

Rt. Hon. R. J. Seddon.

STATE FIRE INSURANCE.

ANALYSIS.

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A BILL INTITULED

Title.	AN ACT to establish a State Fire Insurance Office, and to make other Provisions for the Insurance and Protection of Insurable Property in New Zealand against Loss or Damage by Fire.	
	BE IT ENACTED by the General Assembly of New Zealand in Parliament assembled, and by the authority of the same, as follows:—	5
Short Title.	1. The Short Title of this Act is "The State Fire Insurance Act, 1903."	
Interpretation.	2. In this Act, if not inconsistent with the context,—	10
	"Financial year" means any period of twelve months ending on the thirty-first day of December:	
	"Permanent staff" means the officers appointed by the Governor under this Act:	
	"Prescribed" means prescribed by this Act or by regulations under this Act:	15
	"Treasurer" means the Colonial Treasurer, and includes any member of the Executive Council for the time being acting as or for the Colonial Treasurer.	
	<i>The State Fire Insurance Office.</i>	20
"The State Fire Insurance Office" established.	3. For the purpose of carrying out the objects of this Act there is hereby established an office to be called "The State Fire Insurance Office," and such office shall be administered and managed by an officer (hereafter called "the General Manager"), who shall be appointed by the Governor.	25
General Manager constituted.	4. The General Manager is hereby constituted a corporation sole under the style of "The State Fire Insurance General Manager," with perpetual succession, and a seal of office.	
Power to appoint Deputy and to suspend either officer.	5. The Governor may from time to time, as he thinks fit,—	
	(a.) Appoint some person to be Deputy General Manager;	30
	(b.) Temporarily suspend the General Manager or Deputy General Manager;	
	(c.) In the case of the death, removal, or resignation of the General Manager or Deputy General Manager, appoint some person in his stead.	35
When Deputy to act.	6. With respect to the Deputy General Manager, the following provisions shall apply:—	
	(a.) He shall act during the illness, suspension, or absence of the General Manager, or while the office of manager remains vacant by reason of death, resignation, or removal, and while so acting shall have all the powers and perform all the duties of the General Manager.	40
	(b.) He may also act under authority delegated in that behalf by the General Manager; and, while so acting, he shall act in the name and on behalf of the General Manager.	45
Power to act not to be questioned.	(c.) The fact that he so acts shall be sufficient evidence of his authority so to do, and no person shall be concerned to inquire whether any occasion has arisen requiring or authorising him so to do, or be affected by notice or by the fact that no such occasion has arisen.	50
Governor may appoint permanent staff.	7. The Governor may from time to time appoint such permanent officers as he deems necessary for the business of the State Fire Insurance Office.	

8. The Treasurer may from time to time appoint such agents, valuers, clerks, and servants as he deems necessary for the business of the State Fire Insurance Office.

Appointment of agents, valuers, &c.

9. With respect to the General Manager, Deputy General Manager, and every member of the permanent staff, the following provisions shall apply :—

Not to be subject to Civil Service Acts.

(a.) They shall be paid such salary, commission, or other remuneration as is appropriated from time to time by Parliament out of the State Fire Insurance Account hereinafter mentioned, and (except in such cases and to such extent as may be provided by regulations) shall not be subject to the laws for the time being in force affecting or regulating the Civil Service.

(b.) Each of them whose fidelity is not guaranteed under "The Civil Service Officers' Guarantee Act, 1893," shall give such security for the faithful discharge of his duties in such form and to such amount as may be prescribed.

Security to be given

(c.) With the approval of the Board, the General Manager may establish a Mutual Guarantee and Benefit Fund, to which all members of the staff shall contribute, and in which they shall all share in accordance with regulations under this Act.

Mutual Guarantee and Benefit Fund.

(d.) Such fund may be supplemented by payments out of the State Fire Insurance Account to such an extent as is prescribed by regulations.

10. With the approval of the Board, the General Manager may from time to time establish such branch offices or agencies for the purposes of the aforesaid business, and appoint such agents (not being members of the staff) on such terms as to salary, commission, or other remuneration, as he thinks fit.

