

1927.

NEW ZEALAND.

STATE FIRE INSURANCE OFFICE.

ANNUAL REPORT OF THE GENERAL MANAGER FOR THE YEAR ENDED 31ST DECEMBER, 1926.

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

State Fire Insurance Office, Wellington, 28th April, 1927.

I HAVE the honour to submit the twenty-second annual report of the State Fire Insurance Office for the year ended 31st December, 1926, together with Revenue Account and Balance-sheet.

The following comparative figures for the last three years show the very satisfactory progress which has been made :—

	1924.	1925.	1926.
	£	£	£
Income—			
Net premiums	165,070	176,664	197,471
Other receipts, including rents and interest	25,229	30,753	36,074
Outgo—			
Rebate	22,005	17,405	24,496
Claims	60,817	56,997	79,062
Ratio of working-expenses to premiums (per cent.) ..	29.48	28.14	28.03
	£	£	£
Carried to Reinsurance Reserve Fund	5,000	5,000	5,000
Office premises written off	4,000	4,000	4,000
Carried to Bonus Rebate Reserve	23,500	1,500
Surplus for the year after paying rebate	31,131	35,917	40,737
Reserves and funds at 31st December	499,006	568,061	623,622
Total assets at 31st December	530,283	604,096	661,519

Income.—The amount of increase in premiums for the year has been exceeded only on one previous occasion, and the increase in the total revenue is easily a record.

Rebate.—The rebate to policyholders cost £24,496, the largest sum rebated in any one year. The rate of rebate was 12½ per cent., 2½ per cent. more than for 1925. Since the rebate system was instituted in 1923 policyholders have been granted rebates as follows :—

Year ended 31st December,	£
1923	10,996
1924	22,005
1925	17,405
1926	24,496
	<u>£74,902</u>

The effect which the declaration of the State Fire rebates has had on fire-insurance premiums generally is thus referred to in the Government Statistician's latest report: "With regard to the rebate itself, it is interesting to note the extent to which the insuring public has benefited by this concession since its inception on the 1st August, 1923. During that year the amount so granted was £141,794, followed by £271,440 in 1924 and £231,172 in 1925, making a total of £644,406 to the end of 1925. The decrease during 1925 is, of course, due to the reduction in the rate."

Claims.—The claims incurred during the year amounted to £79,062, and represented a sharp increase of 7.78 per cent. over the claim ratio for the previous year. Many claims are due to defective workmanship in buildings, particularly in the country, where supervision is lax or entirely absent; but a far greater number arises from carelessness or indifference, factors more apparent when there is financial stress than when conditions are prosperous. In this connection there is need to again point out that fire waste is an irreparable national loss, that fire insurance merely distributes the loss in the form of a tax on the community, and that the carelessness or indifference causing fire waste not only has to be paid for in insurance rates, but has a far-reaching effect from an economic point of view on such questions as housing and the deviation of capital for mere replacement purposes, which is required for the development of the country.

Working-expenses.—A slight reduction in the ratio to premiums has been effected. This would have been greater had it not been that classifications have in many parts of the Dominion been substantially lowered and premiums correspondingly reduced. Fire Board levies cost the Office 2.68 per cent. of the premium income, as against 2.40 per cent. in 1925. Income-tax absorbed £15,073, or 7.63 per cent., as compared with £10,242, or 5.80 per cent., in 1925. It may be mentioned that according to the latest published figures the Office has in recent years paid far more in income-tax on fire income than any other office.

I desire once again to express appreciation of the excellent work performed by the Managers and staff.

J. H. JERRAM,
General Manager.

REVENUE ACCOUNT OF THE STATE FIRE INSURANCE OFFICE FOR THE YEAR ENDED
31ST DECEMBER, 1926.

	£	s.	d.		£	s.	d.
Premiums after deduction of reinsurances	197,471	9	11	Bonus rebate to policyholders	24,496	19	7
Other receipts—Interest, commission, and rent	36,074	5	9	Losses by fire (after deduction of reinsurances)	79,062	16	10
				Appropriated to reserve for unearned premiums (in addition to £70,665 17s. 10d. already reserved)	8,322	14	2
				Government taxes	15,073	1	3
				Commission	9,923	1	9
				Salaries	25,418	17	7
				Contribution to Public Service Superannuation Fund	546	11	3
				Contributions to Fire Boards under the Fire Brigades Act, 1908	5,304	0	0
				Expenses of management— £ s. d.			
				Travelling expenses .. 2,191 13 5			
				Printing, stationery, and advertising .. 2,021 16 6			
				Rent .. 2,033 1 0			
				Exchange .. 35 16 0			
				Postages, telegrams, cablegrams, and sundry charges .. 2,987 14 4			
					9,270	1	3
				Office equipment	1,520	18	10
				Office premises—Depreciation	3,368	15	1
					182,307	17	7
				Reinsurance Reserve Fund	5,000	0	0
				Office premises—Written off	4,000	0	0
				Bonus Rebate Reserve	1,500	0	0
				Amount of fire-insurance funds at end of year	40,737	18	1
					£233,545	15	8
					£233,545	15	8

BALANCE-SHEET OF THE STATE FIRE INSURANCE OFFICE ON THE 31ST DECEMBER, 1926.

Liabilities.				Assets.			
	£	s.	d.		£	s.	d.
Capital authorized by the State Fire Insurance Act, 1908 .. 100,000 0 0				Government war-loan securities .. 148,146 7 0			
Less not raised .. 100,000 0 0				Other Government securities .. 88,550 0 0			
				Local authority securities .. 66,245 0 0			
				Fixed deposits and at short call .. 65,000 0 0			
Reserve Fund	448,895	15	4	Land and buildings .. 222,076 7 3			
Investments Fluctuation Reserve Fund .. 10,000 0 0				Outstanding premiums .. 8,657 3 7			
Reserve for unearned premiums .. 78,988 12 0				Interest accrued but not due .. 5,059 18 7			
Bonus Rebate Reserve .. 25,000 0 0				Rent accrued or due .. 316 16 2			
Reinsurance Reserve Fund .. 20,000 0 0				Sundry debtors .. 9 2 0			
Premiums and other deposits .. 961 8 6				Cash in Bank of New Zealand at Wellington, or in transit to Wellington .. 57,205 3 3			
Outstanding fire losses .. 6,709 0 0				Imprest Account balances— £ s. d.			
Government taxes .. 15,070 14 9				Head Office 5 7 6			
Sundry creditors .. 1,386 2 5				Auckland .. 2 5 4			
Other amounts owing by the Office—				Hamilton .. 20 14 2			
Reinsurance premiums due .. 11,072 18 6				N. Plymouth 75 0 1			
Commission .. 1,717 8 8				Palmerston N. 68 3 8			
Rent .. 57 0 9				Napier .. 5 13 3			
Printing, stationery, and advertising .. 34 0 10				Nelson .. 0 18 5			
Postages and sundry charges .. 888 1 11				Christchurch 56 0 9			
				Timaru .. 6 19 3			
Fire-insurance funds, as per Revenue Account	40,737	18	1	Dunedin .. 0 7 9			
				Invercargill 11 13 9			
					253	3	11
					57,458	7	2
					£661,519	1	9
					£661,519	1	9

11th April, 1927.

J. H. JERRAM, General Manager.
C. B. REDWARD, Accountant.

I hereby certify that the Revenue Account and Balance-sheet have been duly examined and compared with the relative books and documents submitted for audit, and correctly state the position as disclosed thereby.—G. F. C. CAMPBELL, Controller and Auditor-General.

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