

both of a man of business and as one more or less well known to the persons whom he would have to meet. Mr. Reid had been unable to find any one whom he could recommend, and we came to the conclusion that, if Mr. Driver could be induced to take the business, it was important he should do so. After several weeks, Mr. Driver intimated that he was willing to take the appointment at £800 a year, and a commission added which would yield £200 the first year. This was brought before a special committee in Wellington, and agreed to be recommended to the Board. The recommendation was made to the Board, and adopted. It almost immediately afterwards transpired that the overriding commission was not calculated, as agreed, to yield £200 the first year. The Board thought it was better to guarantee the amount of £200 for the first year than to raise the amount of commission. As the matter now stands, Mr. Driver would be entitled the first year to £800 and a guaranteed commission of £200 for the year; but, after the expiration of the first year, he would only be entitled to a salary of £800 and so much as the commission may yield him; and if that commission yielded him no more than it would have yielded him in 1885, it would not exceed £60 or £70. So that he has to depend upon his being able to increase the net results of the business threefold to get £200 next year. I notice that the evidence of various officers—especially that of Mr. D'Arcy Irvine—is strongly adverse to what he calls the introduction of persons who are not experts. I have a high opinion both of Mr. Irvine's ability and honesty of purpose; but, knowing what I do of life insurance, his pretensions about experts seem to me almost ridiculous. Of course, it is natural with every occupation to set up a trade-unionism; but, while special knowledge is certainly required by some officers in a life insurance department, it is very little required in others. For example, not one of the present members of the Board, before they joined it, I believe, gave any study to the subject of life insurance. But they certainly soon enough mastered its details to enable them to introduce valuable reforms in the management of the institution. Mr. Bell has really not done himself justice in what he tells you about the reforms which he was mainly instrumental in introducing in the way of securing a careful selection of lives. I have always considered that his action in this matter has been so valuable that, no matter what else has taken place, it stamps the value of the services of the Board since it has been in existence. It is equally of value to the policy-holders, whether or not business has increased or decreased. I trust I may be allowed to say something on the subject of life insurance generally. Contracts for life insurance are considered to extend over a period of some thirty years. There is no guarantee whatever of the solvency of an institution furnished by the amount of its reserve fund or by the splendour of its surroundings. I need scarcely say that frightful sufferings have been occasioned by offices which, apparently in the very zenith of their prosperity, have been compelled to succumb to actuarial calculations which proved them to be unsound. When I was first the means of introducing the Government Life Insurance in New Zealand the ground was virtually uncovered by any other institution. Since then there are a great number of insurance offices, but they are all of the kind known as mutual offices; and mutual offices are offices which do not give the security which is afforded by offices in which there is the share-capital to back up the assets of the association. The amount of the reserve fund of a mutual office does not afford the smallest guarantee of its soundness, unless that amount is considered in comparison with its liabilities. The mutual offices make it the practice to divide profits periodically, those periods being from one to five years. And, although, no doubt, in making the division of profits, they are very liberal in the way of retaining sufficient margin for their outstanding liabilities, yet in theory, when the division takes place their assets balance their liabilities, and they are left without any capital. It is clear, then, that if they have a disastrous period, during which there has been an actual loss, they have not the means of calling up capital; and then they can be as rudely subjected to a panic as can a bank whose solvency is called in question. Most of the mutual offices undertake to pay a certain value on policies after they have been two years in existence; so that policies two years old are, like bank-notes, capable of being placed before the officers and gold demanded for them. It is very evident that, in the event of a panic, persons with good lives would take the withdrawal-value, making up their minds to insure in other offices, and the office be thus left with the lives that were not reinsurable. Another drawback to which mutual offices are subjected is the inequality of their risks. The chief office in the colonies averages about £300 on all its policies, and yet it takes some risks as high as £10,000. Under these circumstances it would be seen what may be the possible effect of an epidemic in any of the chief cities in which these institutions do business. It is clear to my mind, therefore, that whatever reasons existed for the Government of New Zealand undertaking life insurance at the time when it commenced to do so exist more powerfully at the present time. The New Zealand Government office, combining as it does the absolute security of the State with the division of profits to policy-holders, offers inducements which no other office in the world can offer. Under these circumstances the question arises, why should it be necessary for the Government to have resort to canvassing as those offices do? I have already mentioned that the business brought to an office over the counter means the saving of a large cost for canvassing expenses; but I may further say that there is a class of business enormously pursued in other countries which is, I believe, altogether absent in New Zealand—the class of insurance for covering large business operations, marriage settlements, and other transactions of the kind, in which the element of the life of the person concerned forms an important part. The difficulty with regard to pushing such a business is that our limit is only £4,000, and that there are no proprietary offices in the country in which it would be safe for the Government to reinsure. Clearly the Government could not reinsure with mutual offices. Therefore I may say that it is for the interest of the Government institution that some large proprietary offices should be induced to come here. You have heard the evidence of the officers of the institution to the effect that the business would dwindle to nothing in the absence of canvassing, and you will consider how much weight should be attached