Power to establish branches and appoint agents.

Board.

11. For the purpose of further carrying out the objects of this Act there is hereby constituted a Board, under the style of "The State Fire Insurance Board" (herein called "the Board"), consisting of the General Manager and four other persons: to wit, the two persons for the time being holding the respective offices of Treasurer and the Government Insurance Commissioner, both of whom shall be members *ex officio*, and two competent persons (not being members of the Civil Service) appointed by the Governor.

State Fire Insurance Board constituted.

Members thereof.

12. With respect to the constitution, proceedings, and functions of the Board, the following provisions shall apply :—

(a.) The two members appointed by the Governor shall (subject to the right of the Governor to remove them or either of them at any time) hold office for two years, but may be reappointed, and, while holding office, shall be paid such salary or other remuneration as is from time to time appropriated by Parliament.

Provisions as to unofficial members and as to meetings of Board.

(b.) At every meeting of the Board the quorum shall be three.

(c.) The Treasurer shall be Chairman *ex officio*.

(d.) In the absence of the Treasurer from any meeting, any member of the Executive Council, being a responsible Minister of the Crown, may attend such meeting in his stead and as his substitute, and while so attending shall be deemed to be the Chairman of the Board.

- (e.) In the absence of the Government Insurance Commissioner from any meeting, the person for the time being holding the office of Deputy Government Insurance Commissioner may attend such meeting in his stead and as his substitute.
- (f.) In the absence of the General Manager from any meeting, the Deputy General Manager may attend such meeting in his stead and as his substitute. 5
- (g.) While so attending every such substitute shall be deemed to be a member of the Board, and the fact that he so attends and acts at any such meeting shall be conclusive proof of his authority so to do. 10
- (h.) In the absence of the statutory Chairman from any meeting, the members present shall appoint one of their number to act as Chairman at that meeting.
- (i.) The Chairman shall have a deliberative vote, and in the case of equality of voting a casting-vote. 15
- (j.) The Board shall at all times cause proper minute-books to be kept, in which shall be entered in respect of each meeting the names of the members present, and full and faithful minutes of all proceedings thereat. 20
- (k.) Subject to the provisions of this Act, and any regulations made hereunder, the Board may from time to time, by by-laws or otherwise, regulate its own procedure, and also the general conduct of the business of the State Fire Insurance Office. 25
- (l.) The Board shall co-operate with and assist the General Manager in carrying out the objects of this Act.
- (m.) A resolution of the Board shall be binding on the General Manager. 30

Minute-books to be kept.

By-laws may be made.

Business.

Insurance and reinsurance business of office.

13. (1.) The business of the State Fire Insurance Office is to insure or reinsure, against loss or damage by fire, insurable property of all kinds situate in New Zealand, and generally to carry on in respect of such property, or of any insurable interest therein, the business of fire insurance and reinsurance in all its branches. 35

(2.) The State Fire Insurance Office may, for the purpose of reinsurance, have associated with it any fire-insurance company doing business in or out of New Zealand: *Provided that the Board shall not, without the consent of the Colonial Treasurer, enter into any agreement with any private insurance company or companies fixing the premiums payable.* 40

General Manager may enter into contracts therefor

14. Subject to the provisions of this Act and the regulations thereunder, the business of the State Fire Insurance Office shall be conducted by the General Manager, who in his corporate style and capacity shall have power from time to time to enter into, perform, and enforce any contracts which may be lawfully entered into by or with any person or company for the insurance or reinsurance of insurable property of all kinds situate in New Zealand, or of any insurable interest in such property, and generally to do whatever he deems necessary in connection with or incident to such business, including the reinsurance of fire risks taken under this Act: 45

Provided that no contract of insurance or reinsurance shall be entered into by the General Manager until the Governor, by notice in the *Gazette*, declares the State Fire Insurance Office to be open for the transaction of insurance business. 55

15. The General Manager may enter into such contracts as aforesaid either at the State Fire Insurance Office in Wellington or at branch offices or agencies throughout New Zealand, and either by himself or through the medium of such agents or other officers as, with the approval of the Board, he from time to time appoints for that purpose:

How contracts may be entered into

Provided that, for the purpose of effecting with persons or companies out of New Zealand the reinsurance of fire risks under this Act, the General Manager may from time to time enter into or make arrangements for contracts for such reinsurances through the medium of attorneys or agents out of New Zealand, to be appointed by him, with such powers as he thinks fit.

