1911. NEW ZEALAND.

STATE FIRE INSURANCE OFFICE:

ANNUAL REPORT OF THE GENERAL MANAGER FOR THE YEAR ENDING 31ST DECEMBER, 1910.

Presented to both Houses of the General Assembly pursuant to the Provisions of the State Fire Insurance Act, 1908.

State Fire Insurance Office, Wellington, 22nd May, 1911.

I HAVE the honour to submit the following report on, and Revenue Account and balance-sheet of, the State Fire Insurance Office for the year ending 31st December, 1910.

The year under review has proved to be by far the most successful yet experienced by the office. The net premium income amounted to £40,551 15s. 2d., as against £33,281 14s. 7d. for the previous year, showing the very substantial increase of £7,270 0s. 7d., representing the largest expansion in business in any one year since 1906.

The profits for the year, after appropriating to reserve £2,908 0s. 3d. for uncarned premiums, amounted to £8,487 13s. The year commenced with a debit balance of £1,441 9s. 6d., which has been converted into a credit balance of £7,046 3s. 6d. The greatest profit made in any

previous year was £2,698 13s. 7d., realized in 1909.

The net losses for the year amounted to £18,913 18s. 4d., as against £18,534 12s. for the previous year, the ratio of losses to premium income being 46.64 for 1910 and 55.69 for 1909. The losses for 1910 may be regarded as being below the average to be expected. The office was fortunate in not being involved in any large block conflagrations, and losses in bush-fires were not of a serious nature.

The ratio of working-expenses was 28.3 per cent., as against 30.5 per cent. for 1909, and 38 per cent. for 1908. The reduction of 2.2 per cent. represents a saving of nearly £900 on the business of 1910 as compared with 1909. I think it may now be safely said that the working-expenses of the State Fire Office are lower than those of any similar business carried on in this Dominion. Included in these expenses is an amount of £729 18s. 1d., representing contributions to Fire Boards. These contributions in some districts are a very heavy charge on the premium income, absorbing, as they do, from 2.73 to 20.02 per cent., and averaging about $7\frac{1}{2}$ per cent. of the total premium income from all the Fire Board districts.

It will be noted from the balance-sheet that the investments of the office are now £20,000, as compared with £10,000 for 1909; and the reserve for unearned premiums £16,220 14s. 1d., as

against £13,312 13s. 10d. for the previous year.

The exceptionally good results of the past year's operations cannot be looked upon as furnishing evidence that the existing rates are such as to insure a reasonable margin of profit over a series of years. Less favourable years are fairly certain to occur. The rates on some of the more

hazardous classes of risks are, in my opinion, inadequate.

The sum of £2,000 was raised when this office commenced operations in 1905, and upon this sum interest has been paid annually. The office has therefore since its inception been entirely self-supporting; but to place it reasonably beyond the possibility of, in future, having to call upon the Government for additional funds, it is essential, in my opinion, that a fairly substantial reserve fund should be built up to provide against large losses, which are within the bounds of possibility in cases of serious conflagrations such as occurred in the Cities of Christehurch and Wellington during the past few years. To facilitate the building-up of such a reserve fund, I recommend an amendment of clause 42 of the State Fire Insurance Act providing for distribution of profits.

In view of the very heavy reduction of rates—ranging up to 33½ per cent. on the greater portion of the fire premiums for the Dominion—which eventuated when the State office was established, and which has been the means of saving to the people in fire premiums exceedingly large sums annually, the present position of the office cannot, I think, be regarded as other than

satisfactory.

C. R. C. Robieson, General Manager. REVENUE ACCOUNT OF THE STATE FIRE INSURANCE OFFICE FOR THE YEAR ENDED 31st DECEMBER, 1910.

	£	s.	đ.		£	8.	d.
Premiums after deduction of reinsurances	40,551	15	2		,441	9	6
Other receipts— £ s. d.				Losses by fire (after deduction of reinsur-			
Interest and commission 1,226 0 2			٠.		3,913	18	4
Conscience money 10 0 0		_	_	Appropriated to reserve for unearned pre-			
	1,236	0	2	miums (in addition to £13,312 13s. 10d.		_	
					1,908	0	3
				Interest on capital raised guaranteed by			
				Government		10	
					3,020		3
					5,246	15	10
				Contributions to Fire Boards under the	500	10	
•				Fire Brigades Act, 1908	729	18	1
				Expenses of management— £ s. d.			
				Travelling-expenses 204 11 4			
				Printing, stationery, and			
				advertising 454 16 8 Rent 755 3 2			
				Evaluation of 15 0			
				Postages and telegrams,			
				cablegrams, and sundry			
				charges 876 19 2			
				Furniture written off 89 4 1			
					2,408	9	7
				Amount of fire-insurance funds at end of	,, 100	•	•
					,046	3	6
				Jun	,,,,,		_
	£41,787	15	4	£41	,787	15	4
			_			_	_

22nd April, 1911.

C. R. C. Robieson, General Manager.

Examined and found correct.—R. J. Collins, Controller and Auditor-General.

BALANCE-SHEET OF THE STATE FIRE INSURANCE OFFICE ON THE 31ST DECEMBER, 1910.

Liabi	lities.						. Assets	•	£	s.	d.
Capital authorized by the	£	s.	d.	£	s.	q.	Investments — Government	Debentures			
State Fire Insurance											
	00,000								2,520		
Less not raised	98,000	0	0						351	14	+
-				2,000							
Reserve for unearned premiu	ms						land at Wellington, or in	£ s. d.			
Premiums and other deposits	· .			356	7	4	transit to Wellington 8	,585 - 2 - 11			
Outstanding fire losses				4,238	0	0	Imprest Account balances—				
Other amounts owing by the							Head Office £306 4 2				
office —	£	s.	đ.				Auckland 78 11 11				
Interest on capital	48	6	8				Christchurch 116 6 8				
Reinsurance premiums							Dunedin 111 1 2				
due	2,879	15	6				Timaru 3 0 10				
Commission		0					Palmerston				
Rent		6					North 51 8 0				
Printing, stationery, and		-					New Plymouth 0 9 2			•	
advertising	8	6	5					667 1 11 .			
Postages and sundry	-	-	_						9,252	4	10
charges	35	11	5				Office furniture		484		
ozurgo.				3,748	6	5		••	101	10	~
Fire insurance funds, as	ner Re	aven	11A	0,.10	·	•					
Account	P01 100	,,011		7,046	3	6					
	••		••	-,020							
				£32,609	11	4			£32,609	11	4

22nd April, 1911.

C. R. C. Robieson, General Manager.

Examined and found correct.—R. J. Collins, Controller and Auditor-General.

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