

(3) *Earthquake and War Damage Insurance.*—Three hundred and six claims on the Fund were lodged during the year as compared with three hundred and forty-three claims in the previous year and four hundred and one in the year before that.

Earthquake damage was claimed for in localities from Rotorua to Stewart Island, but, fortunately, there was no shock of a serious nature.

Earthquake shocks which resulted in numerous claims are listed as follows :—

Date.	Location.	Modified Mercalli Scale Rating.	Number of Claims.
27th May, 1949 ..	Otago-Southland	Force VI	54
8th January, 1950 ..	Wellington	Force V	30
13th January, 1950 ..	Wellington	Force IV	90
4th February, 1950 ..	Wellington	Force IV to V	11

(4) *Storm and Flood Disaster Insurance.*—The scheme for insurance against disastrous losses caused by storm and flood was instituted as a consequence of the Frankton Junction disaster in 1948 in order to afford some measure of financial relief to those whose property, already insured against earthquake and war damage, might suffer damage through storm and flood which “is of an abnormal and unforeseen nature and is of extraordinary and widespread effect.”

Finance is provided by crediting 10 per cent. of premiums collected under the compulsory provisions of section 14 to a special Disaster Fund, without further liability on the Earthquake and War Damage Fund, which carries its own heavy contingent liabilities and which will, in future, be credited with 10 per cent. less of premiums collected than in past years. The 10-per-cent. deduction represents the equivalent of 1·2d. per cent. as the rate for extraordinary disaster cover.

Necessarily limited though the cover is by the disaster definition as well as by the “franchise” or “first loss” deduction of 5 per cent. on insurances up to £3,000 and 10 per cent. on the excess of £3,000, many substantial claims have already been admitted in the five months the scheme has operated, thus providing an important alleviation of the financial loss which previously would have fallen wholly upon property-owners themselves. Disasters being completely unpredictable and not infrequent, it is impossible to judge whether the income of the fund, estimated for a full year at £56,000, will be adequate to meet claims as well as create desirable reserves to provide for the by no means remote possibility of a major disaster.

Attention is drawn to the provision in the amending regulations empowering the Commission to issue cover to applicants on any class of property, against damage by storm and flood. In such cases, the Commission has authority to modify the limiting conditions applicable to extraordinary disaster insurance, on payment of a premium appropriate to the particular risk.

(5) There have already been eighty-nine claims on the Disaster Fund, and of these sixty-one were received from persons suffering damage as the result of the Marton flood which occurred on the 13th February, 1950.

(6) The total of the Earthquake and War Damage Account is now £6,952,292 8s. 4d., and of the Disaster Account, after five months' operations, is £16,821 15s. 2d.

(7) The Commission again records its appreciation of the competent assistance, given during the year, by the Secretary and his small staff.

J. H. JERRAM, Deputy Chairman.