Attorney outside New Zealand for reinsurance of fire risks.

16. With respect to all deeds, policies, instruments, and documents of any kind incident to the business of the State Fire Insurance Office, or the purposes of this Act, the following provisions shall apply:—

Mode of execution, &c., of documents.

(a.) The General Manager shall be described therein by his corporate style.

(b.) Such of them as are to be signed by the General Manager shall be signed in his personal name, with the addition of his corporate style.

(c.) Such of them as are to be signed by the Deputy General Manager shall be signed by him thus: "For the State Fire Insurance General Manager, A.B., Deputy General Manager."

(d.) Such of them as are to be executed in New Zealand under seal shall be signed by the General Manager or the Deputy General Manager, as the case may be, at a duly constituted meeting of the Board, and the seal shall be then and there affixed pursuant to a resolution of the Board, and in the presence of one member thereof, who shall subscribe his name as witness thereto.

(e.) Policies and indorsements thereon need not be executed under seal, and may, with any other document not required to be executed under seal, be signed in the name and on behalf of the General Manager by the Deputy General Manager, or by any attorney, agent, or officer authorised by the General Manager in that behalf.

17. The General Manager in his official style and capacity may sue and be sued in all actions, suits, and proceedings arising out of any act, matter, or thing done or suffered in relation to himself or the State Fire Insurance Office, or the Board.

Power of General Manager to sue and be sued.

18. With respect to all such actions, suits, and proceedings, the following provisions shall apply:—

How actions, suits, &c., to be conducted.

(a.) They shall be instituted, prosecuted, and defended by or against the General Manager in his corporate style and capacity only.

(b.) They shall not abate or be dismissed by reason only that the cause of action relates to the said office, or the Board, or the business or affairs thereof, and not to the General Manager himself.

No abatement because action relates to office.

(c.) No action shall lie against the General Manager in respect of any fire loss unless such action is commenced within six months after the loss occurred.

(d.) The seal of the General Manager, and the appointment and signature of the General Manager, the Deputy General Manager, and every member of the Board shall be judicially noticed without proof until the contrary is shown. 5

Local authorities and Government Departments to furnish information.

19. For the purpose of minimising as far as possible the risk of insurance under this Act, the following provisions shall apply:—

(a.) It shall be the duty of every local authority or other local governing body and also of the head of every Government department (including the Public Trust Office and the Government Life Insurance Department), and also of every ~~other person~~ officer thereof, at all times to furnish to the General Manager all such information and reports as he requests and such authority, body, department, or person can supply, concerning any fact or circumstance in 15 any way affecting the risk of insurance.

Power to inspect buildings or contents therein.

(b.) Any officer or other person authorised by the General Manager in that behalf may at all reasonable times enter on any building insured or proposed to be insured under this Act, or whose contents are so insured or proposed to 20 be so insured, for the purpose of inspecting the same or the contents thereof; and every person who in any way hinders such entry or inspection, or refuses to give any information in his power relating to such building or its contents, or knowingly gives any false information, is 25 liable to a fine not exceeding *fifty* pounds.

New clause.

Power to apply to Court for inquiry into the cause of fires.

19A. In any case where any property insured in the State Fire Insurance Office shall be destroyed or damaged by or in consequence of fire, any person authorised by the General Manager so to do may 30 apply to a Magistrate or any two Justices sitting as a Court of summary jurisdiction to hold an inquiry into the origin, causes, and circumstances of such fire, and such Court shall thereupon hold such inquiry in the same manner and with the same procedure as nearly 35 as may be as in the case of summary proceedings under "The Justices of the Peace Act, 1882." Such inquiry shall be conducted in such manner (1) that the person who has applied to the Court to hold such inquiry shall superintend the management of such inquiry, and render such assistance to the Court as is in his power; and (2) 40 that if a charge is made against any person, such person shall have an opportunity of placing his defence before the Court.

