1938.
NEW ZEALAND.

ACCIDENT INSURANCE BRANCH OF THE STATE FIRE INSURANCE OFFICE

(ANNUAL REPORT ON THE) FOR THE YEAR ENDED 31ST DECEMBER, 1937.

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

State Fire Insurance Office, Wellington, 31st March, 1938.

I HAVE the honour to submit the thirty-seventh annual report of the Government Accident Insurance Office for the year ended 31st December, 1937, together with the Revenue Account and Balance-sheet.

The following comparison with the previous two years shows the position briefly :—

	1935.	1936.	1937.
Income—	£	£	£
Premiums from all classes of accident insurance	97,766	113,649	147,719
Interest	14,936	15,111	15,837
Premium on conversion of securities	2,105	..	..
Profit on realization of securities	..	1,012	132
Outgo—			
Free-year bonus on personal accident policies	231	286	269
Claims	66,172	76,471	99,502
Working-expenses (exclusive of income-tax)	20,330	23,156	30,118
Carried to reserve for unearned premiums	1,662	7,941	17,035
Income-tax	4,127	6,622	5,417
	Per Cent.	Per Cent.	Per Cent.
Ratio of claims (all classes of business) to premium income	67·68	67·29	67·36
Ratio of working-expenses (exclusive of income-tax) to premium income	20·8	20·37	20·39
Ratio of underwriting surplus to premium income	9·58	5·1	0·54
Surplus, apportioned as follows :—	£	£	£
Reinsurance Reserve	10,000	10,000	10,000
Reserve Fund	12,284	5,296	1,347
	£22,284	£15,296	£11,347
Reserves and funds as at 31st December	£380,459	£403,697	£432,080

1. Both the premium income and the increase of £34,071 over the previous year constitute records. After an adequate reserve for unexpired premiums has been provided and expenses paid, the margin of underwriting profit is 0·54 per cent. On the aggregate, therefore, policy-holders have had the benefit of accident insurance at very nearly cost price.

2. Of the many different classes of accident business underwritten by the Office by far the largest is workers' compensation. In this field of insurance the experience of the Office reaches back to the inception of employers' liability in New Zealand, thirty-seven years ago, and this lengthy experience renders the Office exceptionally qualified to give competent and generous service both to the worker and to the employer. After all charges are met and necessary reserves provided, a margin of profit on this particular class of business is not considered a major necessity, and the additional benefits for injured workers conferred by the Workers' Compensation Amendment Act, 1936, are being carried by the Office without any increase in rates. It may not be generally known that the State Office, so far as can be ascertained, is the only Office that has not increased its charges.