

1930.
NEW ZEALAND.

ACCIDENT INSURANCE BRANCH OF THE STATE FIRE INSURANCE OFFICE

(ANNUAL REPORT ON THE) FOR THE YEAR ENDED 31st DECEMBER, 1929.

Presented to both Houses of the General Assembly pursuant to Section 22 of the Government Accident Insurance Act, 1908.

State Fire Insurance Office, Wellington, 24th June, 1930.

I HAVE the honour to submit the twenty-ninth annual report of the Government Accident Insurance Office for the year ended 31st December, 1929, together with the Revenue Account and Balance-sheet.

The following comparison with the previous two years shows the progress made:—

	1927.	1928.	1929.
Income—	£	£	£
Premiums from all classes of accident insurance	65,560	71,731	81,353
Interest	10,895	12,368	13,342
Outgo—			
Claims.. .. .	38,972	43,807	49,853
	Per Cent.	Per Cent.	Per Cent.
Ratio of claims to premium income	59.44	61.07	61.28
	£	£	£
Free-year bonus on personal accident policies	154	145	166
Working-expenses (exclusive of income-tax)	15,394	16,482	18,340
Ratio of working-expenses (exclusive of income-tax) to premium income	Per Cent. 23.49	Per Cent. 22.98	Per Cent. 22.55
	£	£	£
Income-tax	2,430	3,294	3,939
Carried to reserve for unearned premiums	3,248	2,776	4,330
	Per Cent.	Per Cent.	Per Cent.
Ratio of underwriting surplus to premium income	11.88	11.88	10.65
	£	£	£
Carried to Investment Fluctuation Reserve	3,000
Surplus	16,255	17,592	15,066
Reserves and funds as at 31st December	225,539	245,909	268,306

It will be noticed from the above figures that a greater increase in premium income was secured than in the previous year, and that the expense ratio was reduced to 22.55 per cent., the lowest recorded in the history of the Office. In view of the general depreciation in securities, the Investment Fluctuation Reserve has been increased by £3,000. Without this transfer the surplus for the year would have been slightly larger than for 1928.

Workers' Compensation Insurance.—Employers with a record of claims above the average for their class are finding it increasingly difficult to secure a continuance of insurance cover with insurance companies, and during the year the State Accident Office has been called upon to assist a number of such employers who otherwise would have been unprotected. The effect of this has been to raise the Department's loss ratio on its compensation business to an average of 73.35 per cent., which is above the claim average (71 per cent.) on which premiums are based.

Motor-vehicles Insurance (Third-party Risks) Act, 1928.—The outstanding feature of the year from an insurance point of view has been the operation of this Act, which came into force on the 1st June, 1929. The Act is an interesting advance on any legislation of the kind in any part of the world, and is without precedent in its abrogation of many of the conditions usual to an insurance policy. Compulsory acceptance by each insurance office of all risks for which it is nominated is also novel to insurance practice.

Administrative details were worked out by representatives of the insurance companies, the Post Office, and the State Accident Office, and the insurance on over 200,000 vehicles under the scheme has been satisfactorily effected. Simplicity of procedure and the entire elimination of competitive costs were aimed at, with a view to giving the public the benefit of cover at the lowest possible administrative cost.

The premiums fixed by Government were in all cases lower than were charged for more restricted cover at the time of the passing of the Act. Experience of the cost over a period of at least two years will enable equitable adjustments to be made; in the meantime premiums are experimental. Motorists thus have a direct financial interest in eliminating the negligent and careless driver, and, when an accident unfortunately does occur, in preventing exploitation. Exploitation is probably the greatest danger to which any system of compulsory third-party insurance is exposed.

On account of the lack of any previous experience of insurance similar to that provided by the Act, and the uncertainty of the incidence of claims, the insurance companies and the State Accident Office have established a "pool," by means of which the risk is shared and experience exchanged. The information collected through the operation of the pool has already proved most valuable.

J. H. JERRAM, General Manager.

REVENUE ACCOUNT OF THE ACCIDENT BRANCH OF THE STATE FIRE INSURANCE OFFICE FOR THE YEAR ENDED 31ST DECEMBER, 1929.

	£	s.	d.		£	s.	d.
Premiums after deduction of reinsurances ..	81,353	10	10	Free-year bonus on personal accident policies ..	166	7	4
Interest	13,342	13	10	Claims	49,853	1	5
Less land and income tax ..	3,939	0	2	Commission	5,490	8	8
	9,403	13	8	Salaries	10,393	15	0
				Contribution to Public Service Superannuation Fund	140	0	0
				Expenses of management	2,316	16	1
				Further appropriation to reserve for unearned premiums	4,330	0	9
				Further appropriation to Investments Fluctuation Reserve	3,000	0	0
				Amount of accident funds, 31st December, 1929 ..	15,066	15	3
	£90,757	4	6		£90,757	4	6

BALANCE-SHEET OF THE ACCIDENT BRANCH OF THE STATE FIRE INSURANCE OFFICE AS ON THE 31ST DECEMBER, 1929.

<i>Liabilities.</i>				<i>Assets.</i>			
	£	s.	d.		£	s.	d.
Accident funds, as per Revenue Account ..	15,066	15	3	Government war-loan securities ..	100,500	0	0
Outstanding accident claims	19,255	0	0	Other Government securities	18,000	0	0
Government taxes	3,939	0	2	Local-authority securities	93,867	5	11
Commission	459	10	4	Rural Advances bonds	14,425	0	0
Premium and other deposits	127	17	4	Mortgages on property	4,392	8	1
Sundry creditors	904	14	9	Fixed deposits and at short call	35,000	0	0
Officers' Fidelity Fund	500	0	0	Interest accrued but not due	4,186	6	4
Reserve for unearned premiums	36,609	1	11	Agents' balances	1,675	18	3
Investment Fluctuation Reserve	6,000	0	0	Sundry debtors, including Motor-vehicles Insurance (Third-party Risks) Act pool ..	16,361	7	10
Reserve Fund constituted under section 6 of the Government Accident Insurance Amendment Act, 1924	210,130	4	8	Cash in hand on current account	4,583	18	0
	£292,992	4	5		£292,992	4	5

2nd April, 1930.

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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