The Court shall have all the powers of subpoenaing witnesses, taking evidence, and allowing costs as a Magistrate or two Justices in summary proceedings under "The Justices of the Peace Act, 1882." 45

The Court, after completing the inquiry, shall make a report to the General Manager containing a full statement thereof, and of the opinion of the Court thereon, accompanied by such reports of or extracts from the evidence, and such observations thereon, as the Court thinks fit. 50

Payment of premiums and power to cancel policies.

20. With respect to every policy of insurance or reinsurance issued by the General Manager, the following provisions shall apply:—

(a.) In the case of builders' risks or other policies for short specified periods of less than a year, the premium shall be payable in advance.

5 (b.) In every other case the premium shall be payable annually in advance during the continuance of the policy.

10 (c.) The policy may, in the absolute discretion of the General Manager, be cancelled by him at any time, and in such case he shall refund to the policyholder any sum paid in respect of premiums for the period subsequent to such cancellation.

21. In the event of the Board at any time reporting to the Governor that in its opinion the business of the State Fire Insurance Office should be discontinued or wound up, or otherwise disposed of, he may, by Order in Council, give such directions in the matter as he thinks fit, and such Order in Council shall be binding on the General Manager and the Board:

Procedure if Board recommends insurance be discontinued

15 Provided that if such report is made after Parliament has been summoned for the despatch of business, or while Parliament is in session, the Governor, in lieu of making any such Order in Council, shall lay such report before Parliament for the signification of its pleasure thereon.

Capital.

22. (1.) In order to provide capital for the business of the State Fire Insurance Office, the ~~Governor~~ *Treasurer, upon being* 25 *authorised by the Governor in Council so to do, is hereby empowered to raise from time to time such sums, not exceeding in the whole the sum of one hundred thousand pounds, as he thinks fit.*

Sums not exceeding £100,000 may be raised.

(2.) For that purpose the ~~Governor~~ *Treasurer may from time to time appoint any two or more persons as Agents for raising the sums* 30 *hereby authorised to be raised, and may confer upon such Agents all such powers as he deems necessary in order to carry into effect the purposes of this Act.*

Agents to be appointed.

(3.) Irrespective of the powers conferred upon such Agents by the ~~Governor~~ *Treasurer, they shall have full power from time to* 35 *time,—*

Powers of Agents.

(a.) To raise in Great Britain or elsewhere by debentures or scrip, or by the issue of inscribed stock under "The New Zealand Consolidated Stock Act, 1877," or otherwise, such sum or sums not exceeding in the whole the sum of 40 *one hundred thousand pounds, as the Governor by Order in Council from time to time authorises; and also*

(b.) To prescribe the mode and conditions of repayment of the sums so raised, the rates of interest thereon, and the time and place of the payment of principal and interest; 45 and also

(c.) To agree that debentures issued by them shall be converted into stock created or issued under "The New Zealand Consolidated Stock Act, 1877," and to either specify the terms of such conversion at the time when the sums are 50 raised, or arrange that such terms shall be subsequently agreed upon.

(4.) All the powers and authorities conferred upon such Agents by this Act, or by the Governor *by Order in Council or the Treasurer,* 55 *may be delegated by them from time to time, in all or in part, to two or more other persons, as delegated Agents, in such manner and subject to such conditions as the delegating Agents think fit.*

Delegation of powers.

