

1937.
NEW ZEALAND.

STATE FIRE INSURANCE OFFICE.

ANNUAL REPORT OF THE GENERAL MANAGER FOR THE YEAR ENDED 31ST DECEMBER, 1936.

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

State Fire Insurance Office, Wellington, 30th July, 1937.

I HAVE the honour to submit the thirty-second annual report of the State Fire Insurance Office for the year ended 31st December, 1936, with the Revenue Account and Balance-sheet.

The following are the comparative figures for the last three years :—

	1934.	1935.	1936.
	£	£	£
Income—			
Premiums	200,581	199,898	202,987
Other receipts, less land-tax	43,750	39,303	42,432
Premium on conversion of securities	45	329	..
Outgo—			
Bonus rebate to policyholders	41,211	41,233	41,563
Claims	54,751	53,151	43,517
Working-expenses (exclusive of income-tax and Fire Board contributions)	53,073	53,779	53,347
Fire Board contributions	7,940	7,994	8,225
Income-tax	34,929	23,641	41,296
	Per Cent.	Per Cent.	Per Cent.
Ratio of claims to premium income	27·3	26·59	21·44
Ratio of working-expenses (exclusive of income-tax and Fire Board contributions) to premium income	26·46	26·9	26·28
Ratio of Fire Board contributions to premium income	3·96	4·0	4·05
Ratio of income-tax to premium income	17·41	11·83	20·34
	£	£	£
Carried to reserve for unearned premiums
Surplus, apportioned as follows :—			
Payment to Treasury under section 5, Finance Act, 1931 (No. 2)	871
Written off Office premises	26,000	27,000	23,500
Reserve Fund	25,601	2,731	471
Bonus Rebate Reserve	30,000	33,500
Total	£52,472	£59,731	£57,471

Reserves and funds at 31st December £1,016,688 £1,049,420 £1,083,391

1. Both premium and investment income for 1936 show an improvement over the figures for 1935. The actual increase in premium income is greater than the figures indicate, for the reason that premiums for 1936 are shown less rebate for the month of December, whereas the figures for 1935 are inclusive of the rebate. The alteration is consequent on the operation of a new system of bonuses which was instituted as from the 1st December, and which is referred to hereunder. The comparisons also require to be viewed in the light of the steady decline in the average rate for fire insurance which has taken place. The Government Statistician reports that the average rate over all classes of business, hazardous or non-hazardous, in 1931 was 9s. 3d. per cent., whereas it had fallen by stages to 8s. 2d. per cent. in 1935.

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.

	£	s.	d.		£	s.	d.
Premiums after deduction of reinsurances ..	202,987	1	11	Bonus rebate to policyholders ..	41,562	17	1
Other receipts—	£	s.	d.	Losses by fire and earthquake (after deduction of reinsurances) ..	43,517	3	3
Interest, commission, and rent ..	44,596	11	6	Income-tax ..	41,295	10	0
Less land-tax ..	2,164	5	0	Commission ..	8,184	16	9
	42,432	6	6	Salaries ..	31,113	9	11
				Contribution to Public Service Superannuation Fund ..	514	6	1
				Contribution to Fire Boards under the Fire Brigades Act, 1908 ..	8,225	9	2
				Expenses of management—	£	s.	d.
				Travelling-expenses ..	2,442	10	0
				Printing, stationery, and advertising ..	1,367	14	2
				Rent ..	1,515	10	10
				Exchange ..	44	12	0
				Postages, telegrams, cables, 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	4	2
				Bonus Rebate Reserve ..	33,500	0	0
				Office premises—Written off ..	23,500	0	0
				Amount of fire-insurance funds at end of year ..	471	4	3
					£245,419	8	5
					£245,419	8	5

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

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

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.

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