

16. *Mr. Fisher.*] Is it not correct that the insurance company or society which has the most popular table is the one that has the higher proportion of lapses?—It depends upon what would be called the most popular table.

17. Is not the proportion of lapses under the tontine system very high?—That is a point I cannot speak about just at the moment. I can say, as regards popularity, that the insurance office with the highest scale of premiums tends to attract most people. I refer to ordinary insurance, and not industrial.

18. You said that the insurance companies with the highest premiums attract the most people?—Yes, because those offices are able to give bigger bonuses as a rule.

19. *Mr. Stallworthy.*] Do you know the average age of members in the Druidical Order of the North Island?—I can say that the average age is very low. I cannot give you at the moment the exact average age, but there are not more than twenty-eight or thirty of the members over age 65.

20. I understand that the average age is somewhere about 32?—That would not be very far wrong.

21. What is the payment chargeable for the funeral benefit of £20 for that average age?—The adequate contribution for the funeral benefit of £20 at age 32 is 5s. 10d.—that is, at 4 per cent.

22. For £100 would it be five times as much?—Yes. For £100 the contribution would be £1 9s. 2d.; but that would never increase for the remainder of the person's life.

23. On that scale, therefore, the Druids would require £1 9s. 2d. to find the £100 according to the adequate scale at age 32?—Yes. That is the contribution for age 32. Other ages would, of course, be different.

24. *Mr. Fisher.*] How do the proportion of lapses compare with the percentage of lapses in the insurance offices?—There is not a great deal of difference. I recently had to make a comparison, particularly in England, and I found that the rate of lapses among insurance offices and friendly societies was almost identically the same. I have not examined the matter quite so particularly in New Zealand, but there is not very much difference between them here, I should say.

25. You consider the Druids' scale of benefits unsound, regardless of the number of members—that is, as regards the levy system?—I certainly consider it is unsound as regards the levy system, regardless of numbers.

26. That is to say, that even with the limited number it could not be made safe?—It is not safe with either a limited or an unlimited number. There is only one way in which it could be made safe, and that is by charging premiums sufficiently high to allow of a fund being accumulated.

27. *Mr. Stallworthy.*] There seems to be some doubt cast on the actuarial calculations because of the increasing surpluses in some societies—that is to say, that the predictions of the actuaries have not been fulfilled?—In dealing with the matter like that, the actuary is in this position: that he has to look into the future. An actuary may tell you that a scale of contributions is inadequate at 4 per cent, but he cannot say that any scale is inadequate absolutely. He can only say it is inadequate on reasonable assumptions. If an actuary says a scale is inadequate at 4 per cent., and the lodge can earn 14 per cent. or 16 per cent., that would make the scale adequate. I can quote lodges which have made their scales adequate by earning 8 or 9 per cent., and if the actuary had been told that they were going to earn 8 or 9 per cent. he would have said that the scale was adequate. But such a lodge might not have a similar experience in the future. On the other hand, I can point to lodges where the contributions are adequate at 4 per cent., but the lodges afterwards fail to earn 4 per cent., with the result that they do not show surpluses. No actuary can tell what a body of men in charge of a lodge are going to do, and that is where actuarial science fails. We cannot tell what the human mind is going to do. I do not think it would be a safe thing for any lodge at the present day to adopt the scale of contributions on the assumption that 8 per cent. is going to be earned; yet, in spite of that, some lodges may earn 8 per cent.

28. Actuarial methods are an exact science if certain experiences come out?—Certainly, if that assumption is fulfilled.

29. *Mr. Jennings.*] Your objection is merely to the special extra levy in connection with the Druids?—That is so. My objection is confined to the special levy. As regards the North Island Druids' Society, a valuation is now being made, and, of course, any remarks or criticisms I may have to make on that society, in common with other societies, will be made when I make that valuation.

30. *Mr. Stallworthy.*] Is it not a fact that the process in a friendly society should be as follows: that on a certain number of persons forming the lodge, and the finances being properly managed, the payment of the sickness and death benefits would be absolutely secured throughout life down to the last member, even should there never have been a single new member introduced?—Yes.

WEDNESDAY, 30TH SEPTEMBER, 1908.

ANTONIO THOMAS TRAVERSI, Actuary, re-examined. (No. 12.)

1. *The Chairman.*] Members of the Committee desire to put a few questions to you in regard to your former evidence?—To begin with, Mr. Hayes, on page 35, indicated that I should describe the different steps taken by the American societies transacting assessment business. In the first place, they mostly commenced on a somewhat similar system to that followed in New Zealand—that is, collecting the exact current cost of the insurance as they went along. One of the first things they found out was that the lapsing members caused a loss to the societies, inasmuch as