This attitude evidences a complete misunderstanding of the nature of the insurance contract, which calls only for the payment of the proved value of the insured property at the date of the loss, or, alternatively, at the company's discretion, for the replacement of the property in the same condition as at the time of the fire. The amount of cover set out in the policy has no application except to determine the maximum amount payable. It is desirable that publicity should be given to the facts of the case because, as previously noted, over-insurance resulting from this misunderstanding not only creates a temptation to incendiarism, but by inducing a sense of false security results in carelessness with respect to fire.

Fire Loss in Fire Districts.

It will be seen from Tables II and IV attached that the fire loss in fire districts during the year ending 31st March last was £173,172, and in areas protected by Fire Boards, £4,562, or a total loss of £177,734, as compared with £284,353 for the previous year. The number of fires involving property was 753 in fire districts and 22 in protected areas, or a total of 775 as compared with 732 and 737 in the two previous years. The decrease in the total loss figure was due to the occurrence of a lesser number of large fires, only four fires occurring with loss exceeding £5,000. The fires referred to were those at the Morningside Timber Co., Auckland (£5,032), Woolworth's Ltd., Auckland (£30,626), Palace Theatre, Palmerston North (£5,400), and Ross and Glendinning's warehouse, Invercargill (£7,241). The loss per head in fire districts was 4s. 6d., as compared with 7s. 3d. for the whole Dominion.

Causes of Fire.

The year's records show that there has been a slight increase in the number of fires occurring throughout the Dominion—about 5 per cent.—but there has been little variation in the relative importance of the principal causes of fire, which have been given in detail from year to year in these reports. To illustrate the position a table has been prepared (Table I) setting out the causes of the fires which occurred during the year in the seven principal cities. This will give a cross-section of the causes of fire and the resulting loss in areas having a high standard of fire-protection, but it includes only fires which the brigade attended. In addition, there would be a considerable number of similar fires which would be extinguished by the occupiers of the building, but the loss in these cases would be small.

The figures are interesting as showing the value of fire-protection in reducing the fire loss. The average loss in dwellings was £81 where the cause was ascertained, and £275 in fires of unknown origin. In non-protected areas similar fires would in most cases have resulted in a total loss. Fires shown arising from unknown causes are generally those in which the fire has a good hold when the brigade is called, so that evidence of its origin is destroyed, but it is practically certain that the actual cause is one or other of those enumerated. It will also be noted that fires in unoccupied dwellings were in most cases serious, the average loss being £292. The loss was less than £100 in the case of 72 per cent. of the fires, and in only 5 per cent. did the loss exceed £500.

The indications from the year under review are that electrical fires, defective chimneys and fireplaces, sparks from fireplaces, disposal of ashes, and smokers' carelessness are the major causes of fire. In country areas the proportion of fires arising from naked lights and sparks from fireplaces increases considerably, and the proportion of electrical fires is reduced.

Incendiarism.

The decrease referred to in the last annual report in the number of fires recorded as of suspicious origin has been fully maintained. The special inquiries by the police into all fires the cause of which is not clearly accidental are still carried out, but the number of extensive inquiries found necessary is less than one-fourth of those made when the present system was commenced. Only six coroners' inquiries into fires were held during the year.

While the present position may be regarded as satisfactory it must be noted that it is mainly the result of police activity during recent years in conjunction with the fact that most people are now aware that it is unprofitable to have a fire owing to the insurance recoveries being based on the lower property values at present existing. With the rise in these values the temptation to arson as a means of release from financial difficulties will increase, and, as indicated elsewhere in this report, it is most important that measures should be taken to reduce over-insurance to the minimum. Details of prosecutions taken during the past few years are set out in the following table:—

Year.	Prosecutions for Arson.	Convictions.	Dismissals.	Coronial Inquiries into Fires.
1931	28	16	12	5
1932	27	21	6	15
1933	13	7	6	7
1934	10	5	5	6