

1936.
NEW ZEALAND.

ACCIDENT INSURANCE BRANCH OF THE STATE FIRE INSURANCE OFFICE

(ANNUAL REPORT ON THE) FOR THE YEAR ENDED 31st DECEMBER, 1935.

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

State Fire Insurance Office, Wellington, 8th July, 1936.

I HAVE the honour to submit the thirty-fifth annual report of the Government Accident Insurance Office, for the year ended 31st December, 1935, together with the Revenue Account and Balance-sheet.

The following comparison with the previous two years shows the position in brief:—

	1933.	1934.	1935.
Income—	£	£	£
Premiums from all classes of accident insurance	80,207	84,727	97,766
Interest	15,240	15,170	14,936
Premium on conversion of securities .. .. .	..	157	2,105
Outgo—			
Free-year bonus on personal accident policies	272	255	231
Claims	48,593	62,035	66,172
Working-expenses (exclusive of income-tax)	16,865	17,962	20,330
Carried to reserve for unearned premiums .. ..	..	..	1,662
Income-tax	10,787	5,504	4,127
	Per Cent.	Per Cent.	Per Cent.
Ratio of claims (all classes of business) to premium income	60·58	73·22	67·68
Ratio of working - expenses (exclusive of income - tax) to premium income	21·03	21·2	20·8
Ratio of underwriting surplus to premium income	18·05	5·28	9·58
Surplus, apportioned as follows:—	£	£	£
Investment Fluctuation Reserve	15,000	..	..
Reinsurance Reserve .. .. .	..	10,000	10,000
Payment to Treasury under section 5, Finance Act, 1931 (No. 2)—10-per-cent. reduction in salaries	1,174	293	..
Reserve Fund	2,755	4,005	12,284
	<u>£18,929</u>	<u>£14,298</u>	<u>£22,284</u>
Reserves and funds as at 31st December	£342,508	£356,513	£380,459

1. The income of the Accident Branch is derived from a number of different classes of insurance—the main classes being Workers' Compensation, Personal Accident, Public Risk, Motor Comprehensive, Third-party Risk Act, Plate Glass, and Fidelity Guarantee—and under each heading there has been an increase in income during the year. The aggregate premium income is greater than in any other year since 1931, and may be taken as reflecting a welcome return to more prosperous conditions.

2. During the year the State Accident Office introduced a new flat-rating system for private cars, which greatly simplified existing rating procedure, and reduced premiums. So far as can be ascertained, these reduced premiums are lower than in any other part of the Empire. One effect has been to increase substantially the share of motor-insurance business held by the State Accident Office.

As the new system and the lower rates were immediately adopted by insurance competitors, all private motor-vehicle owners, whether insured with this Office or not, have benefited by State competition.

3. The operation of the Motor-vehicles Insurance (Third-party Risks) Act, 1928, with the drafting and early administration of which the Office was closely associated, brings substantial support to the Office by way of nominations, and affords a cumulative experience of the effect of the legislation which will be most valuable when amendments are under consideration. The Act at the time it was passed was an advance on any legislation of the kind in any part of the world, and it remains in the lead to this day. More complete insurance protection to the injured person and the motor-vehicle owner is afforded at a lower cost than in any other country, and the compulsory system has worked with a surprising absence of friction. There can be little doubt that the principles of the Act have the good-will of the public as a whole; perhaps it might be said even that the successful operation of the legislation is responsible for some perceptible movement of opinion towards a more liberal idea of the rights of persons injured by motor-vehicles.

4. For the fourth successive year the Accident Branch has acted as Claims-settling Agent for the Unemployment Board without charge for the services which have been rendered.

5. I have pleasure in recording once again my high appreciation of the very valuable service given by every member of the staff of the Accident Branch during the year.

J. H. JERRAM, General Manager.

REVENUE ACCOUNT OF THE ACCIDENT BRANCH OF THE STATE FIRE INSURANCE OFFICE FOR THE YEAR ENDED 31ST DECEMBER, 1935.

	£	s.	d.		£	s.	d.
Premiums after deduction of reinsurances ..	97,766	1	10	Free-year bonus on personal accident policies ..	230	15	4
Interest	14,935	14	9	Claims	66,171	15	10
Less land and income tax ..	4,127	9	4	Commission	4,138	10	1
	10,808	5	5	Salaries	12,076	15	0
Premium on conversion of securities	2,105	5	0	Contribution to Public Service Superannuation Fund	175	5	0
				Expenses of management	3,940	0	6
				Further appropriation to reserve for unearned premiums	1,662	7	1
					88,395	8	10
				Further appropriation to Reinsurance Reserve ..	10,000	0	0
				Amount of Accident Funds, 31st December, 1935	12,284	3	5
	£110,679	12	3		£110,679	12	3

BALANCE-SHEET OF THE ACCIDENT BRANCH OF THE STATE FIRE INSURANCE OFFICE AS ON THE 31ST DECEMBER, 1935.

Liabilities.	£	s.	d.	Assets.	£	s.	d.
Accident Funds, as per Revenue Account ..	12,284	3	5	Government securities	178,363	3	0
Outstanding accident claims	55,315	0	0	Local-authority securities	136,935	3	6
Government taxes	10,127	9	4	Rural Advances bonds	14,425	0	0
Commission	452	17	3	Property under agreement for sale and purchase	3,980	0	0
Premium and other deposits	232	16	3	Fixed deposits and at short call	40,000	0	0
Sundry creditors	32	7	6	Interest accrued but not due	3,504	1	4
Officers' Fidelity Fund	500	0	0	Interest overdue	199	0	0
Reserve for Unearned Premiums	48,883	0	11	Agents' balances	1,913	11	5
Investment Fluctuation Reserve	41,000	0	0	Sundry debtors, including Motor-vehicles Insurance (Third-party Risks) Act pool ..	56,193	9	2
Reinsurance Reserve	20,000	0	0	Cash in hand on current account	11,106	10	1
Bad Debts Reserve	1,000	0	0				
Reserve Fund constituted under section 6 of the Government Accident Insurance Amendment Act, 1924	256,792	3	10				
	£446,619	18	6		£446,619	18	6

3rd July, 1936.

J. H. JERRAM, General Manager.
L. H. OSBORN, Deputy General Manager.

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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