

76. Would it not be likely that they would be refused registration on the ground that they could not give the information required by the Act to the intending member?—That is clause 16. My principal objection to the levy scheme is that members do not understand what will happen. Do they understand that these rates are going to increase as they get older?

77. Has it not been claimed by some of the witnesses that they are strongly in favour of societies being put on a really sound financial basis, and that they propose to do this by increasing the rates for new entrants?—Yes.

78. And did not the Conference two years ago stipulate that present members should be free from that?—Yes.

79. If the rates of an existing society were insufficient to keep it going, and a higher rate was charged on new entrants, would not that be somewhat disastrous?—The older lodges have had the advantage of a high rate of interest, but I do not think the interest will keep up to what it has been in the past. Five per cent. gross will be as high a rate of interest as any society may expect, whereas we have had it in the past as high as 8 per cent. It is hard to say what effect that will have on members who join at the later stages, at a higher rate.

80. Is it within your knowledge that some lodges have twice raised their contributions within the last twenty years, and now have three classes of members?—Quite so.

81. Is that not an indication that they have been able to recognise this difficulty?—Yes, that may be so.

82. Of course, you cannot give specific instances?—We could get them. Probably Mr. Traversi could give you some particulars.

83. With regard to the question of valuation, has any complaint reached you of the delay in getting the results of valuations—that they are practically useless because of them being belated?—Yes.

84. Is there any way by which that can be obviated?—Before the appointment of Mr. Traversi the position of Registrar and Actuary was held by one officer, who could not easily do the whole work, especially at at one time the office conducted other business; but since Mr. Traversi's appointment we have been able to clear off more valuations. It will take time to wipe off the arrears of work.

85. The real reason was that the officials were overburdened?—Probably so.

86. *Mr. Flatman.*] Did I understand you to say that there were a number of lodges which had not sent in their annual returns?—Yes.

87. Do you think it necessary that legislation should be provided to compel them to do so?—Penalties are imposed on them now.

88. How often are they imposed?—We have the greatest reluctance to go to extremities. If the Bill passes with the audit clause in it, it will enable us to get over a lot of difficulty. Where there is a reluctance to send in returns, and there is anything to cause suspicion, there is power provided for a special audit.

89. *Mr. Jennings.*] What is the experience of your Department, generally speaking, in regard to the investments of the various orders: are they safe, do you think, generally?—Taking them all round, I think they are.

#### ANTONIO THOMAS TRAVERSI examined. (No. 12.)

1. *The Chairman.*] What are you?—I hold the position of Actuary in the Friendly Societies Department.

2. How long have you held that position?—Since December, 1906.

3. Can you tell me what qualifications as an actuary you hold?—I am an Associate of the Institute of Actuaries of Great Britain and Ireland.

4. For how many years?—Since 1902, by examination.

5. What experience had you previous to this appointment?—I was formerly employed in the Government Insurance Department of New Zealand in the Actuarial Branch.

6. You have read this Bill?—Yes, I have been through the Bill.

7. And have you a statement prepared which you would like to give us?—Yes:—

I propose to deal at first more particularly with clause 16, which is aimed at the principle of assessmentism, and at the outset I wish to make it clear that assessmentism is merely another name for the equal-levy system—that is, the system whereby members of a society are called upon to pay for death claims as they arise, or, in the briefest possible phrase, it is the system of “passing round the hat,” all members making an equal contribution. I will proceed to show, apart from the practical examples which have been put in evidence, that it is quite delusive to suppose that life insurance can be carried on on the equal-levy plan.

Every one who considers the question for a moment should agree to the two following propositions: Firstly, every man should pay for his own average risk; secondly, the risk increases with the age of the person insured.

This latter fact is well known to all. As an example, according to the mortality of New Zealand friendly societies,—

At age 20 the death-rate is about 4 per 1,000.

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