

REPORT.

1. MOTOR-VEHICLES INSURANCE (THIRD-PARTY RISKS) ACT, 1928.

(a) STATISTICS.

For the year ended 31st May, 1932, forty-three insurance concerns gave the prescribed notice to undertake business under the Act, and carried on business accordingly. The premiums for that year, excluding, of course, any relating to the 1932-33 licensing year, amounted to £233,177 5s. 3d., after taking into account adjustments on account of extra premiums due to changes in the classification of the vehicle and the cancellation of registrations. The commission of the Post and Telegraph Department, at the rate of 6d. per transaction, amounted to £4,908 12s. 6d., leaving a balance of £228,268 12s. 9d.

Claims during the year, including costs, together with the liabilities in respect of outstanding claims at 31st May, 1932, amounted to £202,753, or 86·75 per cent. of the net total of premiums received.

The following table shows the experience of the scheme during the three years ended 31st May, 1932:—

Year ended 31st May,					Revenue from Premiums.	Claims paid and Estimated Liability for Claims outstanding at 31st May.	Claim Ratio.
					£	£	Per Cent.
1930	..	..	..	..	235,007	202,327	86·09
1931	..	..	..	..	242,864	192,541	79·28
1932	..	..	..	..	233,731	202,753	86·75
Totals	..	..	..	..	711,602	597,621	83·98

Attention is specially directed to the fact that the statistics cover the period of three years only and must be interpreted with the utmost caution. Experience over a longer period is the only way of ascertaining figures that will be typical of the third-party business in all its ramifications.

The developments of the scheme will continue to be closely studied with a view to ensuring that due equilibrium is maintained between premiums and benefits, but definite conclusions cannot be reached until more experience is recorded.

Comparisons between the claim ratios for the third-party-risks-insurance scheme and other branches of accident insurance show much higher figures for the former than the latter. This is largely due to the fact that the premiums are collected by the Post and Telegraph Department and handed over to the insurance companies, and also to the fact that much of the wasteful competitive struggle for business between the various companies has been eliminated, thus reducing overhead charges.

The following table shows the claim ratios for various classes of accident insurance during the last available five years:—

Class of Insurance.				Percentage of Claims paid (including Costs during the Years).				
				1927.	1928.	1929.	1930.	1931.
				Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.
Employers' liability	..	..	..	68·88	69·69	69·84	71·99	71·63
Personal accident	..	..	..	55·70	60·16	52·23	54·12	54·34
Motor-vehicle comprehensive	..	..	..	52·01	55·11	52·44	64·01	67·61
Other forms	..	..	..	23·06	27·73	27·50	23·60	32·05

(b) ANNUAL REVIEW OF PREMIUM RATES.

Section 16 of the Motor-vehicles Insurance (Third-party) Risks Act, 1928, provides that the amount of the premiums to be paid in respect of third-party insurance may be fixed from time to time by Order in Council. In accordance with the usual practice the latest figures relating to the operation of the Act were carefully examined in February last in order to ensure that the premiums for the 1933-34 licensing year might be fixed again in the light of experience so as to give the motoring public the cover afforded at the lowest possible figure consistent with a reasonable margin to cover overhead and profit for the companies undertaking the third-party business.

After a careful analysis had been made of the figures submitted by each company, and after consultation with the companies, it was decided to make alterations in the premiums payable in respect of certain classes of vehicles (taxis and omnibuses in the main), involving an estimated aggregate premium reduction of £10,000 for the 1933-34 licensing year.