- Removal of Agents. (5.) The ~~Governor~~ *Treasurer* may from time to time remove or accept the resignation of any Agent, whether appointed by him or by the aforesaid delegating Agents; and in any such case, or if any such Agent dies, the ~~Governor~~ *Treasurer* may appoint another person in his stead. 5
- Delegation of powers to Agent-General. (6.) All or any of the powers conferred upon the ~~Governor~~ *Treasurer* by this section may be delegated by him to the Agent-General of New Zealand in London. 10
- (7.) Notice of any such delegation as last aforesaid may be given to the Agent-General by telegraphic message from the *Treasurer*, and the fact that the Agent-General exercises any such powers shall be conclusive evidence of his authority so to do. 10
- Sums may be raised in colony. (8.) In the event of it being deemed convenient that any of the aforesaid sums should be raised in New Zealand, the *Treasurer*, upon being authorised by the Governor *by Order in Council* so to do, may raise the same accordingly, and for that purpose shall have all such powers as the Governor *by Order in Council* confers upon him, and, in addition thereto, all the powers by this Act conferred upon the Agents hereinbefore mentioned. 15
- When supplementary capital may be raised. 23. (1.) In the event of the capital so raised at any time proving insufficient for the business of the State Fire Insurance Office, the ~~Governor~~ *Treasurer*, upon being authorised by the Governor *in Council*, is hereby empowered to raise from time to time, as supplementary capital, such additional sums as are required: 20
- Provided that the power conferred by this section shall not be exercised save in the circumstances and to the extent hereinafter specified, that is to say,— 25
- Requisition by General Manager. (a.) If, after recourse has been had to the available funds and securities, the balance in the State Fire Insurance Account is at any time insufficient to meet the charges thereon, the General Manager, by requisition under his seal, shall apply to the *Treasurer* for whatever supplementary capital is deemed necessary for the purpose of meeting the deficiency, and also of supplying additional funds (not exceeding twenty thousand pounds at any one time) wherewith to carry on the business aforesaid until the pleasure of Parliament is signified thereon. 30
- (b.) The ~~Governor~~ *Treasurer*, upon being authorised by the Governor *in Council* so to do, may thereupon raise supplementary capital not exceeding the total amount named in such requisition. 35
- (2.) Every such requisition shall, as soon as practicable, be laid before Parliament.
- (3.) For the purpose of raising the supplementary capital authorised by this section the provisions of subsections *two* to *eight* of the last preceding section shall apply. 45
- Securities in respect of Sums raised.*
- Rate of interest on debentures, scrip, &c. 24. No debenture, scrip, or other security issued in respect of any sum raised under this Act shall be sold or otherwise disposed of at a price that will yield to the purchaser a higher rate of interest by the year than *four pounds* for every hundred pounds of purchase-money; but such securities may, for the purpose of temporary advances pending the raising of such sums, be hypothecated or mortgaged upon such terms as to interest and otherwise as are deemed expedient. 55

25. (1.) Every such security shall be signed by the aforesaid Agents or (as the case may be) by the Treasurer raising the sum in respect whereof the same is issued, and shall be countersigned by the Controller and Auditor-General, or by an officer of audit appointed
5 from time to time for that purpose by the Controller and Auditor-General.

Securities to be countersigned, and to be payable out of public revenues.

(2.) The fact that any officer of audit so countersigns shall be conclusive evidence of his authority so to do.

10 (3.) The sum of money named in any such security, together with all interest payable thereon, is hereby declared to be a charge upon and to be payable out of the public revenues of New Zealand.

26. No person from whom any such sum is raised or by whom any such security is held shall be concerned to see or inquire whether or to what extent the powers conferred by or under this Act have
15 been previously exercised, or are intended to be exercised; and all sums raised or purporting to be raised under this Act, and all securities issued or purporting to be issued under this Act in respect of such sums, shall, so far as concerns the lender or holder, be deemed to
20 have been lawfully raised or issued within the powers by this Act conferred in that behalf.

Security for persons lending money.

27. Nothing in this Act shall be construed to alter or affect or vary any security heretofore charged on the public revenues of New Zealand.

Prior securities on revenues not to be affected.

28. The proceeds of all securities issued in respect of original or
25 supplementary capital shall, as and when received by the Government, be paid into the State Fire Insurance Account.

Disposal of proceeds of securities issued.

Sinking Funds.

29. In order to create a fund for the redemption at maturity of all securities issued under this Act, the following provisions shall
30 apply:—

Sinking fund for redemption of capital.

