1917.
NEW ZEALAND.

STATE FIRE INSURANCE OFFICE.

ANNUAL REPORT OF THE GENERAL MANAGER FOR THE YEAR ENDED 31st DECEMBER, 1916.

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

State Fire Insurance Office, Wellington, 1st May, 1917.

I have the honour to present the twelfth annual report of the State Fire Insurance Office, together with Revenue Account and balance-sheet for the year ended 31st December, 1916.

It is my pleasant duty to report that during the year under review the operations of the Office have proved in every respect very successful. In all features of the business the results are in advance of those of any previous year.

The net profits, after placing £2,577 to unearned-premium reserve and £1,000 to investments-fluctuation reserve, amounted to the sum of £35,697. This profit exceeds that of any previous year by slightly over £10,000.

The net income shows an increase of £6,395, and compares favourably with the increase of previous years, particularly in view of the facts that a very large proportion of our trained staff are absent on active service and that building operations in most parts of the Dominion have been greatly restricted by war conditions.

The working-expense ratio shows an increase of 0·2 per cent., due solely to the fact that a heavier "writing-down" of office-equipment values has been adopted than has hitherto been the case.

The loss-ratio of 28·22 per cent. for the year is remarkably low, and may be regarded as quite abnormal. It is just over 10 per cent. lower than the lowest previously experienced, and not much (if any) above half the average normal loss-ratio for the whole fire-insurance business of the Dominion. It would appear from our loss-ratio for the past two years that the war has had a marked influence on the destruction of property by fire. I trust that this influence may be permanent.

The total cover (new and renewals) issued during the year amounted to the large sum of over £19,000,000.

The total assets of the Office at the close of 1916 amounted to £166,880, the increase for the year being £40,463.

Investments, including £30,000 on fixed deposits, amounted to £126,786 on the 31st December last. Since that date £25,000 has been invested in New Zealand Government 4½-per-cent. war bonds, and it is hoped that a further sum will be available for the same purpose at an early date. Although perhaps more remunerative investments could be found for this money, it has been deemed proper under present circumstances that the State should have first call upon the surplus funds of the Office. The policyholders will no doubt be glad to find that the Office is in a position to give valuable financial assistance to the Government.

In view of the present strong financial position of the Office the State Fire Insurance Board has determined, under the provisions of the State Fire Insurance Amendment Act, 1912, to grant as early as possible a bonus to policyholders on premiums paid. The sum of £8,000 out of last year's profits has been set aside for this purpose, and to cover costs of making the assessment. Owing to nearly 50 per cent. of our trained staff being on active service it is quite impossible to attempt the assessment at present, but the assessment will be undertaken and the bonus paid as soon as staff conditions again become normal.

During the past year the work of the Office has been conducted under considerable difficulties owing to the shortage of staff, the expansion of business, and the extra work involved in carrying on marine war-risk insurance under the Imperial Government scheme and under the New Zealand War Risk Insurance Act.