

3. The recent decision of the Privy Council admitting workers' compensation claims arising out of the Hawke's Bay earthquake of 1931 is of far-reaching importance. This is not so much because of the large sums which become payable in consequence of the disaster, but because of the liability which the Workers' Compensation Act now imposes definitely upon employers in the event of their workers being killed or injured as an indirect consequence of a severe earthquake in the future. The compensation payable in the event of an earthquake disaster of magnitude in a city such as Wellington might utterly ruin employers who carried their own risk, and certainly it would tax the resources of the strongest insurance offices.

Pending receipt of the text of the judgment, the risk is being carried as part of the indemnity provided by ordinary workers' compensation policies, but the huge liability involved makes it doubtful whether present insurance facilities are sufficient permanently to provide protection for employers. Even if cover is obtainable, the assessment of a special extra flat rate which would be necessary presents the objection that it must be in any case a heavy additional burden on industry, particularly where the normal hazard is a low one. An extra rate must also be contentious, because, while no one can ignore the possibility of serious earthquakes in this country, their time and place are uncertain, and employers are hardly likely to view with equanimity a loading on premiums for a risk which cannot be estimated and to which all sections of the community are exposed, whether in employment or not.

The alternative would be to amend the Workers' Compensation Act.

J. H. JERRAM, General Manager.

REVENUE ACCOUNT OF THE ACCIDENT BRANCH OF THE STATE FIRE INSURANCE OFFICE FOR THE YEAR ENDED 31ST DECEMBER, 1932.

		£	s.	d.			£	s.	d.
Premiums after deduction of reinsurances	..	87,067	18	8	Free-year bonus on personal accident policies	..	279	5	8
					Claims	..	63,760	7	0
Interest	..	15,734	8	6	Commission	..	4,196	9	5
Less land and income tax	..	7,183	5	6	Salaries	..	10,337	15	10
					Contribution to Public Service Superannuation	..			
		8,551	3	0	Fund	..	160	0	0
					Expenses of management	..	3,011	19	7
							81,745	17	6
					Payment to New Zealand Treasury under section 5, Finance Act, 1931 (No. 2)	..	1,174	0	0
					Further appropriation to Investments Fluctuation Reserve	..	10,000	0	0
					Reserve for bad debts	..	500	0	0
					Amount of Accident Funds, 31st December, 1932	..	2,199	4	2
		£95,619	1	8			£95,619	1	8

BALANCE-SHEET OF THE ACCIDENT BRANCH OF THE STATE FIRE INSURANCE OFFICE AS ON THE 31ST DECEMBER, 1932.

<i>Liabilities.</i>		£	s.	d.	<i>Assets.</i>		£	s.	d.
Accident funds, as per Revenue Account	..	2,199	4	2	Government war-loan securities	..	94,500	0	0
Outstanding accident claims	..	43,990	0	0	Other Government securities	..	69,000	0	0
Government taxes	..	7,183	5	6	Local-authority securities	..	95,560	18	7
Commission	..	392	5	10	Rural Advances bonds	..	14,425	0	0
Premium and other deposits	..	265	0	10	Property under agreement for sale and purchase	..	3,980	0	0
Sundry creditors	..	30	5	7	Fixed deposits and at short call	..	40,000	0	0
Reinsurance premiums due	..	93	7	4	Interest accrued but not due	..	4,580	1	4
Officers' Fidelity Fund	..	500	0	0	Interest overdue	..	199	0	0
Reserve for Unearned Premiums	..	47,220	13	10	Agents' balances	..	2,074	5	1
Investment Fluctuation Reserve	..	26,000	0	0	Sundry debtors, including Motor-vehicles Insurance (Third-party Risks) Act pool	..	47,728	3	3
Bad Debts Reserve	..	1,000	0	0	Cash in hand on current account	..	4,660	6	6
Reserve Fund constituted under section 6 of the Government Accident Insurance Amendment Act, 1924	..	247,833	11	8					
		£376,707	14	9			£376,707	14	9

J. H. JERRAM, General Manager.

C. B. REDWARD, Accountant.

2nd June, 1933.

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.

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