

1947
NEW ZEALAND

REPORT OF THE EARTHQUAKE AND WAR DAMAGE COMMISSION

ESTABLISHED UNDER THE EARTHQUAKE AND WAR DAMAGE ACT, 1944,
FOR THE YEAR ENDED 31st MARCH, 1947

*Presented to both Houses of the General Assembly pursuant to the Provisions
of the Earthquake and War Damage Act, 1944*

Wellington, 17th June, 1947.

IN accordance with the provisions of section 23 of the Earthquake and War Damage Act, 1944, the following report, with statement of accounts, is presented for the year ended 31st March, 1947:—

(1) During the year Mr. W. B. McKenzie resigned from the Commission, and Mr. H. G. Wiley was appointed in his place. Eight meetings of the Commission were held.

(2) The following is a comparative statement from the 19th December, 1941, when the War Damage Act came into operation. As from 1st March, 1944, earthquake insurance was included in the scheme:—

	Period 19th December, 1941, to 31st March, 1944.	Twelve Months ended 31st March, 1945.	Twelve Months ended 31st March, 1946.	Twelve Months ended 31st March, 1947.
Income—	£	£	£	£
Premium	3,911,892	320,274	365,861	410,065
Interest	74,092	99,516	104,725	94,860
Outgo—				
Claims	1,011	82	507	1,779
Salaries	8,784	2,042	2,035	2,162
Other working-expenses	2,548	965	1,220	2,091
Discount to insurance offices	943	7,891	8,733	9,965
Audit fee	220	75	75	75
Surplus	3,972,478	408,735	458,015	488,853
Total of Fund	3,972,478	4,381,213	4,839,228	5,328,081
Ratio, per cent., of working-expenses to premium income	0.319	3.426	3.297	3.485
Ratio, per cent., of working-expenses to total income	0.313	2.614	2.563	2.830

(3) One hundred and thirty-four claims were lodged for damage by earthquake, as compared with eighty-two for the previous year.

The following localities in which damage occurred show how widely spread was the occurrence of earthquakes: Gisborne, Wairoa, Napier, Hastings, Raetihi, Maxwell, Palmerston North, Woodville, Eketahuna, Martinborough, Raumati, Wellington, Blenheim, Westport, Reefton, Otira, Greymouth, Hanmer, Christchurch, Lake Coleridge Area, Ashburton, Timaru, Queenstown, Oamaru, Lauder, and Dunedin.

Careful expert investigation of claims, which is always undertaken, revealed in a number of cases either that the damage occurred at some period prior to the operation of the scheme, or that the amount of the damage was less than the "franchise" provided under Condition 20 of the Schedule to the Earthquake and War Damage Regulations.

A great deal of misunderstanding appears to exist as to the limited cover afforded by the Fund, and claims are made for damage caused by natural forces, other than earthquakes, which are not covered by the Act. While there is every sympathy for sufferers whose claims have to be disallowed, neither the rate charged nor the state of the Fund would permit of any enlargement of liability. Earthquakes are by far the most serious cause of possible calamity to which the Dominion is exposed.

(4) The survey of buildings in Wellington business blocks, referred to in previous reports, will be completed shortly. Buildings reported on as showing unrepaired damage or having potentially hazardous features have been dealt with under the Earthquake Damage Emergency Regulations 1942, and in most cases, where the regulations provide the necessary authority, repairs or alterations have been or are being undertaken. Increased power would be necessary to deal effectively with buildings having defects which do not come within the scope of existing regulations.

(5) In compliance with the recommendations of the Commission, surpluses are being invested overseas; the total sum thus invested is £937,500 in New Zealand currency. For the investments it was necessary to purchase Imperial stock the value of which is shown at par in the balance-sheet. The difference between par and the market price in Great Britain has been charged against interest. This accounts for the reduced income from interest during the year.

(6) During the year the Deputy Chairman visited London in order to discuss with overseas reinsurers a scheme of reinsurance which was considered to be practicable and reasonable. Some progress was made, but not sufficient to warrant an agreement by the Commission. The matter is still under negotiation.

J. H. JERRAM, Deputy Chairman.

EARTHQUAKE AND WAR DAMAGE FUND (Under Earthquake and War Damage Act, 1944)

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1947

	£	s.	d.		£	s.	d.
Net premiums	..	..	..	Claims	..	..	..
Interest	..	..	..	Salaries and overtime	..	..	1,779 4 2
Less premium and costs incurred in purchase of Imperial stock ..	..	..	..	Fees of members of Commission	..	..	2,161 10 2
	127,760	2	5	Expenses of management	..	..	273 12 6
	32,900	6	10	Discount allowed insurance offices	..	..	1,892 16 6
	-----			Balance transferred to Earthquake and War Damage Fund	..	..	9,965 4 7
	94,859	15	7				488,853 2 0
	£504,925	9	11				£504,925 9 11

BALANCE-SHEET AS AT 31ST MARCH, 1947

	£	s.	d.		£	s.	d.
<i>Liabilities</i>				<i>Assets</i>			
Balance of Earthquake and War Damage Fund as at 31st March, 1946	4,839,228	2	9	New Zealand Government stock	..	..	4,270,000 0 0
Net income for year ended 31st March, 1947	488,853	2	0	Imperial stock	..	..	937,500 0 0
	5,328,081	4	9	Cash in Public Account to credit of Earthquake and War Damage Fund	..	..	30,708 12 6
Discount due on accrued premiums	1,792	17	0	Interest accrued but not due	..	..	23,574 15 10
Premiums and other deposits	4,372	7	6	Premiums accrued but not due	..	..	72,243 8 9
	£5,334,246	9	3	Sundry debtors	..	..	219 12 2
							£5,334,246 9 3

NOTE.—In the balance-sheet, New Zealand Government stock has been included at par value and Imperial stock has been included at par value converted to New Zealand currency.

6th June, 1947.

I hereby certify that the Income and Expenditure 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. P. RUTHERFORD, Controller and Auditor-General.

T. L. SEATOR, Secretary.

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