1939.

NEW ZEALAND.

ACCIDENT INSURANCE BRANCH OF THE STATE FIRE INSURANCE OFFICE

(ANNUAL REPORT ON THE) FOR THE YEAR ENDED 31st DECEMBER, 1938.

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, 1939.

I have the honour to submit the thirty-eighth annual report of the Government Accident Insurance Office for the year ended 31st December, 1938, together with the Revenue Account and Balance-sheet.

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

	1936.		1937.		1938.	
Income—	£	£	£	£	£	£
Premiums from all classes of accident insurance	113,649		147,719		202,279	
Interest	15,111		15,837		18,082	
Profit on realization of securities	1,012		132		486	
		129,772		163,688		220,847
Outgo—						
Free-year bonus on personal accident policies	286		269		327	
Claims	76,471		99,502		140,806	
Working-expenses (exclusive of income-tax) ..	23,156		30,118		32,994	
Carried to reserve for unearned premiums ..	7,941		17,035		31,649	
Income-tax	6,622		5,417		6,066	
		114,476		152,341		211,842
Surplus, apportioned as follows :—						
Investment Fluctuation Reserve	..		..		9,000	
Reinsurance Reserve	10,000		10,000		..	
Reserve Fund	5,296		1,347		5	
		15,296		11,347		9,005
Total		129,772		163,688		220,847
Reserves and funds as at 31st December ..	403,697		432,080		472,734	
	Per Cent.		Per Cent.		Per Cent.	
Ratio of claims (all classes of business) to premium income	67·29		67·36		69·61	
Ratio of working-expenses (exclusive of income-tax) to premium income	20·37		20·39		16·31	
Ratio of underwriting surplus to premium income	5·1		0·54		*1·73	

* Deficit.

1. In 1937 the total premium income and also the increase over the previous year constituted records for the Office. Both these records have been broken by the figures for 1938. The increase in premiums for the year was no less than £54,560.

2. The aggregate underwriting results show a deficit of 1·73 per cent., due to loss on the substantial revenue derived from insurance under the provisions of the Motor-vehicles Insurance (Third-party Risks) Act, 1928. Increases in premiums under the above Act have since been authorized by Order in Council. The benefit derivable from the new premiums, however, accrues only from the beginning of the new licensing year, viz., 1st June, 1939 ; thus unpayable results are likely to extend well into the current year. All other branches of accident business provided a margin of profit. The underwriting deficit is more than covered by interest from investments, and the year ended with a surplus of £9,005 7s.

3. Following the decision of Government that the increased liabilities under the Workers' Compensation Amendment Act, 1936—referred to in detail in my 1936 report—were, if possible, to be borne by the State Accident Branch without an increase in rates, the Office continues to underwrite