

1928.

## NEW ZEALAND.

## STATE FIRE INSURANCE OFFICE.

ANNUAL REPORT OF THE GENERAL MANAGER FOR THE YEAR ENDED 31ST DECEMBER, 1927.

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

State Fire Insurance Office, Wellington, 8th June, 1928.

I HAVE the honour to submit the twenty-third annual report of the State Fire Insurance Office for the year ended 31st December, 1927, together with the Revenue Account and Balance-sheet.

The following comparative figures for the last three years indicate the progress which has been made :—

	1925.	1926.	1927.
	£	£	£
Income—			
Net premiums .. .. .	176,664	197,471	207,610
Other receipts .. .. .	30,753	36,074	35,884
Outgo—			
Bonus rebate .. .. .	17,405	24,496	25,765
Claims .. .. .	56,997	79,062	98,134
Ratio of claims to net premiums (per cent.) .. .. .	32·26	40·04	47·27
Ratio of working-expenses to premiums (per cent.) .. .. .	28·14	28·03	27·55
Carried to Reinsurance Reserve Fund .. .. .	5,000	5,000	5,000
Carried to Bonus Rebate Reserve .. .. .	23,500	1,500	1,500
Office premises written off .. .. .	4,000	4,000	4,000
Surplus for year after paying rebate .. .. .	35,917	40,737	35,883
Reserves and funds at 31st December .. .. .	568,061	623,622	670,061
Total assets at 31st December .. .. .	604,096	661,519	707,826

The depression felt during the year reduced the amount of new business available, but public support for the State Fire Office was well maintained, and the figures at the end of the year show (1) an increase of over £10,000 in premium income on a lower average rate over the whole of the business than for 1926, (2) a reduced working-expense ratio, and (3) an underwriting profit of 5·06 per cent. after maintaining a rebate to policyholders of 12½ per cent.

*Bonus Rebate.*—This was fixed for 1927 by the Board at the same rate as for the previous year, and in the aggregate absorbed a larger sum than in any previous year. The cost of rebates up to the end of 1927 has been as follows :—

Year ended 31st December,	£
1923 .. .. .	10,996
"  1924 .. .. .	22,005
"  1925 .. .. .	17,405
"  1926 .. .. .	24,496
"  1927 .. .. .	25,765
	£100,667

The service rendered by the declaration of State Fire rebates has not been limited to State Fire policyholders. In practice the rebates set a standard for all offices, and the Government Statistician estimates that up to the end of 1926 the system had saved the public no less than £931,724. At the end of 1927, therefore, the total saving had greatly exceeded a million pounds.

*Claims* for 1927 were substantially above those of the previous year both in amount of actual losses incurred and in ratio to premium income. While the actual causes of the majority of fires remain obscure, it would seem that the economic position as an indirect cause is very much more important than is generally suspected.

*Working-expenses.*—Exclusive of taxes and Fire Board levies, the ratio to premium income for 1927 was 24·23 per cent., as against 25·35 per cent. for 1926, and is well below the Dominion average for all insurance offices. Taxes and Fire Board levies absorbed 9·08 per cent., as against 10·31 per cent. for 1926.

J. H. JERRAM, General Manager.

