

1940.
NEW ZEALAND.

ACCIDENT INSURANCE BRANCH OF THE STATE FIRE INSURANCE OFFICE

(ANNUAL REPORT ON THE) FOR THE YEAR ENDED 31st DECEMBER, 1939.

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

State Fire Insurance Office, Wellington, 29th March, 1940.

I HAVE the honour to submit the thirty-ninth annual report of the Government Accident Insurance Office for the year ended 31st December, 1939, together with the Revenue Account and Balance-sheet.

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

	1937.		1938.		1939.	
	£	£	£	£	£	£
Income—						
Premiums from all classes of accident insurance	147,719		202,279		261,123	
Interest	15,837		18,082		20,198	
Profit on realization of securities	132		486		..	
	<u>163,688</u>		<u>220,847</u>		<u>281,321</u>	
Outgo—						
Free-year bonus on personal accident policies	269		327		367	
Claims	99,502		140,806		167,672	
Working-expenses (exclusive of income-tax) ..	30,118		32,994		42,164	
Carried to reserve for unearned premiums ..	17,035		31,649		25,053	
Income-tax	5,417		6,066		19,576	
	<u>152,341</u>		<u>211,842</u>		<u>254,832</u>	
Surplus, apportioned as follows :—						
Investment Fluctuation Reserve		9,000		10,000	
Reinsurance Reserve	10,000		..		16,000	
Reserve Fund	1,347		5		489	
	<u>11,347</u>		<u>9,005</u>		<u>26,489</u>	
Total	<u>163,688</u>		<u>220,847</u>		<u>281,321</u>	
Reserves and funds as at 31st December ..	422,080		472,734		524,275	
Ratio of claims (all classes of business) to premium income	Per Cent. 67·36		Per Cent. 69·61		Per Cent. 64·21	
Ratio of working-expenses (exclusive of income-tax) to premium income	20·39		16·31		16·15	
Ratio of underwriting surplus to premium income	0·54		*1·73		2·41	

* Deficit.

1. In each year since 1937 the total premium income and the increase in business over the previous year have constituted records. Premiums totalling £261,123 for the year 1939 represent an increase in public support of £58,844 over the figures for 1938. The great and increasing volume of business given to the Office is satisfactory evidence of recognition of the sole purpose of the Office—viz., service to the public and the Dominion.

2. After providing for all known liabilities, there is an underwriting profit of 2·41 per cent., against a loss of 1·73 per cent. in the previous year. The results, therefore, must be considered as highly satisfactory, particularly when it is remembered that the Office charges rates and offers conditions of insurance which generally are more favourable to policyholders than can be obtained elsewhere. In this connection it is also to be noted that the Office carries a very large percentage of nominations under the Motor-vehicles Insurance (Third-party Risks) Act, 1928, which class of risk has for some years past proved unprofitable.

3. During the year the Office undertook the duty of assessing and settling claims in connection with Government motor-vehicles which do not carry insurance beyond that provided under the Motor-vehicles Insurance (Third-party Risks) Act, 1928. This places a considerable amount of extra work and responsibility on the officers of the Department.

4. I have once again to record, with appreciation, the excellent services of a competent staff, without whose co-operation the above results could not have been achieved.

J. H. JERRAM, General Manager.

REVENUE ACCOUNT OF THE ACCIDENT BRANCH OF THE STATE FIRE INSURANCE OFFICE FOR THE YEAR ENDED
31ST DECEMBER, 1939.

	£	s.	d.		£	s.	d.			
Premiums after deduction of reinsurances	..	261,122	16	0	Free-year bonus on personal-accident policies	..	367	7	11	
Interest	..	20,198	10	8	Claims	..	167,672	4	2	
					Income-tax	..	19,576	6	10	
					Commission	..	10,716	2	6	
					Salaries	..	21,410	4	0	
					Contribution to Public Service Superannuation Fund	..	200	16	0	
					Expenses of management	..	9,837	2	6	
					Further appropriation to reserve for unearned premiums	..	25,052	8	3	
							254	832	12	2
					Further appropriation to Reinsurance Reserve	..	16,000	0	0	
					Further appropriation to Investment Fluctuation Reserve	..	10,000	0	0	
					Amount of accident funds, 31st December, 1939..		488	14	6	

BALANCE-SHEET OF THE ACCIDENT BRANCH OF THE STATE FIRE INSURANCE OFFICE AS ON THE 31ST DECEMBER, 1939.

<i>Liabilities.</i>	£	s.	d.	<i>Assets.</i>	£	s.	d.
Accident funds, as per Revenue Account ..	488	14	6	Government securities	212,515	0	0
Outstanding accident claims	113,730	0	0	Local-authority securities	209,888	17	11
Government taxes	25,776	6	10	Rural Advances bonds	4,725	0	0
Commission	1,994	9	1	Property under agreement for sale and purchase ..	3,980	0	0
Premiums and other deposits	948	9	6	Fixed deposits and at short call	97,620	0	0
Sundry creditors	277	6	1	Interest accrued but not due	4,335	2	2
Reinsurance premiums due	1,294	15	3	Agents' balances	9,291	3	0
Officers' Fidelity Fund	500	0	0	Sundry debtors, including Motor-vehicles Insurance (Third-party Risks) Act pool	87,462	5	7
Reserve for unearned premiums	130,561	8	0	Cash in hand on current account	38,479	5	7
Investment Fluctuation Reserve	60,000	0	0				
Reinsurance Reserve	56,000	0	0				
Bad Debts Reserve	1,000	0	0				
Reserve Fund constituted under section 6 of the Government Accident Insurance Amendment Act, 1924	275,725	5	0				
	£668,296	14	3		£668,296	14	3

J. H. JERRAM, General Manager.

L. H. OSBORN, Deputy General Manager.

6th June, 1940.

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.—
C. G. COLLINS, Controller and Auditor-General.

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