1948
NEW ZEALAND

# ACCIDENT INSURANCE BRANCH OF THE STATE FIRE INSURANCE OFFICE

(ANNUAL REPORT ON THE) FOR THE YEAR ENDED 31ST DECEMBER, 1947

*Presented to both Houses of the General Assembly pursuant to Section 22 of the Government Accident Insurance Act, 1908*

By Authority: E. V. PAUL, Government Printer, Wellington.—1948.

State Fire Insurance Office, Wellington, 30th March, 1948.

I HAVE the honour to submit the forty-seventh annual report of the Government Accident Insurance Office for the year ended 31st December, 1947, together with the Revenue Account and Balance-sheet.

The following comparison with the previous two years shows the position briefly:—

| | 1945. | | 1946. | | 1947. | |
|---|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ | £ |
| Income— | | | | | | |
| Premiums from all classes of accident insurance .. .. .. .. | 335,690 | | 341,304 | | 420,028 | |
| Interest .. .. .. .. | 26,502 | | 26,636 | | 26,824 | |
| Profit on realization of securities .. .. | 1,825 | | .. | | 1,002 | |
| | | 364,017 | | 367,940 | | 447,854 |
| Outgo— | | | | | | |
| Bonus and sums accrued under profit-sharing schemes .. .. .. | 14,791 | | 18,672 | | 24,623 | |
| Claims .. .. .. .. | 238,459 | | 212,914 | | 292,304 | |
| Working-expenses (exclusive of income-tax) | 61,346 | | 70,918 | | 81,905 | |
| Carried to reserve for unearned premiums | .. | | .. | | 27,813 | |
| Income-tax .. .. .. .. | 16,758 | | 28,763 | | 7,186 | |
| National and social security tax .. .. | 2,920 | | 4,823 | | 1,082 | |
| | | 334,274 | | 336,090 | | 434,913 |
| Surplus, apportioned as follows:— | | | | | | |
| Reinsurance Reserve .. .. .. | .. | | .. | | 10,000 | |
| Bonus Reserve .. .. .. | 10,000 | | 10,000 | | .. | |
| Reserve Fund .. .. .. | 19,743 | | 21,850 | | 2,941 | |
| | | 29,743 | | 31,850 | | 12,941 |
| Total .. .. | | 364,017 | | 367,940 | | 447,854 |
| Reserves and funds as at 31st December .. | 705,195 | | 737,045 | | 777,800 | |
| | Per Cent. | | Per Cent. | | Per Cent. | |
| Ratio of claims (all classes of business) to premium income .. .. .. | 71·04 | | 62·38 | | 69·59 | |
| Ratio of working-expenses (exclusive of income-tax) to premium income .. | 18·27 | | 20·78 | | 19·5 | |
| Ratio of underwriting surplus to premium income .. .. .. .. | 5·77 | | 5·12 | | 1·57* | |

* Deficit.

The premium income of £420,028 is the largest in the history of the Office and is £35,993 greater than for 1943, the previous best year. Compared with 1946, an increase of 7·21 per cent. in the claim ratio is shown. This is mainly on account of motor-car business, the loss rate for which continues to grow and is now on a high level. A reduction of 1·28 per cent. in the ratio of working-expenses to premium income has been effected.

I desire to record once again the excellent service rendered by the executive officers and staff during a period of acute staff shortage and rapidly increasing business.

R. H. NEWBOLD, General Manager.

## Revenue Account of the Accident Branch of the State Fire Insurance Office for the Year ended 31st December, 1947

| | £ s. d. | £ s. d. | £ s. d. |
|---|---|---|---|
| Premiums after deduction of reinsurances .. .. .. | | | 420,028 7 11 |
| Interest (including interest on Reserve Fund investments) .. .. | | 26,823 17 3 | |
| Less tax on interest— | | | |
| Income-tax.. .. | 7,185 14 2 | | |
| Social security tax .. | 1,081 18 5 | | |
| | | 8,267 12 7 | |
| | | | 18,556 4 8 |
| Profit on realization of securities .. .. .. | | | 1,002 1 5 |
| | | | £439,586 14 0 |

| | £ s. d. |
|---|---|
| Bonus and sums accrued under profit-sharing schemes .. | 24,623 9 2 |
| Claims .. .. .. .. .. .. | 292,303 15 10 |
| Commission .. .. .. .. .. | 16,250 11 7 |
| Salaries .. .. .. .. .. .. | 49,857 14 0 |
| Contribution to Public Service Superannuation Fund .. | 341 6 0 |
| Expenses of management .. .. .. .. | 15,454 19 11 |
| Further appropriation to Reserve for Unearned Premiums | 27,813 10 0 |
| | 426,645 6 6 |
| Appropriation to Reinsurance Reserve .. .. | 10,000 0 0 |
| Amount of Accident Funds, 31st December, 1947 .. | 2,941 7 6 |
| | £439,586 14 0 |

## Balance-sheet of the Accident Branch of the State Fire Insurance Office as on the 31st December, 1947

| *Liabilities* | £ | s. | d. |
|---|---|---|---|
| Accident Funds, as per Revenue Account | 2,941 | 7 | 6 |
| Outstanding accident claims | 265,324 | 0 | 0 |
| Government taxes | 45,176 | 12 | 7 |
| Commission | 2,495 | 0 | 0 |
| Premium and other deposits | 4,975 | 1 | 3 |
| Sundry creditors | 2,930 | 9 | 7 |
| Reinsurance premiums due | 524 | 7 | 4 |
| Officers' Fidelity Fund | 500 | 0 | 0 |
| Reserve for unearned premiums | 210,014 | 4 | 0 |
| Bonus Reserve | 60,000 | 0 | 0 |
| Investment Fluctuation Reserve | 70,000 | 0 | 0 |
| Reinsurance Reserve | 66,000 | 0 | 0 |
| Bad Debts Reserve | 1,000 | 0 | 0 |
| Reserve Fund constituted under section 6 of the Government Accident Insurance Amendment Act, 1924 | 367,343 | 19 | 6 |
| | £1,099,225 | 1 | 9 |

| *Assets* | £ | s. | d. |
|---|---|---|---|
| Government securities | 669,290 | 0 | 0 |
| Local-authority securities | 105,080 | 8 | 9 |
| Fixed deposits and at short call | 50,000 | 0 | 0 |
| Interest accrued but not due | 7,607 | 0 | 0 |
| Agents' balances | 22,217 | 5 | 11 |
| Sundry debtors, including Motor-vehicles Insurance (Third-party Risks) Act pool | 207,329 | 12 | 0 |
| Cash in hand on current account | 37,700 | 15 | 1 |
| | £1,099,225 | 1 | 9 |

R. H. NEWBOLD, General Manager.
T. L. SEATOR, Deputy General Manager.

31st May, 1948.

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. P. RUTHERFORD, Controller and Auditor-General.

*Approximate Cost of Paper.*—Preparation, not given; printing (1,368 copies), £10.

By Authority: E. V. PAUL, Government Printer, Wellington.—1948.

*Price 3d.*]