

1914.
NEW ZEALAND.

STATE FIRE INSURANCE OFFICE :

ANNUAL REPORT OF THE GENERAL MANAGER FOR THE YEAR ENDING 31st DECEMBER, 1913.

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

State Fire Insurance Office, Wellington, 21st May, 1914.

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

The year 1913 has proved the most successful in the history of the Office—the profits being the largest yet earned in any one year, and the business in all respects being most satisfactory.

Profits.—The net profits, after appropriating a further sum of £2,014 9s. 6d. to reserve for unearned premiums, amounted to the sum of £15,443 10s. 2d., as against £14,023 12s. 9d. for 1912 and £5,037 8s. 7d. for 1911. The total accumulated profit at the close of the year was £41,904.

Net Income.—The net income, including interest on investments, was £61,280 13s. 9d. The net premium income was £59,417 11s. 2d., as against £54,380 2s. 7d. for 1912, showing an increase of £5,037 8s. 7d.

Losses.—The net losses were £27,975 3s. 3d., as compared with £25,111 9s. 5d. for 1912, the ratio to premium income being 47·08 per cent. and 46·17 per cent. respectively.

Working-expenses.—The ratio of working-expenses was 26·6 per cent. for 1913 and 26·7 per cent. for 1912. Included in the charges are contributions to Fire Boards under the Fire Brigades Act, 1908, the amount expended under this heading for 1913 being £1,116 8s. 1d.

Reserve Funds.—At the close of 1913, the reserve funds amounted to £65,671 16s. 10d., as against £48,213 7s. 2d. for the previous year. The investments, after repaying the loan of £2,000, the only part of the £100,000 of capital authorized by Parliament which it was found necessary to raise to establish the Office, stood at the close of the year at £44,250, compared with £37,000 for 1912. The Office has now wiped off its balance-sheet all liabilities on capital account, and is supported entirely by an excellent reserve fund, accumulated solely by its own efforts, of over £65,600. The danger of ever calling upon the Government for assistance may safely be said to be exceedingly remote.

Staff.—In concluding this report, I desire to say that the efficient and enthusiastic manner in which the staffs throughout the Dominion have carried out their work is in all respects most commendable. A marked improvement has been noticeable since the beginning of last year, when the officers were given a direct personal interest in the profit of the Office by the granting of a commission thereon. In addition to the incentive given to bring out the best that is in the officers it is making for far greater stability in the staff, which was much required. About 50 per cent. of the members have left the service for various reasons during the past four years, and it has been only with utmost difficulty that a staff has been maintained to carry on the work efficiently. In the past the staff, more particularly the more responsible members thereof, have been greatly underpaid, many receiving less than half the salaries paid for similar positions in proprietary companies, due largely to the fact that very limited profits were made prior to the last few years. The smallness of salaries lessening the incentive to remain, coupled with keen competition for capable men on the part of the companies, has caused the loss of many capable officers whose services it would have been greatly to the Office's advantage to have retained. I look forward with confidence to good results from the concession granted. I may say that from the coming into operation of the scheme up to the present the profits have been much greater than at any period in the history of the Office, showing clearly that a keener interest is being taken in the safety of the business. The system introduced, although on a much reduced scale, is similar to that which is practised by fire-insurance institutions throughout the world, and has been in operation almost as long as fire insurance has been in existence. In my opinion it is essential to the guarding of the best interests of the business. The concessions granted, although important to the staff, will not appreciably affect the ratio of working-expenses.

C. R. C. ROBIESON,
General Manager.