

SESSION II.  
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# STATE FIRE INSURANCE OFFICE.

ANNUAL REPORT OF THE GENERAL MANAGER FOR THE YEAR ENDED 31st DECEMBER, 1922.

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

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State Fire Insurance Office, Wellington, 22nd March, 1923.

I HAVE the honour to submit the eighteenth Annual Report of the State Fire Insurance Office for the year ended 31st December, 1922, together with Revenue Account and Balance-sheet.

The net premium income amounted to £142,592, as compared with £136,429 for 1921, the increase for the year being £6,163, which must be considered satisfactory in view of the heavy fall in values of buildings and stocks during the year, and the consequent reduced demand for insurance cover.

The losses for the year show an increase of £7,965 over the previous year. An increase was anticipated, as during the period when high values operated the loss ratio fell to a remarkable degree; on the other hand, the fall in values that has taken place since the boom has been accompanied by a great increase in the number of outbreaks of fire, and a substantial rise in the loss ratio of all offices doing business in the Dominion. The ratio of losses to premium income of the State Fire Office was in 1920 17·01 per cent., in 1921 27·95 per cent., and in 1922 32·32 per cent. It is quite apparent that a large proportion of outbreaks are of a preventable character.

The ratio of working-expenses to premium income shows a satisfactory drop from 31·07 per cent. in 1921 to 28·86 per cent. in 1922, and continues to compare very favourably with the average expense ratio of all offices doing business in the Dominion.

The net profit for the year amounted to £46,403, as compared with £39,325 for 1921.

The total assets at the end of the year amounted to £447,605, as compared with £405,301 for 1921.

During 1922 an amendment to the State Fire Insurance Act was passed authorizing the Board of the office to grant a rebate to the insured. The previous provisions for the payment of a bonus were not workable, and the amended legislation should enable a satisfactory settlement of this very important question to be made at an early date.

The year from an insurance point of view has been marked by greatly increased competition, due partly to a reduction in the amount of new business available and partly to the entry of several new offices into the competitive field. One result has been that reasonable caution in values has in many cases militated against the business of carefully conducted offices to the temporary advantage of less careful competitors. Another result has been the illegitimate use of the agency appointment system whereby unwarranted rebates have been paid to attract business. The practice has assumed somewhat serious proportions to the great disadvantage of those offices which sanction only legitimate agency appointments, and some effective method of dealing with this difficult question requires early consideration.

The question of the investigation of the loss experience of fire offices is under consideration by the Government Statistician, who has power to ask for the necessary data. It could be said that the regrading of the rates of premium is no doubt necessary both from the point of view of the cost to the public and the equities as between the different classes of risk.

J. H. RICHARDSON,  
General Manager.

