

SESSION II.
1923.
NEW ZEALAND.

ACCIDENT INSURANCE BRANCH OF THE GOVERNMENT INSURANCE DEPARTMENT

(ANNUAL REPORT ON THE) FOR THE YEAR ENDED 31st DECEMBER, 1922.

Laid before Parliament pursuant to Section 22 of the Government Accident Insurance Act, 1908.

Government Insurance Office, Wellington, 26th March, 1923.

I HAVE the honour to submit my report on the business of the Accident Insurance Branch of the Department for the year ended 31st December, 1922, together with the Revenue Account and Balance-sheet.

The gross premium income amounted to £33,983, and, after deducting reinsurances, to £33,348. The premium income, depending as it does upon wages paid in the various industries, has been to some extent adversely affected by the prevalence of unemployment.

The claims were £20,330, an increase of £3,544 as compared with the previous year.

The gross return from interest was £7,598, as compared with £6,794 in 1921. The sum of £1,489 was paid in taxes.

The ratio of management expenses to premiums was 28·8 per cent., and to total income 24·3 per cent.

The balance-sheet shows an increase of £6,000 in New Zealand inscribed stock, the total holding by the Accident Branch being now £103,500, in addition to £10,000 debentures under the Finance Act, 1915, the two together representing 74 per cent. of the total invested funds.

The statutory Reserve Fund stands at £115,020.

The total assets at the end of the year amount to £169,215.

During the year the Workers' Compensation Act was consolidated and amended, the most important amendments being—

- (1.) Increase in the weekly allowance on incapacity in respect of non-fatal accidents from 55 per cent. to 58 per cent. of the average weekly wages.
- (2.) Increase from £750 to £1,000 in the maximum amount of damages claimable under the Act in respect of the negligence of a fellow-servant.
- (3.) Reduction of the period of engagement necessary to bring domestic service under the Act, from seven days to three days.
- (4.) An increase in a minor benefit in the Second Schedule.

It has been decided to cover the extra benefits above mentioned without any increase in the premium rates, pending the usual actuarial investigation which will shortly take place.

It is a source of gratification to be able to report that, by means of the scientific analysis of the experience of the whole of the workers' compensation insurance business of New Zealand which is systematically made by the Actuary, the Department was enabled not only to supply the Legislature with the estimated cost of the various suggested amendments to the law, but also to furnish reliable advice of an expert character.

An amendment to the Government Accident Insurance Act was also enacted during the year giving power to allow of rebates to policyholders in respect of premiums. This takes the place of the previous clauses making provision for bonuses, and it is hoped that the new provisions will prove satisfactory in their operation.

As, owing to my approaching retirement, this is the last report I shall be making, I may perhaps be permitted to refer to the fact that the Accident Branch, which commenced operations in 1901, has been from its inception continuously under my control; that during the whole period of its existence the goal aimed at has been the regulation of the rates charged to the public, and not the accumulation of large profits; and that up to the present this policy has been consistently and successfully carried out. The Department has effected its aim by the conjunction of two methods; firstly by scientifically demonstrating the precise net cost of the risk in each class of business, and secondly by its active competition with the private insurance companies. On relinquishing my office I am able to point to the fact that the rates current in New Zealand, thanks to the Department, are

generally lower than elsewhere; that the placing of the rates on this low basis has been effected without friction with the private companies, who in point of fact defer to the Department's scientific assessment; and that a considerable reserve has now been built up against contingencies, rendering the Branch strong enough to be able to contemplate the granting of rebates of premium to the policyholders in accordance with the amendment in the Act already mentioned. The question of the rebates to be allowed is now receiving careful consideration, and the matter will be dealt with at an early date. I think it can be claimed that the working of the Branch has not only saved thousands of pounds to the insuring public, but that its actuarial analysis of the business has placed beyond doubt the equities as between different classes of insurers. In order to illustrate more forcibly what has been achieved I may say that in the older business of fire insurance not only has no attempt been made to ascertain the net cost of the separate classes of business, but that the premiums charged to the public have never been reduced to the low point that applies in accident insurance. In the latter business the premiums are fixed at double the actual claim cost, whereas an examination of the returns of fire offices will show that the premiums charged by the companies for fire insurance are equivalent to about three times the claim cost. It can therefore be said that the business of accident insurance has reached a considerably higher point of efficiency in economical service to the public, thanks to the work done by the Accident Branch.

J. H. RICHARDSON, Commissioner.

REVENUE ACCOUNT OF THE ACCIDENT BRANCH OF THE GOVERNMENT INSURANCE DEPARTMENT
FOR THE YEAR ENDED 31ST DECEMBER, 1922.

	£	s.	d.		£	s.	d.
Amount of Accident Funds, 1st January, 1922	11,472	7	7	Claims	20,329	15	5
Premiums £33,982 10 5				Commission	4,043	4	10
Less reinsurance premiums	634	16	2	Salaries	3,870	0	0
				Expenses of management	1,708	4	1
Interest 7,598 0 1				Amount of Accident Funds, 31st December, 1922	21,068	15	5
Less land and income tax	1,489	6	10				
Defalcations recovered							
	£51,019	19	9		£51,019	19	9

BALANCE-SHEET OF THE ACCIDENT BRANCH OF THE GOVERNMENT INSURANCE DEPARTMENT ON
31ST DECEMBER, 1922.

Liabilities.	£	s.	d.	Assets.	£	s.	d.
Accident Funds, as per Revenue Account	21,068	15	5	Debentures issued under authority of the Finance Act, 1915	10,000	0	0
Claims admitted (proofs not yet completed)	12,000	0	0	New Zealand Inscribed Stock — War Loans	100,500	0	0
Commission	355	19	7	New Zealand Inscribed Stock	3,000	0	0
Premium and other deposits	74	14	5	Mortgages on property	40,720	0	0
Sundry creditors	2,466	2	4	Outstanding interest due but not overdue	£220	3	9
Officers' Fidelity Fund	300	0	0	Interest accrued but not due	1,816	19	6
Reserve for unearned premiums	14,929	0	0	Agents' balances	558	18	4
Investment Fluctuation Reserve	3,000	0	0	Sundry debtors	1	11	10
Reserve Fund constituted under section 20 of the Government Accident Insurance Act, 1908	115,019	19	11	Cash in hand and on current account	12,617	2	0
	£169,214	11	8		£169,214	11	8

Government Insurance Department, 6th March, 1923.

J. H. RICHARDSON,
Commissioner.

G. A. KENNEDY,
Acting-Secretary.

The Audit Office, having examined the Revenue Account and balance-sheet, and compared them with the relative books, documents, and securities, hereby certifies them to be in accordance therewith.

G. F. C. CAMPBELL,
Controller and Auditor-General.

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