2. As from the 1st December, the rebate in operation at that date was made a permanent rating reduction from premiums, and, in addition, a further bonus to policyholders ranging up to 25 per cent. was declared. Under the new system adopted, bonuses are restricted to those who have been insured with the State Office for a period of twelve months or over, policyholders of two and three years' standing receiving proportionately larger bonuses. The principle of bonuses out of earned profits in an increasing ratio up to three years expresses in a practical form the mutual ideal of the original State Fire Act of 1903. Competitors have met the State Fire system of differential bonuses partially by a flat bonus, also restricted to their policyholders, who thus benefit by the competition of this Office, although not to the same extent as do supporters of the State Fire Office. There is gratifying evidence that the bonus has met with warm approval, particularly of our older policyholders whose insurances are now being carried by the State Fire Office at a lesser cost to them than ever before. The cost of the bonus will be provided out of the profits for the year under review.

3. The staff has maintained a high standard of competitive efficiency throughout the year, and I am pleased to be able to record once more my appreciation of the excellent results attained with their co-operation.

J. H. JERRAM, General Manager.

REVENUE ACCOUNT OF THE STATE FIRE INSURANCE OFFICE FOR THE YEAR ENDED 31ST DECEMBER, 1936.

Premiums after deduction of reinsu Other receipts—	$\mathfrak{L}$ rances	£ 202,987	s. 1		Bonus rebate to policyholders Losses by fire and earthquake (after deduction of	£ 41,562		d. 1
Interest, commission, and rent	44,596 11 6				reinsurances)	43,517		3
Less land-tax	2,164   5   0	42,432	6	6	Income-tax	41,295		0
		42,432	U	U	Commission	8,184 $31,113$		
					Contribution to Public Service Superannuation	31,113	θ	11
					Fund	514	6	1
					Contribution to Fire Boards under the Fire		_	_
					_ Brigades Act, 1908	8,225	9	<b>2</b>
				ļ	Expenses of management— $\pounds$ s. d.			
					Travelling-expenses 2,442 10 0			
					Printing, stationery, and advertising 1.367 14 2			
					l n			
					Exchange 1,515 10 10			
					Postages, telegrams, cable-			
					grams, and sundry charges 3,964 10 0			
•						9,334	17	0
					Office equipment	1,242	16	11
					Office premises: Depreciation	2,956	18	0
						187,948		9
					Bonus Rebate Reserve	33,500		0
					Office premises—Written off	23,500		ŏ
					Amount of fire-insurance funds at end of year			_
		00.15 170						
		£245,419	8	5		£245,419	8	5
					1			

BALANCE-SHEET OF THE STATE FIRE INSURANCE OFFICE ON THE 31ST DECEMBER, 1936.

Liabilities.		Assets.	£ s. d.
Capital authorized by the State Fire £	£ s. d.	1 0	564,341 12 2
Insurance Act, 1908 100,00	0	Local-authority securities	243,638 18 9
Less not raised 100,00		Rural Advances bonds	14,175 0 0
	- Nil.	Fixed deposits and at short call	177,000 0 0
Bad Debts Reserve	. 1,500 0 0	Land and buildings	110,076 13 11
	. 745,673 4 5	1 9.	10,520 5 4
T D	. 59,000 0 0	Interest accrued but not due	10,529 15 6
	. 104,246 9 11	Rent accrued or due	331 19 0
	. 112,500 0 0	Rent overdue	112 0 0
~	. 60,000 0 0	Cash in Reserve Bank of New	112 0 0
	. 818 0 6	Zealand at Wellington, or in £	s. d.
	. 1,363 0 0	transit to Wellington 39,115	17 2
	$65,295\ 10\ 0$	Imprest Account balances: Head	
0 1 . 176	. 13,168 14 10	Office and branches 362	6 8
Other amounts owing by the Office— £ s.	d.		39,478 3 10
Reinsurance premiums due . 4,135 9	.0		, 0 10
Commission 1,386 4	9		
Printing, stationery, and			
advertising 123 16	2		
Postages and sundry charges 522 13			
1 000agos ana sa1,	-6,168 4 7		
Fire-insurance funds, as per Revenue Account	471 4 3		
	£1,170,204 8 6		61 150 004 0 0
	21,110,204 0 0		£1,170,204 8 6
		1	

9th September, 1937.

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. J. H. FOWLER, Controller and Auditor-General.

Approximate Cost of Paper,—Preparation, not given; printing (1,804 copies), £3 5s.