1936.
NEW ZEALAND.

STATE FIRE INSURANCE OFFICE.

ANNUAL REPORT OF THE GENERAL MANAGER FOR THE YEAR ENDED 31ST DECEMBER, 1935.

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

State Fire Insurance Office, Wellington, 8th July, 1936.

I HAVE the honour to submit the thirty-first annual report of the State Fire Insurance Office, for the year ended 31st December, 1935, with the Revenue Account and Balance-sheet.

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

	1933.	1934.	1935.
	£	£	£
Income—			
Premiums	201,351	200,581	199,898
Other receipts, less land-tax	42,906	43,750	39,303
Premium on conversion of securities	..	45	329
Outgo—			
Bonus rebate to policyholders	30,060	41,211	41,233
Claims	49,005	54,751	53,151
Working-expenses (exclusive of income-tax and Fire Board contributions)	51,340	53,073	53,779
Fire Board contributions	7,968	7,940	7,994
Income-tax	33,912	34,929	23,641
	Per Cent.	Per Cent.	Per Cent.
Ratio of claims to premium income	24·34	27·3	26·59
Ratio of working-expenses (exclusive of income-tax and Fire Board contributions) to premium income	25·5	26·46	26·9
Ratio of Fire Board contributions to premium income	3·96	3·96	4·0
Ratio of income-tax to premium income	16·84	17·41	11·83
	£	£	£
Carried to reserve for unearned premiums	..	..	..
Surplus, apportioned as follows:—			
Payment to Treasury under section 5, Finance Act, 1931 (No. 2)	3,484	871	..
Written off Office premises	29,700	26,000	27,000
Investment Fluctuation Reserve Fund	15,000	..	..
Reserve Fund	3,788	25,601	2,731
Bonus Rebate Reserve	20,000	..	30,000
Total	£71,972	£52,472	£59,731
Reserves and funds at 31st December	£991,087	£1,016,688	£1,049,420

1. Despite extreme competition and an increasing restriction in the sources of insurance business open to the State Fire Office, due to the action of many mortgagees and solicitors requiring borrowers to insure elsewhere, the support given to the State Fire Office continues to be well maintained. While there has been a steady decline in the aggregate of premiums paid to all insurance offices for each year since the peak year of 1930—the decrease between that year and 1934 being 14·7 per cent.—the percentage of premiums received by the State Fire Office has increased in the same period from 12·75 per cent. to 13·33 per cent. of the total. Comparative figures for 1935 are not yet available, but the indications are that the relative advance in public support continues.

2. One aspect of competition which it may be permissible to touch upon in this report is that the value of the security behind the policy contract does not always receive proper consideration by the person who is about to insure; yet security such as a State Fire policy affords is the fundamental purpose of insurance. It is perhaps not recognized as it should be that protective legislation at present does not prevent insurance institutions which may be financially weak from soliciting business on superficially attractive terms.