

1928.
NEW ZEALAND.

ACCIDENT INSURANCE BRANCH OF THE STATE FIRE INSURANCE OFFICE

(ANNUAL REPORT ON THE) FOR THE YEAR ENDED 31st DECEMBER, 1927.

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

State Fire Insurance Office, Wellington, 8th June, 1928.

I HAVE the honour to submit the twenty-seventh annual report of the Government Accident Insurance Office for the year ended 31st December, 1927, together with the Revenue Account and Balance-sheet.

The following comparison with the previous two years shows the progress made :—

	1925.	1926.	1927.
	£	£	£
Income—			
Net premiums	49,966	58,340	65,560
Interest	8,983	10,198	10,895
Outgo—			
Claims.. .. .	30,552	33,854	38,972
Ratio of claims to premiums (per cent.)	61.15	58.03	59.44
Ratio of working-expenses to premiums (per cent.)	26.57	26.33	23.49
	£	£	£
Surplus for the year.. .. .	8,390	14,332	16,255
Reserves and funds at 31st December	187,934	206,035	225,539

Claims.—The average claim ratio for 1927 over all classes of accident-insurance business accepted by the Office was 59.44 per cent., as against 58.03 per cent. for 1926. The 1926 amendment to the Workers' Compensation Act granting increased benefits to injured workers came into force at the beginning of 1927 without any consequential increase in rates, but the increase in claim ratio resulting therefrom for the period under review is much less than was anticipated. The favourable experience of 1927 is not, however, likely to extend over any lengthy period, and the indications are that the cost of the increased benefits will be more apparent in future reports.

Working-expenses.—The ratio of working-expenses to premium income shows a fall from 26.33 per cent. in 1926 to 23.49 per cent. in 1927, due mainly to a reduction in the rate of commission paid to agents on workers' compensation premiums, which operated as from the beginning of the year. It may be said that the actuarial margin above actual claim cost allowed in workers' compensation premiums is lower in New Zealand than under any competitive system in the Empire, and does not provide for more than bare working-expenses, without profit of any kind.

J. H. JERRAM, General Manager.