SESSION II.

1906.

NEW ZEALAND.

STATE FIRE INSURANCE OFFICE:

ANNUAL REPORT OF THE GENERAL MANAGER FOR THE YEAR ENDED 31st DECEMBER, 1905.

Presented to both Houses of the General Assembly pursuant to the provisions of the Act relating to Government Fire Insurance.

In compliance with statutory provisions, I have the honour to submit the following report regarding the transactions of the Department for the year ended 31st December, 1905.

The State Fire Insurance Office was opened for business on the 4th January, 1905, and

branches and agencies have been established throughout the colony.

Reinsurance arrangements were made prior to the opening of the Office, and owing to the exigencies of the business during last year modifications of the original agreement were arranged, which have proved satisfactory.

From the date of opening, the support of the public has been gratifying, and this support has

increased month by month, and still continues.

Since the inauguration of State fire insurance the rates have been materially reduced, and the public saving thereby effected may be approximately estimated at £150,000 per annum.

The Revenue Account and balance-sheet appended supply full particulars of the transactions during the year, and show the position of the Department at its close. Taking into consideration the difficulties that had to be faced in establishing a business of this kind, the progress that has been made must, I think, be considered satisfactory. The figures explain themselves; but it may be mentioned in regard to preliminary expenses that, in accordance with the usual practice, the amount expended during 1904 as well as the sum expended during 1905 in connection with the establishment of the Department have been carried to preliminary expenses, and appear accordingly as an asset in the balance-sheet. The larger part of the amount was incurred prior to the establishment of the Department, and the balance in connection with the opening of agencies and the extension of the business. With a view to the early elimination of this asset from the balancesheet, the sum of £634 5s., being one-fourth of the total amount charged, has been written off out of last year's revenue.

It will be observed that the necessary proportion of the total premiums-viz., the sum of £4,375 17s. 3d.—has been set aside as a reserve for unearned premiums.

> J. W. BRINDLEY, General Manager.

REVENUE ACCOUNT OF THE STATE FIRE INSURANCE OFFICE FOR THE YEAR ENDED 31st December, 1905.

	0151 1210	1014	DEN, 1000.			
£ s. d. Premiums after deduc-	£ s.	d.	\pounds s. d Balance brought forward from	£	s.	d.
		ļ				
tion of reinsurances 13,127 11 9		ŀ	1904—			
Other receipts—			Preliminary expenses 1,026 6 8			
Interest 8 7 9		ļ	Office furniture 67 16 7			
	13,135 19	6		1,094	3	3
Preliminary expenses to be charged during	•	- 1	Preliminary expenses	1,510		
next three years	1,902 15	3	Losses by fire (after deduction of reinsur-			-
Office furniture, less depreciation of 10 per	1,002 10	j	·	2,417	10	7
cent.	669 17	3			13	•
cent	009 11	Э	Appropriated to reserve for unearned pre-		10	
			miums	4,375	17	3
		i	Interest on capital raised, guaranteed by			
		i	Government	71	0	8
			Commissions	927	13	0
			Salaries	2,964	1	4
			Expenses of management— £ s. d.		-	_
		1	Travelling expenses 164 5 0			
		ì				
			Advertising 25 0 5			
		į	Printing and stationery 133 5 8			
		i	Rent 376 3 4			
		1	Exchange 13 13 9	ı		
		į	Postage and telegrams			
		- 1	and sundry charges 476 16 2			
•		į	Thumstone CEC O			
		- 1	rumiture 070 9 3		10	Ω
		- 1		1,865	19	2
			Amount of Fire Insurance funds at end			_
		ĺ	of year	481	10	2
	£15,708 12	0		£15,708	12	0
•						_
		_				_

J. W. Brindley, General Manager.

Examined and found correct, subject to the following remark:-

There is no provision in the Act for charging the Revenue Account for the period in which the preliminary expenses are incurred with less than the whole amount of such expenses. It is, however, a business practice to spread this expenditure over a term of years, and the term of four years proposed in this account appears reasonable.

J. K. WARBURTON,

Controller and Auditor-General.

BALANCE-SHEET OF THE STATE FIRE INSURANCE OFFICE ON THE 31st DECEMBER, 1905.

Liabilities.		Assets.	
Capital authorised by "The £ s. d.	£ s. d.	Agents' balances— £ s. d.	£ s. d.
Ŝtate Fire Insurance		Head Office 100 7 2	
Act, 1903" 100,000 0 0		Auckland 59 3 6	
Less not raised 98,000 0 0		Christchurch 128 4 3	
	2,000 0 0	Dunedin 35 8 1	
Reserve for unearned premiums	4,375 17 3		323 3 0
Fire Insurance funds, as per Revenue		Outstanding premiums	1,515 8 10
Account	481 10 2	Cash	4,438 17 8
Other funds		Other assets—	,
Premiums and other deposits	222 7 9	Preliminary expenses reserved	1,902 15 3
Outstanding fire losses	425 0 0	Office furniture	669 17 3
Other sums owing by the office- £ s. d.			
Interest on capital 12 1 8			
Rent 214 12 3		·	
Board fees 48 7 9			
Reinsurance premiums			
due 1,070 5 2		•	
	1,345 6 10		
	£8,850 2 0		£8,850 2 0

J. W. Brindley, General Manager.

23rd August, 1906.

Examined and found correct.

J. K. Warburton, Controller and Auditor-General.

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