

1938.
NEW ZEALAND.

ACCIDENT INSURANCE BRANCH OF THE STATE FIRE INSURANCE OFFICE

(ANNUAL REPORT ON THE) FOR THE YEAR ENDED 31ST DECEMBER, 1937.

Presented to both Houses of the General Assembly pursuant to Section 22 of the Government Accident Insurance Act, 1908.

State Fire Insurance Office, Wellington, 31st March, 1938.

I HAVE the honour to submit the thirty-seventh annual report of the Government Accident Insurance Office for the year ended 31st December, 1937, together with the Revenue Account and Balance-sheet.

The following comparison with the previous two years shows the position briefly :—

	1935.	1936.	1937.
Income—	£	£	£
Premiums from all classes of accident insurance	97,766	113,649	147,719
Interest	14,936	15,111	15,837
Premium on conversion of securities	2,105
Profit on realization of securities	1,012	132
Outgo—			
Free-year bonus on personal accident policies	231	286	269
Claims	66,172	76,471	99,502
Working-expenses (exclusive of income-tax)	20,330	23,156	30,118
Carried to reserve for unearned premiums	1,662	7,941	17,035
Income-tax	4,127	6,622	5,417
	Per Cent.	Per Cent.	Per Cent.
Ratio of claims (all classes of business) to premium income	67·68	67·29	67·36
Ratio of working-expenses (exclusive of income-tax) to premium income	20·8	20·37	20·39
Ratio of underwriting surplus to premium income	9·58	5·1	0·54
Surplus, apportioned as follows :—	£	£	£
Reinsurance Reserve	10,000	10,000	10,000
Reserve Fund	12,284	5,296	1,347
	£22,284	£15,296	£11,347
Reserves and funds as at 31st December	£380,459	£403,697	£432,080

1. Both the premium income and the increase of £34,071 over the previous year constitute records. After an adequate reserve for unexpired premiums has been provided and expenses paid, the margin of underwriting profit is 0·54 per cent. On the aggregate, therefore, policy-holders have had the benefit of accident insurance at very nearly cost price.

2. Of the many different classes of accident business underwritten by the Office by far the largest is workers' compensation. In this field of insurance the experience of the Office reaches back to the inception of employers' liability in New Zealand, thirty-seven years ago, and this lengthy experience renders the Office exceptionally qualified to give competent and generous service both to the worker and to the employer. After all charges are met and necessary reserves provided, a margin of profit on this particular class of business is not considered a major necessity, and the additional benefits for injured workers conferred by the Workers' Compensation Amendment Act, 1936, are being carried by the Office without any increase in rates. It may not be generally known that the State Office, so far as can be ascertained, is the only Office that has not increased its charges.

3. In the field of comprehensive motor-vehicle insurance, the Office continues to offer a contract to the private-vehicle owner which is more liberal in the protection it affords than is obtainable elsewhere, and, in addition, the State Office maintains a tariff, initiated by the Office in 1935, that, on the whole, is lower than the charges of other insurers. These advantages bring a substantial flow of new business, the results from which, through careful administration, have been satisfactory so far.

4. Insurance under the Motor-vehicles Insurance (Third-party Risks) Act, 1928, resulted in heavy loss during the year under review, and certain increases in premiums have been necessitated and are to apply as from the beginning of the 1938–39 registration year.

Relief on the claims side will follow the amendment last session, by section 17 of the Statutes Amendment Act, 1937, of Part I of the Law Reform Act, 1936, abrogating the right of the estate of a deceased person to claim and recover damages for the deceased person's loss of "expectation of life," which liability during 1937 increased the burden of loss substantially.

5. A total of 5,346 claims were handled during the year, including fifty-four unidentified motorists claims, and, in addition, for the sixth year in succession the Office handled the settlement of all claims made on the Employment Division of the Labour Department without administrative cost to that Department.

6. It is a pleasure to record the highly efficient manner in which the Accident staff carried out its work during the year.

J. H. JERRAM, General Manager.

REVENUE ACCOUNT OF THE ACCIDENT BRANCH OF THE STATE FIRE INSURANCE OFFICE FOR THE YEAR ENDED 31ST DECEMBER, 1937.

		£	s.	d.			£	s.	d.
Premiums after deduction of reinsurances	..	147,719	7	0	Free-year bonus on personal accident policies	..	268	14	8
Interest	..	15,836	14	6	Claims	..	99,501	12	2
Less land and income tax	..	5,416	15	0	Commission	..	7,428	17	9
					Salaries	..	16,697	4	1
Profit on realization of securities	..	19,419	19	6	Contribution to Public Service Superannuation Fund	..	197	15	11
		131	14	1	Expenses of management	..	5,794	6	8
					Further appropriation to reserve for unearned premiums	..	17,035	8	4
							146,923	19	7
					Further appropriation to reinsurance reserve	..	10,000	0	0
					Amount of Accident Funds, 31st December, 1937	..	1,347	1	0
							£158,271	0	7
							£158,271	0	7

BALANCE-SHEET OF THE ACCIDENT BRANCH OF THE STATE FIRE INSURANCE OFFICE AS ON THE 31ST DECEMBER, 1937.

<i>Liabilities.</i>		£	s.	d.	<i>Assets.</i>		£	s.	d.
Accident funds, as per Revenue Account	..	1,347	1	0	Government securities	..	202,494	17	1
Outstanding accident claims	..	79,281	0	0	Local-authority securities	..	184,955	8	11
Government taxes	..	11,916	15	0	Rural Advances bonds	..	14,425	0	0
Commission	..	2,375	3	8	Property under agreement for sale and purchase	..	3,980	0	0
Premium and other deposits	..	649	18	1	Fixed deposits and at short call	..	12,620	0	0
Sundry creditors	..	86	5	2	Interest accrued but not due	..	3,921	10	2
Reinsurance premiums due	..	216	10	6	Agents' balances	..	6,287	14	9
Officers' Fidelity Fund	..	500	0	0	Sundry debtors, including Motor-vehicles Insurance (Third-party Risks) Act pool	..	91,796	4	1
Reserve for unearned premiums	..	73,859	13	6	Cash in hand on current account	..	6,124	8	8
Investment Fluctuation Reserve	..	41,000	0	0					
Reinsurance Reserve	..	40,000	0	0					
Bad Debts Reserve	..	1,000	0	0					
Reserve Fund constituted under section 6 of the Government Accident Insurance Amendment Act, 1924	..	274,372	16	9					
							£526,605	3	8
							£526,605	3	8

27th May, 1938.

J. H. JERRAM, General Manager.

L. H. OSBORN, Deputy General Manager.

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.—
J. H. FOWLER, Controller and Auditor-General.

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