

workers' compensation risks at rates less than are generally charged by competitors. This added liability reduces the previous narrow margin available in premiums for working-expenses much below usual competitive requirements, and industry benefits thereby as though an actual reduction in rates had been brought about by the State Accident Office. While many employers recognize this by giving the Office all their business, others, unfortunately, approach the Office only when they are in difficulties for insurance cover. Every risk unacceptable to competitors seems to find its way to the State Accident Office. While the Office recognizes a special obligation to meet the requirements of employers, the burden of an undue proportion of the more hazardous and non-payable risks on its books places it at a disadvantage comparatively with insurance carriers who pick and choose risks from the purely profit-making point of view.

4. Comprehensive motor-vehicle insurance with its high accident frequency and the increased cost of repairs made particularly heavy demands upon the judgment, experience, and tact of officers during the year. The State Accident Office initiated in 1935 and has since maintained a policy contract of insurance more generous than is generally available elsewhere, and offers it at a lower premium. The volume of business induced to the Office by these advantages continues to be very great.

5. Owing to the fact that increased business was greater in the second half of the year than in the first, an increased percentage for unearned premium reserve has been provided in the accounts.

6. A total of 7,693 claims, or 2,347 more than in the previous year, under all accident headings was handled by the Office during 1938, including 51 "unidentified motorists" claims, and, in addition, for the seventh successive year the Office dealt with the settlement of claims on the Employment Division of the Labour Department free of administrative cost to that Department.

7. It is again pleasing to record the unstinted service rendered by officers of the Accident Branch during an exceptionally busy year.

J. H. JERRAM, General Manager.

REVENUE ACCOUNT OF THE ACCIDENT BRANCH OF THE STATE FIRE INSURANCE OFFICE FOR THE YEAR ENDED  
31ST DECEMBER, 1938.

	£	s.	d.		£	s.	d.
Premiums after deduction of reinsurances .. ..	202,279	10	0	Free-year bonus on personal accident policies ..	327	1	5
Interest .. ..	18,082	4	5	Claims .. ..	140,806	1	1
Less land and income tax .. ..	6,066	2	6	Commission .. ..	7,179	0	3
				Salaries .. ..	18,699	16	5
Profit on realization of securities .. ..	12,016	1	11	Contribution to Public Service Superannuation Fund .. ..	194	3	7
	485	18	7	Expenses of management .. ..	6,920	14	3
				Further appropriation to reserve for unearned premiums .. ..	31,649	6	3
					205,776	3	3
				Further appropriation to Investment Fluctuation Reserve .. ..	9,000	0	0
				Amount of Accident Funds, 31st December, 1938 ..	5	7	3
	£214,781	10	6		£214,781	10	6

BALANCE-SHEET OF THE ACCIDENT BRANCH OF THE STATE FIRE INSURANCE OFFICE AS ON THE 31ST DECEMBER, 1938.

Liabilities.	£	s.	d.	Assets.	£	s.	d.
Accident funds, as per Revenue Account .. ..	5	7	3	Government securities .. ..	212,515	0	0
Outstanding accident claims .. ..	102,510	0	0	Local-authority securities .. ..	214,480	18	11
Government taxes .. ..	6,341	0	0	Rural Advances bonds .. ..	4,725	0	0
Commission .. ..	1,503	0	1	Property under agreement for sale and purchase ..	3,980	0	0
Premiums and other deposits .. ..	1,049	0	0	Fixed deposits and at short call .. ..	32,620	0	0
Sundry creditors .. ..	155	0	0	Interest accrued but not due .. ..	4,147	16	10
Reinsurance premiums due .. ..	524	15	3	Agents' balances .. ..	10,855	6	11
Officers' Fidelity Fund .. ..	500	0	0	Sundry debtors, including Motor-vehicles Insurance (Third-party Risks) Act pool .. ..	80,619	0	1
Reserve for unearned premiums .. ..	105,508	19	9	Cash in hand on current account .. ..	20,873	17	4
Investment Fluctuation Reserve .. ..	50,000	0	0				
Reinsurance Reserve .. ..	40,000	0	0				
Bad Debts Reserve .. ..	1,000	0	0				
Reserve Fund constituted under section 6 of the Government Accident Insurance Amendment Act, 1924 .. ..	275,719	17	9				
	£584,817	0	1		£584,817	0	1

14th June, 1939.

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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