

1944

NEW ZEALAND

REPORT OF THE WAR DAMAGE COMMISSION

ESTABLISHED UNDER THE WAR DAMAGE ACT, 1941, FOR THE
YEAR ENDED 31st MARCH, 1944

*Presented to both Houses of the General Assembly pursuant to the Provisions of
War Damage Act, 1941*

Wellington, 20th July, 1944.

IN accordance with the provisions of section 18 of the War Damage Act, 1941, the following report and statement of accounts is presented respecting the operations of the War Damage Commission for the year ended 31st March, 1944.

(1) Mr. W. B. McKenzie, who replaced Mr. G. E. Brangwin as a member of the Commission whilst the latter undertook military duties, resigned in favour of Mr. Brangwin on the latter's return to civil occupation, and Mr. Brangwin was reappointed on 23rd October, 1943. Otherwise the personnel of the Commission remained unchanged.

During the year ten meetings of the Commission were held.

(2) The following statement shows the figures comparatively for each period reported upon since the Act operated :—

	Period 19th December, 1941, to 31st March, 1942.	Twelve Months ended 31st March, 1943.	Twelve Months ended 31st March, 1944.
Income—	£	£	£
Premium	877,369	1,611,218	1,423,305
Interest	..	16,623	57,469
Outgo—			
Claims	..	956	55
Salaries	1,018	5,696	2,070
Other working-expenses	1,261	919	1,311
Audit fee	..	120	100
Surplus	875,090	1,620,150	1,477,238
Total of Fund	875,090	2,495,240	3,972,478
Ratio per cent. of working-expenses to premium income	0·260	0·418	0·245
Ratio per cent. of working-expenses to total income	0·260	0·413	0·235

(3) By Amendment No. 3 to the War Damage Regulations 1941, the premium rate of 5s. per cent. was reduced to 1s. per cent. as from 1st March, 1944. The premium income for the year under review thus includes one month at the lower rate.

The same amendment—

- Excluded any security for death duty, Native succession duty, gift duty, or stamp duty from the definition of the term "mortgage," thus releasing the Crown in connection with such securities from the obligation to contribute to war damage premiums;
- Amended the obligation of mortgagees to contribute half the premium to the extent that the premium contributed shall not exceed the amount of interest payable under the mortgage for the preceding year, and also limited the right of recovery of premium for which mortgagees have liability to a period of two years after payment of the premium;
- Extended the right of a mortgagor to recover a proportion of the premium from a mortgagee to any person who is bound to pay the war damage premium under any contract or agreement with the mortgagor.

(4) The Earthquake Damage Emergency Regulations 1944, operating from 1st March, represent a logical development of the principle of collective responsibility for a calamity loss which was expressed in the War Damage Act, 1941. The regulations provide the framework of a national and universal scheme of earthquake insurance the necessity for which has been recognized since the Hawke's Bay disaster in 1931.

From an insurance point of view the risk of loss or damage through enemy action in wartime has many aspects in common with the risk of loss or damage through earthquake. Neither the locality where the risk is greatest nor the extent of loss can be predicted, and the individual is relatively powerless to protect himself.

While it cannot be claimed that war risk to property is yet at an end—and the recent explosion disaster in Bombay is a reminder of one aspect of war risk which is independent of direct enemy action—the present position in the Pacific war area warrants the hope that the balance in the War Damage Fund provides a substantial reserve at the commencement of the earthquake insurance scheme which it would have taken a very long time to build up out of earthquake premiums alone.

The Commission recognizes that as there is no precedent elsewhere for a national earthquake insurance scheme, the regulations may be regarded as experimental. A review of the legislation is in hand at the present time.