(a.) At the expiration of every triennial period hereinafter mentioned during the currency of the securities the General Manager shall pay over to the Public Trustee, to the credit of an account called the "State Fire Insurance Sinking Fund Account," one-half of the net profits referred to in section *forty-four* hereof.
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(b.) The sums so paid over to the Public Trustee, and all accumulations of interest thereon, shall be invested by him in such of the modes of investment sanctioned by "The Public Trust Office Consolidation Act, 1894," as will yield the highest rate of interest.
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(c.) The moneys in the said Sinking Fund Account, and the investments for the time being representing the same, and all accumulations of interest thereon, shall be held by the Public Trustee at the disposal of the Treasurer for the purpose of redeeming such securities at maturity.
45

(d.) The Public Trustee shall, without further appropriation than this Act, pay to the Treasurer out of that account such sums as he from time to time requests for such purpose.
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Statements to be furnished by Public Trustee.

30. (1.) The Public Trustee shall supply to the Treasurer, and also to the General Manager, statements made up to the close of each financial year, and also for such other periods as are from time to time requested, showing the accretions of sinking fund and the investments representing the same. 5

(2.) The Public Trustee shall, within fourteen days after the close of each financial year, lay a copy of such statement before Parliament if sitting, or, if not, then within fourteen days after the commencement of the next ensuing session.

When annual payments to sinking fund to cease.

31. As soon as the Treasurer is satisfied that the accumulations of sinking fund in respect of any securities will suffice to redeem such securities at maturity, he shall notify the Public Trustee and the Manager thereof, whereupon the annual payments of sinking fund in respect of such securities shall thereafter cease, and all subsequent accretions of interest shall be paid into the Reserve Fund mentioned in *forty-four* hereof. 10 15

Accounts and Audit.

Moneys to be paid to State Fire Insurance Account.

32. All moneys payable to the General Manager shall be paid into the bank at which, for the time being, the Public Account of New Zealand is kept, to the credit of an account called "The State Fire Insurance Account," which shall be operated on only by cheque signed by the General Manager and countersigned by the Audit Office. 20

Moneys payable out of State Fire Insurance Account.

33. There shall be payable out of the State Fire Insurance Account, and (except where otherwise specially provided) without further appropriation than this Act,— 25

(a.) All costs and expenses incurred by the Government in raising capital under this Act;

(b.) All salaries, expenses, fire-losses, reinsurance premiums, and outgoings expended or incurred in the general management of the State Fire Insurance Office and the conduct of its business, including the interest payable on securities issued under this Act; 30

(c.) All other moneys payable for the purposes of this Act.

All moneys to be property of Crown.

34. (1.) All moneys in the State Fire Insurance Account, or payable into that account by any person, and also all debts and other moneys for the time being owing to the General Manager by any person, whether on account of premiums, loans on mortgage, rents, or otherwise, and whether the same are accrued due or not, are hereby declared to be the property of the Crown and recoverable accordingly by the General Manager as from debtors to the Crown. 35 40

(2.) All such moneys are hereby declared to be public moneys within the meaning of "The Public Revenues Act, 1891."

Other accounts to be kept.

35. In addition to the State Fire Insurance Account, the General Manager shall keep such other accounts as he thinks fit or as are from time to time prescribed. 45

Investment of surplus moneys.

36. All moneys in the State Fire Insurance Account that, in the opinion of the Board, are for the time being not required for the purposes of that account, shall be invested in such manner and on such securities as the Governor from time to time, by Order in Council, prescribes: 50

Provided that for the purposes of that account the aforesaid securities may from time to time be realised, hypothecated, or otherwise disposed of as the Board thinks fit.

37. At least two months before any payment falls due in respect of interest on the securities issued under this Act, or, in the case of such of those securities as are disposed of in New Zealand, at such later date as the Treasurer from time to time prescribes, the General Manager shall pay into the Public Account, to the credit of the Consolidated Fund, a sum sufficient to meet such payment, together with all charges for exchange or otherwise in connection therewith.

Payment into Public Account to meet interest.

