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. s.	d.		Average Rate per £100 of Cover. 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.

4. During the latter part of the year the Fire Rating Schedules of the Office were redrafted with a view to simplifying ratings and applying the underwriting experience of recent years to the main classes from which the business of the Office is derived.

The effect on premiums of the new schedule, plus rebates, will be to give policyholders, in addition to all previous reductions, an average reduction on their 1943 premiums of 22 per cent. Some policyholders will get less, others more, than 22 per cent. It will be recognized that the work of re-rating risks insured under more than 150,000 policies will be no easy task under wartime conditions, when so many experienced officers are absent on service with the Forces.

5. During the year the Office continued to administer the Marine Insurance (War Risks) Emergency Regulations 1942 and the Detention Allowances for Captured Seamen's Fund. Also the General Manager and the Secretary of the Office continued to devote part-time service to the War Damage Commission as Deputy Chairman and Secretary respectively.

6. As this is the last occasion upon which I shall make the annual report, it is a suitable opportunity to express my warm thanks to the Managers and staff of the Office for their able and willing co-operation during the twenty-one years I have been General Manager. From every aspect, I believe there is justification for regarding the Office as a particularly successful example of competitive State enterprise.

J. H. JERRAM, General Manager.

REVENUE ACCOUNT OF THE STATE FIRE INSURANCE OFFICE FOR THE YEAR ENDED 31ST DECEMBER, 1943

	£	s.	d.	£	s.	d.
Premiums after deduction of reinsurances ..				225,037	9	8
Other receipts—						
Interest, commission, and rent	68,228	2	8			
Less land and income tax £38,200 1s. 8d., and national and social security tax £7,779	45,979	1	8			
				22,249	1	0
				£247,286	10	8

	£	s.	d.	£	s.	d.
Bonus rebate to policyholders				47,127	11	9
Losses by fire and earthquake (after deduction of reinsurances)				25,018	11	6
Income-tax				47,834	0	10
National and social security tax				10,421	18	2
Commission				9,477	17	5
Salaries				29,917	5	2
Contribution to Public Service Superannuation Fund				457	19	3
Contribution to Fire Boards under the Fire Brigades Act, 1908				16,144	8	0
Expenses of management—						
Travelling-expenses	1,020	6	11			
Printing, stationery, and advertising	875	2	2			
Rent	2,480	19	6			
Exchange	44	14	9			
Postages, telegrams, cablegrams, and sundry charges ..	4,547	16	10			
				8,969	0	2
Office equipment				207	11	6
Office premises: Depreciation				5,482	0	0
Reserve for unearned premiums				1,289	10	8
				202,347	14	5
Office premises: Written off				21,000	0	0
Amount of fire-insurance funds at end of year ..				23,938	16	3
				£247,286	10	8

BALANCE-SHEET OF THE STATE FIRE INSURANCE OFFICE ON THE 31ST DECEMBER, 1943

Liabilities	£	s.	d.	£	s.	d.
Capital authorized by the State Fire Insurance Act, 1908	100,000					
Less not raised	100,000					
				Nil		
Bad Debts Reserve				1,500	0	0
Reserve Fund				780,963	6	5
Investments Fluctuation Reserve Fund ..				85,000	0	0
Reserve for unearned premiums				112,518	14	10
Bonus Rebate Reserve				122,578	17	0
Reinsurance Reserve Fund				140,000	0	0
Premium and other deposits				2,541	12	9
Outstanding fire and earthquake losses ..				2,499	0	0
Government taxes				193,818	19	0
Sundry creditors				112,215	18	3
Other amounts owing by the Office—						
Reinsurance premiums due ..	9,958	10	10			
Commission	2,276	13	3			
Printing, stationery, and advertising	12	8	9			
Postages and sundry charges ..	2,363	0	4			
				14,610	13	2
Fire-insurance funds, as per Revenue Account ..				23,938	16	3
				£1,592,215	17	8

Assets	£	s.	d.	£	s.	d.
Government securities				814,811	12	0
Local-authority securities				215,695	3	10
Rural Advances bonds				14,175	0	0
Fixed deposits and at short call				110,000	0	0
Land and buildings				216,140	2	3
Outstanding premiums				15,124	15	7
Interest accrued but not due				10,624	3	6
Rent accrued or due				8,172	12	6
Cash in Reserve Bank of New Zealand at Wellington, or in transit to Wellington ..	184,280	1	11			
Imprest Account balances: Head Office and branches ..	3,192	6	1			
				187,472	8	0
				£1,592,215	17	8

J. H. JERRAM, General Manager.

R. H. NEWBOLD, Deputy General Manager.

31st May, 1944.

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.—CYRIL G. COLLINS, Controller and Auditor-General.

Approximate Cost of Paper.—Preparation, not given; printing (1,853 copies), £5.

By Authority: E. V. PAUL, Government Printer, Wellington.—1944.

Price 3d.]