total assets of the Office at the close of 1916 amounted to £166,880, the increase for the year being £40,463.

Investments, including £30,000 on fixed deposits, amounted to £126,786 on the 31st December last. Since that date £25,000 has been invested in New Zealand Government 4½-per-cent. war bonds, and it is hoped that a further sum will be available for the same purpose at an early date. Although perhaps more remunerative investments could be found for this money, it has been deemed proper under present circumstances that the State should have first call upon the surplus funds of the Office. The policyholders will no doubt be glad to find that the Office is in a position to give valuable financial assistance to the Government.

In view of the present strong financial position of the Office the State Fire Insurance Board has determined, under the provisions of the State Fire Insurance Amendment Act, 1912, to grant as early as possible a bonus to policyholders on premiums paid. The sum of £8,000 out of last year's profits has been set aside for this purpose, and to cover costs of making the assessment. Owing to nearly 50 per cent. of our trained staff being on active service it is quite impossible to attempt the assessment at present, but the assessment will be undertaken and the bonus paid as soon as staff conditions again become normal.

During the past year the work of the Office has been conducted under considerable difficulties owing to the shortage of staff, the expansion of business, and the extra work involved in carrying on marine war-risk insurance under the Imperial Government scheme and under the New Zealand War Risk Insurance Act.

Since my report of April, 1916, no progress has been made with the proposed buildings for the housing of the staff of the Office in Wellington. The Government has not deemed it advisable to authorize proceeding with the work under present conditions. The business has outgrown the present premises, and it has been found necessary to fit up a one-story brick building in Waring Taylor Street, on the site purchased in 1915, to house the staff. This is at best but temporary, and will not obviate the necessity of proceeding with the proposed building as soon as the work can be carried out at a reasonable cost.

Following are the particulars of profits, net income, losses, working-expenses, and funds for 1916 as compared with the year 1915:—

*Profits.*—The net profits, after appropriating a further sum of £2,577 5s. 5d. to unearned-premiums reserve, and a further sum of £1,000 to investment-fluctuation reserve, amounted to £35,697 5s. 6d., as compared with £25,652 19s. 4d. for 1915. The total accumulated profits at the close of 1916 amounted to £121,915 2s. 4d., as against £86,217 16s. 10d. for 1915.

*Net Income.*—The net income from all sources amounted to £82,694 11s. 10d., as against £76,299 11s. 8d. for 1915, showing an increase of £6,395. The net premium income was £77,609 1s. 10d. as against £71,165 18s. 2d. for 1915, an increase of £6,443 3s. 8d.

*Losses.*—The net losses were £21,897 14s. 2d., as compared with £27,476 10s. 5d. for 1915, the ratio to premium income being 28·22 per cent. and 38·6 per cent. respectively.

*Working-expenses.*—The ratio of working-expenses to premium income for 1916 was 27·7 per cent., and 27·5 per cent. for 1915.

*Accumulated Funds.*—The funds at close of 1916 amounted to £155,958 15s. 1d., and for 1915 £116,684 4s. 2d., showing the very substantial increase of £39,274 10s. 11d.

The State Fire Office has now been in operation for twelve years, and a comparison between the figures for the first six years and those of the second six years is given hereunder. The success of the second half of the period over the first half is very pronounced.

	First Six Years. £	Second Six Years. £
Total net income .. .. .	160,164	393,214
Total losses .. .. .	81,783	158,107
Total profits .. .. .	7,046	114,869
Averages per annum—		
Net income .. .. .	26,694	65,535
Net losses .. .. .	13,630	26,351
Profits .. .. .	1,174	19,145
Ratio of working-expenses to premiums (per cent.) ..	34·9	27·3
Ratio of losses to premiums (per cent.) .. .. .	51·8	42·1

C. R. C. ROBIESON,  
General Manager.

REVENUE ACCOUNT OF THE STATE FIRE INSURANCE OFFICE FOR THE YEAR ENDED  
31ST DECEMBER, 1916.

	£	s. d.		£	s. d.
Premiums after deduction of reinsurances	77,609	1 10	Losses by fire (after deduction of reinsurances)	21,897	14 2
Other receipts—Interest, commission, and rent	5,085	10 0	Appropriated to reserve for unearned premiums (in addition to £28,466 7s. 4d. already reserved)	2,577	5 5
			Investments Fluctuation Reserve Fund..	1,000	0 0
			Commission .. .. .	6,701	4 3
			Salaries .. .. .	8,216	15 1
			War bonus to staff on salaries under £315	455	5 9
			Contributions to Fire Boards under the Fire Brigades Act, 1908 .. .. .	1,489	1 10
			Expenses of management—		
			Travelling-expenses .. .. .	422	1 7
			Printing, stationery, and advertising .. .. .	713	17 7
			Rent .. .. .	1,017	14 7
			Exchange .. .. .	19	13 3
			Postages, telegrams, cables, and sundry charges .. .. .	1,546	14 10
			Office equipment written off .. .. .	939	18 0
				4,659	19 10
			Amount of fire-insurance funds at end of year .. .. .	35,697	5 6
				£82,694	11 10

12th February, 1917.

C. R. C. ROBIESON,  
General Manager.

Examined and found correct.—R. J. COLLINS, Controller and Auditor-General.



