

Dr. Coughtrey as medical referee. We find his suggestions often very pointed, and always exceedingly useful.

495. In your opinion, would the difficulty arise in refusing lives that the medical man might think safe, or does it arise from having to consider how those lives should be loaded?—Both points arise. We sometimes reject lives that the doctors have recommended us to accept.

496. Do you think that there would be any danger of the Board accepting lives against the advice of the medical man?—There is that danger sometimes, though I should imagine it is rare. But there is also the danger of the Board accepting lives on the recommendation of the medical man. I do not think that danger would arise often. I am not aware of our Board having ever looked at or considered the lives that the medical man recommended us to reject.

497. This would point to the all-important fact that, in order to have this insurance safe for the Government and safe for the investors, the Manager of the Board should be a first-class trained man?—Yes.

498. With very high qualifications, with honesty of purpose, and so on, and that he should also have a Board of Advice to act with him?—Yes—to act with him in dealing with lives, and only with lives. I assume, of course, that there will be an actuary or actuaries always connected with the association, who will advise on tables, valuations, &c.

499. I understood you to say that your opinion was that it was not the best way to have Government men touting for lives?—No; I do not think it is proper at all.

500. I ask you, further, does not that touting for lives and employing so many agents necessarily cause considerable expense?—Great expense.

501. Does it not also cause a great deal of additional work on the part of the Board when they have to consider those lives?—Yes; a great deal of extra work is imposed in every way.

502. Do you think that those men who are touting will endeavour to do as much business as possible, leaving a good deal of responsibility upon the Board, and thinking very little themselves, in some cases, as to whether the lives should be taken or not?—Well, I have no doubt the agents will try to make as big commission as they can. I am not aware that any agent would act in a way he thought dishonest; but he may think he does not require to exercise so much care as the medical officer of the Board.

503. He would leave it to them to make objections?—He would cast the responsibility on the medical officer of the Board.

504. *Mr. Stewart.*] You expressed an opinion in reference to the way in which the association should be managed. What would you do with the present buildings which have been purchased?—I would sell them if the Insurance went back to the Government; but so far as Dunedin is concerned, they will have to get some offices, as the present offices are not suitable. There would have to be something done in Dunedin in regard to General Government offices, as we are now paying high rentals.

505. Looking at the matter purely from the Insurance Association point of view, and in the event of the institution being managed on the lines you have already indicated, do you think that the purchases already made would have to be got rid of?—Well, so far as Dunedin is concerned, they might arrange to have their offices in part of the buildings, and sell the rest. If the market goes up they might so arrange it. My opinion is that, if the Government took over the association, they might arrange to build on part of the land, and make that available for the Official Assignee and various other officers they have now. The men are living now almost in lobbies.

506. When you recommended the purchase of Wise's corner, how did you expect the purchase to turn out—that is to say, as to percentage?—I thought, from the percentage on the rentals, that $5\frac{1}{2}$ or 6 per cent. might be considered as the return for the property.

507. You are aware that the buildings were of a dilapidated character, and would have to be pulled down?—I do not think they required immediate pulling-down. Wise's corner would always have yielded a good rent. It is a fine business-site. The building is old, but the Otago Hotel is not a dilapidated building, and the building north of Wise's building is new.

508. Speaking generally, do you think that such a class of buildings was required by the association?—If you want to go into business like the other insurance associations you would have to put up a new building on a part of the site.

509. Is the land not too valuable for the buildings now upon it and for the price paid?—I do not disagree with you. No doubt it is the most valuable building-site in Dunedin.

510. Did you not take into consideration, when recommending the purchase of the site, the question as to how it could be made a paying concern?—I have no doubt whatever that, if it could return 6 per cent. with the present buildings, which are in part dilapidated, then, with the cost of the new buildings added, it ought to give a higher percentage. I may say that the way to test the value of the purchase would be to take what the Australian Mutual Provident Society paid for the corner at Dowling Street and Princes Street, and compare it with what the Government Insurance paid for Wise's corner. Every one who has been in Dunedin knows that there is no comparison between the two corners for business purposes. The latter is worth double for business purposes; and yet the Australian Mutual Provident Society paid from £23,000 to £26,000, although the buildings on the site were not half so good as the buildings on the site purchased for the Government.

511. I understand you looked at the property simply in its then state?—Yes. I will say this: that, supposing I had the money to invest, I would have given that money for it. I considered it a good investment, and I still think so. Of course, during the last two years, through the fall in the price of wool and other staples, Dunedin has been in a very depressed state. If the property is kept for a year or two and utilized, the Government Insurance will make money out of it.

512. You stated that there is a great danger in investing money on real property?—Yes.