38. (1.) The General Manager shall, within sixty days after the close of each financial year, prepare a balance-sheet and statement of accounts of the State Fire Insurance Office made up to the close of that year, together with a report on the year's business, and lay the same before Parliament if sitting, or, if not, then within fourteen days after the commencement of the next session.

Annual balance-sheet and statement of accounts to be laid before Parliament.

(2.) Such balance-sheet and statement of accounts shall be in the form set forth in the Schedule hereto, or in such other form as may be prescribed by regulations.

39. The Audit Office shall have in respect of the General Manager, the Deputy General Manager, the Board, the State Fire Insurance Office, the accounts thereof, and all persons employed therein, and all other persons employed under this Act, all the powers it possesses under "The Public Revenues Act, 1891."

Powers of Audit Office.

40. The Treasurer shall at all times have full access to all the books, accounts, and papers of the State Fire Insurance Office; and it shall be the duty of the General Manager, and the Board, to furnish him with all such returns and information as he from time to time requires.

Powers of Treasurer.

Property.

41. The General Manager, with the consent of the Board, may from time to time, but solely for the purpose of acquiring as the property of His Majesty premises for the transaction of the business of the State Fire Insurance Office, and in each instance out of such moneys in the State Fire Insurance Account as are appropriated for the purpose by Parliament,—

General Manager may acquire premises for transacting business.

(a.) Purchase or take on lease in his official style and capacity any land, with or without buildings;

(b.) Erect, alter, or add to buildings on land acquired by purchase or lease under this section.

42. With the like consent the General Manager may from time to time sell or lease for any term not exceeding forty-two years any land or buildings acquired under the *last preceding* section which are found not to be needed for the transaction of such business as aforesaid.

Power to sell or lease same if not needed.

43. The State Fire Insurance Office is hereby declared to be a public office within the meaning of "The Public Securities Act, 1895."

Office declared to be a public office.

Application of Profits.

44. Subject to the provisions of this Act, the net surplus profits of the State Fire Insurance Office for the period ending the thirty-

Surplus profits to be used for Reserve Fund

and payment of bonuses.

first day of December following the expiration of three years after the first insurance is effected under this Act, and for each triennial period thereafter, shall be applied in manner following, that is to say:—

- (a.) As to one-half thereof, in making a Reserve Fund, which, with all accumulations of interest thereon, shall be applied, held, and invested by the General Manager under the provisions hereinbefore contained; and 5
- (b.) As to the other half thereof, in dividing amongst and paying to such persons as at the close of such period are actual insurers in the State Fire Insurance Office bonuses, bearing, in the case of each such person, the same proportion to the total sum to be divided as the total amount paid by him in premiums during that period bears to the total amount of premiums received during the same period from all such persons. 10

When division and payment to be made.

45. The periodical division and payment of bonuses shall, without further appropriation than this Act, be made as soon after the close of the period as is practicable, and in such manner as is prescribed by regulations. 15

Statement to be submitted to Treasurer and laid before Governor in Council before division.

46. For the purposes of each periodical application of net surplus profits the following provisions shall apply:— 20

- (a.) As soon as practicable after the close of each period the General Manager shall prepare and submit to the Treasurer a report and statement of accounts made up to the close of such period, and approved by the Board and the Audit Office, showing,— 25
- (i.) The net surplus profits for the period, after making full and detailed provision for sinking funds, reserve fund, unearned premiums, depreciation of properties and securities, bad and doubtful debts, and all other deductions and contingencies for which, in the opinion of the Board or the Audit Office, provision should be made; 30
- (ii.) The proportion of net surplus profits respectively available for reserve fund and for bonuses;
- (iii.) The total amount of premiums paid during the period; and 35
- (iv.) Such other particulars as are prescribed by regulations.
- (b.) The Treasurer shall forthwith lay such report and statement before the Governor in Council. 40
- (c.) Subject to such modifications (if any) as is directed by the Governor in Council within twenty-eight days after such report and statement are so laid before him, the net surplus profits as therein appearing shall be applied in manner therein specified. 45

Regulations.

Regulations.

