

1920.  
NEW ZEALAND.

# STATE FIRE INSURANCE OFFICE.

ANNUAL REPORT OF THE GENERAL MANAGER FOR THE YEAR ENDED 31st DECEMBER, 1919.

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

State Fire Insurance Office, Wellington, 19th May, 1920.

I HAVE the honour to present the fifteenth Annual Report of the State Fire Insurance Office, together with Revenue Account and Balance-sheet for the year ended 31st December, 1919.

It is gratifying to be able to report that still another record year has been experienced. The net income increase is the largest attained since the first year's operations of the Office. It amounted to the substantial sum of £11,105 11s. 10d., and brings the total net income for the year to £110,564 11s. 2d. The gross income from all sources amounted to £151,935 12s. 11d., and showed an increase of £13,872 17s. 2d. over the previous year.

The total sum underwritten for the year was £26,160,290, and showed an increase of £2,200,000 over the figures of 1918.

The surplus for the year, which is substantially greater than that of any previous year, amounted to £57,184 19s., and has been allocated as follows: Unearned Premiums Reserve, £4,274 11s. 2d.; Investments Fluctuation Reserve, £1,000; income-tax, £14,867 6s. 6d.; leaving a net profit of £37,043 1s. 4d., as compared with a net profit of £28,472 7s. 5d. for 1918.

The assets of the Office on the 31st December last amounted to £288,349, as compared with £244,927 for 1918; and the investments were £232,371, as against £199,480 for the previous year.

The loss ratio was 23·04 per cent. of the net premium income, and is 10·16 per cent. below that of 1918. This loss ratio is abnormally low for this Dominion, and is the lowest yet touched by this Office.

The working-expense ratio showed an increase of 2·84 per cent. over that of 1918. Considering the increases in salaries and the increase in the cost of motor-cars, cycles, and supplies, printing and stationery, typewriters, &c., which added approximately 5 per cent. to the pre-war working-expense ratio, the Office is fortunate in having an increase in working-expenses of 2·44 per cent. only over the working-expenses of 1915. This has been accomplished by greatly improving the methods of handling the business, thus enabling each officer to cope with a greater volume than hitherto. In fact, an analysis shows the ratio of salaries paid to business handled was less in 1919 than it was in 1914, notwithstanding that the increases in salaries granted to meet the cost of living, &c., amounted to over £3,000 during 1919 alone.

It is perhaps well to mention the fact that although working-expenses have been increased by over £5,000 per year owing to war conditions, not one penny of the extra cost has been passed on to the insuring public; on the contrary, many rates have been substantially reduced during the war period and since. I think that fire insurance in this respect occupies a unique position among all commercial businesses in the Dominion.

Following are the particulars of profits, net income, losses, working-expenses, and funds for 1919 as compared with the year 1918:—

*Profits.*—The net surplus (inclusive of income-tax charges), after appropriating a further sum of £4,274 11s. 2d. to Unearned Premiums Reserve, and a further sum of £1,000 to Investment Fluctuation Reserve, amounted to £51,910 7s. 10d., as compared with £42,265 1s. 11d. for 1918.

The total accumulated profits at the close of 1919 amounted to £210,032 0s. 4d., as against £172,988 19s. for 1918.

*Net Income.*—The net income from all sources amounted to £110,564 11s. 2d., as against £99,458 19s. 4d. for 1918, showing an increase of £11,105 11s. 10d. The net premium income was £100,763 15s. 9d., as against £90,077 7s. 11d. for 1918, an increase of £10,686 7s. 10d.

*Losses.*—The net losses were £23,211 6s. 5d., as compared with £29,871 13s. 4d. for 1918, the ratio to premium income being 23·04 per cent. and 33·2 per cent. respectively.

*Working-expenses.*—The ratio of working-expenses to premium income, exclusive of income-tax, was 29·94 for 1919 and 27·1 for 1918.

*Accumulated Funds.*—The funds at close of 1919 amounted to £256,337 10s. 8d., and for 1918 £214,019 18s. 2d., a substantial increase of £42,317 12s. 6d.

*General.*—The lack of suitable office accommodation has seriously hampered the work in several districts, particularly in Wellington. The rapid growth of the business all over the Dominion has caused the Head Office and the various branch staffs to outgrow the offices occupied, and it has been found impossible with the present demand for commercial buildings to lease suitable premises. As a result the Office has been compelled to purchase land and enter upon a fairly large building programme.