1944

NEW ZEALAND

STATE FIRE INSURANCE OFFICE

ANNUAL REPORT OF THE GENERAL MANAGER FOR THE YEAR ENDED 31ST DECEMBER, 1943

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 March, 1944.

I HAVE the honour to submit the thirty-ninth annual report of the State Fire Insurance Office, for the year ended 31st December, 1943, with the Revenue Account and Balance-sheet.

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

	1941.		1942.		1943.	
Income—	£	£	£	£	£	£
Premiums	222,458		222,081		225,037	
Other receipts, less land-tax	47,237		58,638		65,982	
		269,695		280,719		291,019
Outgo—						
Bonus rebate to policyholders	45,587		44,124		47,128	
Claims..	28,896		34,234		25,018	
Working-expenses (exclusive of income-tax and Fire Board contributions)	56,128		58,232		54,512	
Fire Board contributions..	13,977		15,618		16,144	
Income-tax	70,476		75,270		83,788	
National and social security tax	15,276		16,214		18,201	
Loss on realization of securities	246		..		..	
Carried to reserve for unearned premiums ..	2,102		..		1,289	
		232,688		243,692		246,080
Surplus, apportioned as follows:—						
Written off Office premises	21,000		20,000		21,000	
Reserve Fund	16,007		17,027		23,939	
Bonus Rebate Reserve	..		..		..	
Reinsurance Reserve	..		..		..	
Investments Fluctuation Reserve	..		..		..	
		37,007		37,027		44,939
Total		269,695		280,719		291,019
Reserves and funds at 31st December ..	1,224,244		1,241,271		1,266,500	
	Per Cent.		Per Cent.		Per Cent.	
Ratio of claims to premium income	12·99		15·41		11·12	
Ratio of working-expenses (exclusive of income-tax and Fire Board contributions) to premium income	25·23		26·22		24·22	
Ratio of Fire Board contributions to premium income	6·28		7·03		7·18	
Ratio of income-tax and national and social security tax to total income	31·8		32·59		35·04	

1. Both the premium income and the total revenue constitute records in the history of the Office. That this progress in business should have been successfully handled under increasingly difficult war conditions is a tribute to the fine spirit and work of the staff generally.

2. The record premium income for 1943 has been achieved on an average rate which, through reduction in charges to the public, has fallen steadily throughout the history of the Office, and is now the lowest so far reached.

The following table of average premium rates charged by the Office indicates the great savings in the cost of insurance gained by those who have insured with the Office. (The table commences with the first year of the Government Statistician's published figures and ends with the last):—

	Average Rate per £100 of Cover.			Average Rate per £100 of Cover.	
	s.	d.		s.	d.
1918	10	10	1933	8	6
1923	10	2	1938	5	5
1928	9	0	1941	4	8

3. The loss ratio (11·12 per cent.) is the lowest in the history of the Office. Bonuses averaging 20·9 per cent. of premiums were allowed to policyholders, making an aggregate return in claims, and bonuses to policyholders, of 32 per cent.

During recent years, fire-loss ratios for the Dominion have declined remarkably, despite the fact that average premium rates have also declined very substantially. The decline has been experienced not only in areas with efficient fire-protection services, but also in the unprotected country districts. It is difficult to account for the whole reason, but periods of high and of low fire loss have in the past appeared to work in cycles, and the cautious underwriter does not feel justified in regarding the present freedom from serious fire losses as likely to be permanent.