1932.
NEW ZEALAND.

STATE FIRE INSURANCE OFFICE.

ANNUAL REPORT OF THE GENERAL MANAGER FOR THE YEAR ENDED 31ST DECEMBER, 1931.

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 September, 1932.

I HAVE the honour to submit the twenty-seventh annual report of the State Fire Insurance Office for the year ended 31st December, 1931, with the Revenue Account and Balance-sheet.

The following are the comparative figures for the last three years :—

	1929.	1930.	1931.
Income—	£	£	£
Premiums	217,990	221,909	216,007
Other receipts, less land-tax and bad debts	41,003	49,508	49,496
Profit on realization of investments	..	794	..
Outgo—			
Bonus rebate to policyholders	27,208	27,001	26,187
Claims	75,316	90,001	112,932
Working-expenses (exclusive of income-tax and Fire Board contributions)	52,194	52,624	50,479
Fire Board contributions	7,709	8,027	7,927
Income-tax	15,746	21,153	26,152
Cash stolen or burnt, Hawke's Bay earthquake	..	..	26
	Per Cent.	Per Cent.	Per Cent.
Ratio of claims to premium income	34·55	40·56	52·28
Ratio of working-expenses (exclusive of income-tax and Fire Board contributions) to premium income	23·94	23·71	23·38
Ratio of Fire Board contributions to premium income	3·54	3·62	3·67
Ratio of income-tax to premium income	7·22	9·53	12·11
	£	£	£
Carried to reserve for uncarned premiums	2,542	1,567	..
Surplus, apportioned as follows :—	£	£	£
Payment to Treasury under section 5, Finance Act, 1931 (No. 2)	..	..	2,612
Bad Debts Reserve	..	..	500
Written off Office premises	4,000	5,000	10,000
Investment Fluctuation Reserve Fund	6,000	6,000	7,000
Reserve Fund	57,276	45,336	21,687
Reinsurance Reserve Fund	10,000	15,000	..
Bonus Rebate Reserve	1,000	500	..
Total	£78,276	£71,836	£41,799
Reserves and funds at 31st December	£821,090	£889,494	£918,682

The published accounts of most insurance companies for the period under review show a severe contraction of income, due to prevailing economic conditions, and the consequential fall in premiums payable to the State Fire Office is no more than was to be expected. The application of reduced rates because of improved fire-fighting conditions in areas in which the Department has considerable business also contributed to the reduction shown. The surplus of £39,187 (after paying to the Treasury the 10 per cent. reduction in salaries under section 5 of the Finance Act, 1931 (No. 2)), was derived from income from investments, there being a loss in the underwriting account of £7,695. This was entirely due to the decision to make *ex gratia* payments to policyholders whose property was destroyed by fire resulting from the Hawke's Bay earthquake, but who had no legal claim against the Office. That the Office is able to show a surplus under the extraordinary circumstances affords justification of the prudent policy steadily pursued for many years past of building up reserves out of profits.