

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.

In Wellington land was secured in 1915, and a seven-story building is now in course of erection. During 1918 land was purchased in Palmerston North, and the buildings thereon made suitable for the business in the meantime. During 1919 land was purchased next to the post-office in Hamilton, and a new building is now being erected. The old building was quite unsuitable for our requirements, and did not give a reasonable return on the cost of the site.

Several other branch offices are now greatly hampered for lack of room, and it appears that further land must be purchased and buildings erected at an early date.

C. R. C. ROBIESON,
General Manager.

REVENUE ACCOUNT OF THE STATE FIRE INSURANCE OFFICE FOR THE YEAR ENDED
31ST DECEMBER, 1919.

	£	s.	d.		£	s.	d.
Premiums after deduction of reinsurances	100,763	15	9	Losses by fire (after deduction of reinsurances)	23,211	6	5
Other receipts—Interest, commission, and rent	9,800	15	5	Appropriated to reserve for unearned premiums (in addition to £36,030 19s. 2d. already reserved)	4,274	11	2
				Government taxes	14,867	6	6
				Commission	8,321	18	8
				Salaries	12,242	7	3
				War bonus to staff on salaries under £315	270	15	11
				Contributions to Fire Boards under the Fire Brigades Act, 1908	2,223	0	7
				Expenses of management—			
				Travelling expenses	1,189	16	11
				Printing, stationery, and advertising	1,092	3	11
				Rent	1,185	14	8
				Exchange	26	10	2
				Postages, telegrams, cablegrams, and sundry charges	1,733	8	2
					5,227	13	10
				Investments Fluctuation Reserve Fund	1,000	0	0
				Office premises and equipment written off	1,882	9	6
				Amount of fire-insurance funds at end of year	37,043	1	4
					£110,564	11	2
					£110,564	11	2

26th February, 1920.

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, 1919.

Liabilities.				Assets.			
	£	s.	d.		£	s.	d.
Capital authorized by the State Fire Insurance Act, 1908	100,000	0	0	Government war bonds and stock	100,000	0	0
Less not raised	100,000	0	0	Government debentures and Consols	68,196	6	6
				Fixed deposits and at short call	20,000	0	0
				Municipal Corporation loans	500	0	0
				Mortgages on property	2,850	0	0
				Freehold land and buildings	47,225	1	7
Reserve Fund	164,988	19	0	Less mortgages taken over on office premises purchased	6,400	0	0
Reserve for bonus to policyholders	8,000	0	0		40,825	1	7
Investments Fluctuation Reserve Fund	6,000	0	0	Outstanding premiums	8,753	0	10
Reserve for unearned premiums	40,305	10	4	Interest accrued but not due	1,792	8	2
Premiums and other deposits	900	14	11	Rent accrued or due	33	9	0
Outstanding fire losses	3,380	0	0	Cash in Bank of New Zealand at Wellington, or in transit to Wellington	44,962	12	7
Government taxes	14,867	6	6	Imprest Account balances—			
Interest accrued but not due on mortgages	64	13	10	Head Office	0	15	3
Other amounts owing by the Office—				Auckland	9	17	0
Reinsurance premiums due	10,835	15	9	Christchurch	76	16	4
Commission	1,532	9	2	Dunedin	234	17	6
Rent	130	9	7	Palmerston North	8	2	1
Printing, stationery, and advertising	23	1	3	New Plymouth	106	8	5
Postages and sundry charges	277	13	7		436	16	7
					45,399	9	2
Fire-insurance funds, as per Revenue Account	37,043	1	4		£288,349	15	3
					£288,349	15	3

26th February, 1920.

C. R. C. ROBIESON,
General Manager.

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

Approximate Cost of Paper.—Preparation, not given; printing (1,500 copies), £3 15s.

By Authority: MARCUS F. MARKS, Government Printer, Wellington.—1920.

Price 3d.]