

1935.
NEW ZEALAND.

STATE FIRE INSURANCE OFFICE.

ANNUAL REPORT OF THE GENERAL MANAGER FOR THE YEAR ENDED 31ST DECEMBER, 1934.

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 August, 1935.

I HAVE the honour to submit the thirtieth annual report of the State Fire Insurance Office, for the year ended 31st December, 1934, with the Revenue Account and Balance-sheet.

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

	1932. £	1933. £	1934. £
Income—			
Premiums	208,493	201,351	200,581
Other receipts, less land-tax	46,749	42,906	43,750
Premium on conversion of securities	..	..	45
Outgo—			
Bonus rebate to policyholders	25,294	30,060	41,211
Claims	70,444	49,005	54,751
Working-expenses (exclusive of income-tax and Fire Board contributions)	47,967	51,340	53,073
Fire Board contributions	7,835	7,968	7,940
Income-tax	28,201	33,912	34,929
	Per Cent.	Per Cent.	Per Cent.
Ratio of claims to premium income	33.79	24.34	27.3
Ratio of working-expenses (exclusive of income-tax and Fire Board contributions) to premium income	23.01	25.5	26.46
Ratio of Fire Board contributions to premium income	3.76	3.96	3.96
Ratio of income-tax to premium income	13.52	16.84	17.41
	£	£	£
Carried to reserve for unearned premiums	15,482	..	..
Surplus, apportioned as follows :—			
Payment to Treasury under section 5, Finance Act, 1931 (No. 2)	3,484	3,484	871
Bad Debts Reserve	1,000	..	..
Written off Office premises	38,400	29,700	26,000
Investment Fluctuation Reserve Fund	15,000	15,000	..
Reserve Fund	2,134	3,788	25,601
Bonus Rebate Reserve	..	20,000	..
Total	£60,018	£71,972	£52,472
Reserves and funds at 31st December	£952,299	£991,087	£1,016,688

1. The accounts for the year show a substantial advance over the previous year in the sum allowed to policyholders by way of rebates. The figures cover the operation for a full twelve months of the substantially increased rebates on dwellings and farm risks which attached as from 1st September, 1933. These increases in rebates have had the effect, directly and consequentially, of saving the insuring public as a whole not less than £137,000, which is, of course, additional to the saving of at least £3,000,000 effected through previous State Fire rebates declared since 1923.

The aim of the Office, through the application of the rebate-system, is to charge no higher premiums than are necessary to meet losses and working-expenses, plus a reasonable margin for reserves. Concurrently, the Office seeks to give the most liberal policy contracts consistent with prudent underwriting.

2. It is worthy of mention that the reserves and funds of the Office now for the first time exceed one million pounds. This has been accumulated at the same time as the public has benefited through reduced rates and rebates, initiated and maintained by the State Fire Office, and after payment of income-tax totalling £341,024. Substantial though the reserves now are, the risk of conflagrations, and the general demand for earthquake insurance at a lower cost, make it essential that there should be no cessation in the process of building up fully adequate reserves to meet all insurance needs.

3. The new State Fire building, now approaching completion, in the City of Christchurch represents an investment for some part of the reserve funds of the Office. An application for a building subsidy to the Unemployment Board, such as has been made in connection with other large buildings recently erected, could no doubt have been justified, but it was decided, as a matter of policy, to pay for the building out of moneys entirely provided by the State Fire Office, without aid of any kind from the general taxpayer. As a consequence, the cost of the building to the Office will be some £6,000 more than if a subsidy had been obtained. The new building has been specially designed on the most modern principles to resist both fire and earthquake, and should prove a worthy addition to the public buildings of Christchurch.

J. H. JERRAM, General Manager.