

1948
NEW ZEALAND

REPORT OF THE EARTHQUAKE AND WAR DAMAGE COMMISSION

ESTABLISHED UNDER THE EARTHQUAKE AND WAR DAMAGE ACT, 1944,
FOR THE YEAR ENDED 31st MARCH, 1948

*Presented to both Houses of the General Assembly pursuant to the Provisions of the
Earthquake and War Damage Act, 1944*

Wellington, 17th June, 1948.

In accordance with the provisions of section 23 of the Earthquake and War Damage Act, 1944, the following report, with a statement of accounts, is presented for the year ended 31st March, 1948.

(1) There was no change in the personnel of the Commission during the year. Eleven meetings of the Commission were held.

(2) The following is a comparative statement from the 19th December, 1941, when the War Damage Act came into operation. As from the 1st March, 1944, earthquake insurance was included in the scheme:—

	Period 19th December, 1941, to 31st March, 1945.	Twelve Months ended 31st March, 1946.	Twelve Months ended 31st March, 1947.	Twelve Months ended 31st March, 1948.
Income—	£	£	£	£
Premium	4,232,166	365,861	410,065	494,938
Interest	173,608	104,725	94,860	129,957
Outgo—				
Claims	1,093	507	1,779	7,917
Salaries	10,826	2,035	2,162	2,493
Other working-expenses	3,513	1,221	2,091	1,335
Discount to insurance offices	8,834	8,733	9,965	11,843
Audit fee	295	75	75	75
Surplus	4,381,213	458,015	488,853	601,232
Total of Fund	4,381,213	4,839,228	5,328,081	5,929,313
Ratio, per cent., of working-expenses to premium income exclusive of discount to insurance offices	0.346	0.910	1.055	0.789

(3) Four hundred and one claims on the Fund were lodged during the year, as compared with one hundred and thirty-four in the previous year, and only eighty-two in the year before that.

Earthquake damage was claimed for in localities from Auckland to Southland. The most damaging shocks occurred in rural and farming areas, where buildings are mainly of wood and are well separated. Had the cities or large towns, where there are so many older buildings of heavy construction of a type lacking resistance to earthquake, been similarly shaken, the damage would have been very much more serious.

Earthquake shocks which caused the most severe damage in various localities are listed as follows:—

Date.	Location.	Modified Mercalli Scale Rating.	Number of Claims.
24th April, 1947 ..	Eastern Southland	Force V	32
6th June, 1947 ..	East Coast (Tokomaru Bay and Tolaga Bay)	Force VII	64
23rd August, 1947 ..	Gisborne district (Matawai and Motu) ..	Force VI	38
15th January, 1948 ..	Wanganui district	Force VI	153

An unusual form of earthquake damage in this Dominion was suffered on 26th March, 1947, when a sea wave, occurring as the direct result of an earthquake, swept a part of the Poverty Bay Coast, doing damage to buildings and their contents, for which claims made on the Fund were paid during the year.

(4) The Commission feels impelled to point out that of all natural causes of loss to which the Dominion may be exposed earthquake is the most likely to cause disastrous damage, and that the Fund, although now growing satisfactorily in the absence of heavy claims, will be insufficient for years to come, independently of the contingent guarantee of the State, to meet losses arising from a severe earthquake in one of the main centres. Prudence urges therefore that the Fund, which is restricted to indemnification for damage caused by earthquake and war only, should not be encroached upon to provide relief for other kinds of loss, however deserving.

A different system of collecting premiums would be needed under any scheme of national insurance which might be established for the protection of those who suffer at present uninsured losses through damage to land, crops and stock, or other property. Compulsory contributions to the Earthquake and War Damage Fund are restricted to property which is insured against fire. Land, of course, is never so insured.

(5) The ratio of working expenses (0·789 per cent.) for internal administration, including cost of audit by officers of the Commission, is less than for the previous two years. In addition, the Commission pays 2½ per cent. for collection of premiums.

(6) At the close of the year under review the total sum invested overseas was £(N.Z.)1,500,000.

(7) The Commission desires to express its high appreciation of the competent service rendered by the Secretary and his small staff under a much heavier burden of work than occurred during the previous year.

J. H. JERRAM, Deputy Chairman.

EARTHQUAKE AND WAR DAMAGE FUND
(Under Earthquake and War Damage Act, 1944)

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1948

	£	s.	d.	£	s.	d.
Net premiums .. .. .	..	..	..	494,438	4	3
Interest .. .. .	..	..	..	142,741	19	9
Less premium and purchase of Imperial stock ..	..	..	..	12,785	7	9
	<hr/>			129,656	12	0
				<hr/>		
Claims paid and outstanding	..	..	..
Salaries and overtime .. ..	..	..	..
Fees of Members of Commission	..	..	..
Expenses of management ..	..	..	..
Discount allowed insurance offices	..	..	..
Balance transferred to Earthquake and War Damage Fund	..	..	..
	<hr/>			£624,894	16	3

BALANCE-SHEET AS AT 31ST MARCH, 1948

<i>Liabilities</i>			<i>Assets</i>		
	£	s. d.		£	s. d.
Balance of Earthquake and War Damage Fund as at 31st March, 1947	5,328,081	4 9	New Zealand Government stock	4,270,000	0 0
Net income for year ended 31st March, 1948	601,232	1 4	Imperial stock	1,500,000	0 0
			Cash in Public Account to credit of Earthquake and War Damage Fund		
			Interest accrued but not due	52,833	13 8
Claims outstanding			Premiums accrued but not due	31,741	15 7
Discount due or accrued premiums			Sundry debtors	85,770	0 0
Premium and other deposits				21	13 6
				45,940,367	2 9

NOTE.—In the balance-sheet, New Zealand Government stock has been included at par value and Imperial stock has been included at par value converted to New Zealand currency.

11th June, 1948.

T. L. SEATOR, Secretary.

I hereby certify that the Income and Expenditure 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. P. RUTHERFORD, Controller and Auditor-General.

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