47. The Governor may from time to time, by Order in Council gazetted, make regulations for all or any of the following purposes, that is to say:—

- (a.) The conduct of the business of the State Fire Insurance Office; 50

- (b.) Prescribing the powers, functions, and duties of the Board ;
- (c.) Prescribing the functions and duties of all persons employed under this Act, and the forms, amount, and nature of the securities to be furnished by them ;
- 5 (d.) Exempting any person employed under this Act from the examinations prescribed or conditions imposed by any law for the time being in force affecting or regulating the Civil Service ;
- 10 (e.) Establishing a Mutual Guarantee and Benefit Fund, to be contributed to and shared in by the members of the permanent staff, and prescribing the conditions and extent to which such fund may be supplemented out of the State Fire Insurance Account ;
- 15 (f.) The custody and control of the moneys in the State Fire Insurance Account, and the payment of moneys to and the withdrawal of moneys from that account, the mode of keeping and rendering that account, and any other account or balance-sheet in connection with the State Fire Insurance Office ;
- 20 (g.) The receipt and payment of moneys under this Act ;
- (h.) Determining what moneys under this Act shall be invested, and in what securities, and with what margin of value ;
- (i.) Fixing the maximum amount to be invested on mortgage from any one borrower, and the maximum amount to be advanced on any one security ;
- 25 (j.) Prescribing what books and accounts shall be kept, and in what form ;
- (k.) Determining the principle and method to be adopted in valuing fire risks, and in accepting, rejecting, or cancelling such risks ;
- 30 (l.) Classifying buildings and other risks for the purposes of insurance or reinsurance ;
- (m.) Defining the conditions subject to which insurance or reinsurance may be effected ;
- 35 (n.) Prescribing the events on the happening whereof insurances or reinsurances shall be deemed to be void ;
- (o.) Fixing the maximum risk to be taken, and the minimum margin of value to be required ;
- 40 (p.) Prescribing the forms of policies and claims, proofs of loss, and all other documents issued under this Act or used in connection with the business of the State Fire Insurance Office ;
- (q.) Prescribing whatever is deemed expedient with respect to the mode of granting insurance under this Act in the case of builders' risks, and other insurances for short specified periods, and the terms and conditions thereof ;
- 45 (r.) Protecting the interests of mortgagees, assignees, and others in respect of property insured under this Act ;
- (s.) Determining the mode in which shall be done anything by this Act expressed to be prescribed ;
- 50 (t.) Imposing a fine not exceeding *ten* pounds for the breach of any such regulation ; and generally for

(u.) Any other purpose that the Governor deems expedient for the efficient administration of this Act, or for which, in his opinion, regulations are contemplated or required by this Act.

Such regulations shall be laid on the table of the House of Representatives within ten days after the commencement of each session. 5

Schedule.

SCHEDULE.

REVENUE ACCOUNT of the State Fire Insurance Office, for the Year ended 31st March.

£ s. d.	£ s. d.
Amount of Fire Insurance Funds at the beginning of the year.. ..	Losses by fire (after deduction of re-insurances)
Premiums, after deduction of re-insurances	Appropriated to Reserve Fund
Other receipts (details to be specified)	Appropriated to reserve for unearned premiums
	Interest on capital raised, guaranteed by Government
	Commission
	Salaries
	Expenses of management (details to be specified)
	Other payments (details to be specified)
	Amount of Fire Insurance Funds at end of the year
£	£

BALANCE-SHEET of the State Fire Insurance Office on the 31st March.

Liabilities.		Assets.	
£ s. d.	£ s. d.	£ s. d.	£ s. d.
Capital authorised by "The State Fire Insurance Act, 1903"	Less not raised	Investments (details to be specified) ..	Landed and house property
Net		Agents' balances	Outstanding premiums
Reserve Fund		" interest	Interest accrued but not due
Reserve for unearned premiums		Cash	Other assets (details to be specified) ..
Fire Insurance Funds as per Revenue Account			
Other funds (to be specified)			
Outstanding fire losses			
Other sums owing by the office (accounts to be specified)			
£	£	£	£