

1926.

## NEW ZEALAND.

## STATE FIRE INSURANCE OFFICE.

ANNUAL REPORT OF THE GENERAL MANAGER FOR THE YEAR ENDED 31st DECEMBER, 1925.

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

State Fire Insurance Office, Wellington, 21st May, 1926.

I HAVE the honour to submit the twenty-first annual report of the State Fire Insurance Office for the year ended 31st December, 1925, together with Revenue Account and Balance-sheet.

*Income.*—The total net income from all sources amounted to £207,418, being an increase of £17,118 over 1924. The net premium income was £176,664, as compared with £165,070 for 1924, the increase for the year being £11,594. At the end of the year policies on the books of the Office numbered over one hundred thousand.

*Claims.*—The claims totalled £56,997, against £60,817 for 1924. This result may be considered as very satisfactory in view of the fact that (although final figures are not yet available) it is reliably estimated that the total paid in fire claims by all offices during 1925 exceeded the previous year, when claims amounted to £1,008,746, which is the largest sum yet recorded as having been lost by insurance offices in any one year. Uninsured property is not included in this total. The steady increase in fire losses in the last three years should direct public attention to the fact that fire waste is an irreparable loss, and fire insurance merely a method of distributing some part of that loss in the form of a tax on the insuring public.

*Working-expenses.*—Exclusive of Government taxes (which amounted to 5·8 per cent.), Fire Board contributions (2·4 per cent.), and depreciation of Office premises (1·95 per cent.), the working-expense ratio to premium income was reduced from 25·1 to 23·8 per cent., and inclusive of Fire Board contributions and depreciation of Office premises from 29·48 to 28·14 per cent. The average ratio for all offices for 1924 was 37·43 per cent.

*Surplus and Assets.*—The surplus for the year, after making full provision for rebates, reserves, and depreciation and writing-down of Office premises, was £35,917. The assets totalled £604,096, showing an increase of £73,812 over the total for 1924.

*Bonus Rebate.*—The period for which the second rebate of 10 per cent. was declared expired on the 31st July, and was continued by resolution of the Board until the close of the financial year, 31st December last, when a third rebate was declared at the increased rate of 12½ per cent.

The cost to the Department of its rebates has been as follows: Year 1923 (five months), £10,996; year 1924, £22,005; year 1925, £17,405; total £50,406. This substantial concession represents only a part of the benefit derived by the public in consequence of the introduction of the State Fire system of rebates, each rebate as declared having been followed by the associated companies. In this connection the Government Statistician in his annual report for 1924 estimates that no less than £413,234 has been directly and indirectly saved to the public as a result of the rebates instituted by the State Fire Office.

*Comparative Summary.*—The progress and position of the Office is briefly shown by the following comparative summary:—

	1924.	1925.
	£	£
Income—		
Net premiums .. .. .	165,070	176,664
Other receipts, including rents and interest .. .. .	25,229	30,753
Outgo—		
Rebate .. .. .	22,005	17,405
Claims .. .. .	60,817	56,997
Ratio of working-expenses to premiums (per cent.) .. .. .	29·48	28·14
	£	£
Reinsurance Reserve Fund .. .. .	5,000	5,000
Office premises written off .. .. .	4,000	4,000
Rebate Reserve .. .. .	Nil	23,500
Reserves and Funds at 31st December .. .. .	499,006	568,061
Total assets at 31st December .. .. .	530,283	604,096

In conclusion I desire to express appreciation of the assistance given by the Fire and Accident staff throughout the year, particularly during the period when extra work was required in connection with the transfer of the Accident Insurance Branch in terms of the Government Accident Insurance Amendment Act, 1924.

J. H. JERRAM,  
General Manager.

