

doubt the recent purchases of building-property have not given satisfaction to a good many policy-holders, and they have lapsed the policies in consequence. Although the agents of other offices have largely exaggerated these matters, the fact remains that, in my opinion, those purchases have done us harm. Mr. Driver's appointment has also done us injury.

756. I wish you now to speak of surrenders. Why are there surrenders?—Well, the surrenders arise from the depression—people getting short of cash throughout the colony—and also the other reasons that apply to lapses.

757. What has been the new business within the last year?—The new business has been £860,000.

758. Has the new business been what you reasonably expected it should be?—I did hope to be able to get a million of new business for the year; but I think, considering the many offices in the field, we have done very well in getting what we have.

759. Why was the Dunedin agent superseded?—Mr. Clapcott, who was previously in charge, was both chief agent for Otago and lecturer for the whole colony. It was found that the two positions did not go together very well. I found, as Inspector, that when it was necessary that Mr. Clapcott should be, perhaps, lecturing in Invercargill, the Dunedin business could not be properly attended to. I thought it was unfair to put a man in a position where he was expected to keep down lapses and surrenders and attend to the ordinary business in Dunedin, and at the same time require him to be lecturing out of Dunedin. I did not think the two offices were compatible. In the course of my inspection I proceeded to Dunedin and reported fully upon the matter. I think Mr. Clapcott gave me a letter, saying that if it was thought his services could be more useful to the association in the capacity of lecturer, he would be willing to take that appointment. I forwarded my report, enclosing the letter, to the General Manager for the decision of the Board.

760. What did you recommend?—I recommended that, if Mr. Clapcott were appointed lecturer for the colony, his place should be supplied by a man of previous experience in insurance business; but my report was not acted upon, nor do I know that it ever went before the Board.

761. *Mr. Mackenzie.*] What date was this report?—I think it was in November last.

762. *The Chairman.*] Were you consulted about the appointment of Mr. Driver?—I was not.

763. As to the 2s. 6d. overriding commission given to the agents: how much would the 2s. 6d. overriding commission of the Dunedin agent amount to in the year?—It entirely depends on the amount of business introduced. I think, taking Mr. Clapcott's business as a guide, it would amount to something like £70 a year.

764. Do you know what it amounts to in Christchurch or in Auckland?—Last year in Christchurch it amounted to £196. Of course, it depends upon the lapses and surrenders being kept down and the business increased in the district.

765. Did you advise respecting purchases of buildings?—I was never consulted, nor did I give an opinion upon them. It is outside my province.

766. As Inspector in this insurance business, do you think it is necessary for the association to have large buildings?—Well, no doubt in the past we have had complaints made of the small premises in some of the larger post-offices, on account of the business generally increasing and the great additional traffic in the post-offices. If we had those large buildings we ought to certainly conduct our business in them.

767. *Mr. Levestam.*] You say that the lapses have increased largely owing to bad times?—Yes.

768. Did you canvass as actively in the bad times as in the good times?—We canvassed in districts where we thought business could be obtained.

769. And still the result is that the proportion of lapses has been greater during the past year?—I think the lapses have been nearly as large during the last year; but I do not attribute that in any way to any excessive canvassing.

770. It appears the expenses during the last year have increased: is that chiefly through more active canvassing?—No; but the increased difficulty in getting new business has helped to increase the expenses.

771. Do you know what the increase of expenditure has been during the last year?—I know it has increased by 4 per cent.: it is from 16.1 to 20.6.

772. Do you know what the increase of funds has been during that year?—You can see that from the balance-sheet.

773. You say that the agents are to make out that the Government office is the best, and to make the most of the figures?—Yes.

774. By doing so are they not running down the other offices?—I do not think it runs them down. We give the facts and figures of the other offices—their accumulated funds, their premium income, and generally the conditions upon which their policies are issued; and we also state correctly the same figures and conditions about our own office.

775. Do not the other offices show that they are more advantageous to insurers?—I have no doubt they try to do so.

776. Do you know if any of the agents have advertised that they would lend money belonging to the association at a certain percentage?—No; not to my knowledge.

777. Have you never heard about that in Invercargill?—Now you mention it, Mr. Luckie did point out an advertisement which Mr. Pearson had published, and said he had given instructions to him to withdraw it. The agent had no right to publish such an advertisement.

778. Do you report regarding the capacity of medical referees?—When I am going the rounds of inspection throughout the colony I make inquiries regarding the professional ability of the referees, their position and habits, and report confidentially to the Manager as to whether it is safe or not that they should hold the appointment of referees.