

1913.
NEW ZEALAND.

STATE FIRE INSURANCE OFFICE:

ANNUAL REPORT OF THE GENERAL MANAGER FOR THE YEAR ENDING
31ST DECEMBER, 1912.

*Presented to both Houses of the General Assembly pursuant to the Provisions of the
State Fire Insurance Act, 1908.*

State Fire Insurance Office, Wellington, 10th May, 1913.

I HAVE the honour to present the eighth annual report on, and revenue and balance-sheet of, the State Fire Insurance Office.

It is gratifying to be able to state that the year 1912 has proved a record one in two important respects—the profits were greatly in excess of those of any year since the inception of the office, and the working-expenses are the lowest recorded.

The profits for 1912, after appropriating a further sum of £2,654 4s. 7d. to reserve for unearned premiums, amounted to £14,023 12s. 9d., as compared with £5,391 9s. 11d. for 1911. The largest profit made in any previous year was £8,487 13s. for 1910.

The net income, including commissions and interest on investments, amounted to £56,314 19s. 5d., showing an increase for the year of £7,383 14s. 7d. The net premium income for 1912 was £54,380 2s. 7d., as against £47,744 11s. for 1911, an increase of £6,635 11s. 7d.

The net losses were £25,111 9s. 5d. for 1912, and £27,536 11s. 7d. for 1911, the ratio to premium income being 46·17 and 57·67 per cent. respectively.

The ratio of working-expenses to premium income was 26·7 for 1912, as against 27·5 for 1911, and 30·5 for 1909. Included in the working-expenses is a sum of £918 3s. contributed to Fire Boards under the Fire Brigades Act, 1908.

The office investments at the close of the year stood at £37,000, as against £25,000 for the previous year. The reserve funds increased from £31,535 9s. 10d. to £48,213 7s. 2d.

During the year the Office purchased the whole of the debentures, amounting to £2,000, issued in 1904 to provide funds for the initiation of the business. Interest on these debentures has been paid by the Office since they were issued. The purchase of these debentures places the Office in the somewhat unique position of having no liability on Capital Account. It is supported now entirely upon capital accumulated by itself, and in addition to having saved the insuring public an exceedingly large sum (approximately £1,500,000) in reduced premiums, it has built up reserve funds from profits and unearned premium reserves totalling £48,213 7s. 2d.

The position of the Office to-day, which must be regarded as entirely satisfactory, has been attained without the cost of a single penny-piece to the taxpayers of the Dominion.

GENERAL REMARKS.

Progress of the Business.—The progress of the income since the commencement of business has been very encouraging, and the progress has been particularly marked during the past three years. The following is a comparative statement of the average income and average annual increases for the three years 1910 to 1912, and for a prior triennial period—1907 to 1909:—

					£
1910 to 1912.	Average annual net income...	...	...	...	49,011
	" increase	...	...	...	7,426
1907 to 1909.	" income ...	...	...	...	28,083
	" increase	...	...	...	4,349

As the business grows the field for expansion gradually becomes less, and it is not contemplated that it will be possible to continue the same rate of progress. There are thirty-one competitors in the field, and much of the business is controlled by large financial firms and institutions having a direct interest in the business of our competitors. The tightness of the money-market at present is greatly restricting building operations throughout the Dominion, thereby limiting the opportunity for expansion of fire insurance.