## 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	s to net	premiums	(per c	$_{ m ent.)}$		 $32 \cdot 26$	40.04	47.27
Ratio of working-expenses to premiums (per cent.)						 28.14	28.03	27.55
	0 1	•		-	-	£	£	£
Carried to Reinsura	nce Re	serve Fund				 5,000	5,000	5,000
Carried to Bonus Rebate Reserve						 23,500	1,500	1,500
Office premises writ	ten off					 4,000	4,000	4,000
Surplus for year aft						 35,917	40,737	35,883
Reserves and funds at 31st December						 568,061	623,622	670,061
Total assets at 31st December					٠	 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  $12\frac{1}{2}$  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	 	 ٠,	10,996
,,		1924	 	 	22,005
,,		1925	 	 	17,405
,,	•	1926	 	 	24,496
,,		1927	 	 	25,765
				-	
				4	£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.

## STATE FIRE INSURANCE OFFICE.

REVENUE ACCOUNT OF THE STATE FIRE INSURANCE OFFICE FOR THE YEAR ENDED 31ST DECEMBER, 1927.

Premiums after deduction of reinsurances Other receipts—Interest, commission, and rent	£ s. d. 207,610 19 0 35,884 19 8	Bonus rebate to policyholders  Losses by fire (after deduction of reinsurances)  Appropriated to reserve for unearned premiums	25,765 98,134	13	1 6
		(in addition to £78,988 12s. already reserved). Government taxes	4,055 1 11,957 1 10,331 1 27,044	13 13	3 1
		Fund	334	13	2
		gades Act, 1908	6,903		
		Office equipment Office premises—Depreciation	$8,460 \\ 803 \\ 3,320 $	14	4
		Reinsurance Reserve Fund	197,112 5,000 1,500 4,000 35,883	$0 \\ 0$	0 0 0
	£243,495 18 8	£	£243,495	18	8

BALANCE-SHEET OF THE STATE FIRE INSURANCE OFFICE ON THE 31ST DECEMBER, 1927.

Liabilities.				Assets.		
	£	£ s.	d.		£	s. d.
Capital authorized by the State Fir	re			Government war-loan securities	148,146	7 0
Însurance Act, 1908	. 100,000			Other Government securities	88,150	0 0
Less not raised	. 100,000			Local-authority securities	87,696	4 4
		Nil.		Fixed deposits and at short call	75,000	0 - 0
Reserve Fund		489,633 13	5	Land and buildings	216,610	2 10
Investments Fluctuation Reserve Fund	i	10,000 0		Outstanding premiums	8,195	1 8
Reserve for unearned premiums .		83,044 7	8	Interest accrued but not due	5,376	1 5
n niin *		26,500 0	0	Rent accrued or due	242	19 6
Reinsurance Reserve Fund		25,000 0	0	Sundry debtors	1,725	
Premium and other deposits		1,159 1	5	Cash in Bank of New Zealand at	,	
Outstanding fire losses		11,975 0	0	Wellington, or in transit to		
Government taxes		11,957 13	3	Wellington		
Sundry creditors		142 5	6	Imprest Account		
Other amounts owing by the				balances— £ s. d.		
Office—	£ s. d.			Head Office 61 0 4		
Reinsurance premiums due 9,	827 4 11			Auckland 0 4 8		
Commission I,	743 0 1			Hamilton 8 6 3		
Rent	37 17 5			New Plymouth 65 1 10		
Printing, stationery, and adver-				Palmerston North 3 13 8		
tising	20 12 9			Napier 28 9 1		
Postages and sundry charges	901 19 11			Nelson 2 17 10		
_		12,530 15	1	Christchurch 22 2 11		
Fire-insurance funds, as per Revenue A	Account	35,883 6	6	Timaru 2 18 5		
-		•		Dunedin 48 5 4		
				Invercargill 92 18 3		
				335 18 7		
					76,683	10 0
		£707,826 2	10		£707,826	2 10

19th March, 1928.

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.—G. F. C. Campbell, Controller and Auditor-General.

Approximate Cost of Paper.—Preparation, not given; printing (1,800 copies), £3 10s.

J. H. Jerram, General Manager.

C. B. REDWARD, Accountant.

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