they got twelve months' insurance for nine months' payments. Then some of them commenced collecting the levies in advance. After a while they found the levies persisted in going up. Then the next step was to charge a premium which was a little more than the current cost. Taking one particular society, they formed a fund of about £1,000,000 in that way, and in the course of some years that was absorbed, and still the death-rate and cost were going up. The next step taken by the society was either to dissolve or to place the payments on a proper actuarial basis; and whether they dissolved or not a great deal of hardship was caused. In the latter case the healthy members would leave and allow the unhealthy ones to pay for their own insurance. I might say that at present many of the societies in America have a much more scientific system than that followed in New Zealand at the present time. Of course, the movement took many other forms besides those I have described.

2. Can you say why, if the friendly societies can offer high funeral benefits at the low rates quoted in the annual report, the public prefer to take their insurance at the higher rates charged elsewhere?—The principal reason is that the friendly societies have neglected somewhat to cater for this line of business. I might say that people who go in for industrial insurance have to pay for various luxuries. In the first place, there is no medical examination, and if you take a lot of men without medical examination you must charge on a basis of higher mortality. In the second place, people wait to be canvassed by canvassers, and that means the payment of commission. In the third place, the premiums are called for by collectors once a fortnight or once a month, and that is a luxury the poor man has to pay for. If the friendly societies cared to go into this class of business on a proper actuarial basis they could do it at half the cost charged by the industrial insurance offices.

3. Can you say if the equal-levy system on the lines adopted in New Zealand is the same as the American system?—As I have already mentioned, the American societies now have a more scientific system than that followed in New Zealand; but still they are finding out that the business cannot be transacted on anything short of an actuarial premium. In the earlier days a great many of them thought they could do the business more safely if they introduced the lodge system and granted other benefits to members, such as sick and medical benefits; but they found, as they must find, that, whether they have other benefits or not, they cannot keep the levies down, as no system can keep the death-rates down nor force new members to join when the levies go up. Although run on more scientific lines, they are still finding out that they cannot do the business on anything but actuarial premiums.

4. Are you aware whether anything in the nature of an epidemic caused the high death-rate experience in the American societies?—No epidemic, except that of old age. I have compared the death-rates experienced by those American societies, age for age, with those experienced by the friendly societies in New Zealand, and I find they are almost the same; they are just a trifle higher. Perhaps I may refer to the fact that I have noticed in the newspapers a statement to the effect that the actuaries require provision to be made for earthquakes or epidemics, or calamities of that sort, but that statement is quite absurd: no such provision is ever made. We rely upon the law of averages to take its course.

5. The statement was made that the actuary counts all lodge members as married men, and debits them accordingly with their wives' liability?—That statement is not correct. In any case, there is a great deal of misapprehension on that point. It is quite clear that in the case of a single member it costs something to insure his prospective wife. If a thousand single men aged twenty-five came to me and asked for a cover of £10 to be paid on the death of their prospective wives I could not work that insurance without charging something for it; that is quite clear. It is also quite clear that if you have two men aged twenty-five, one married and the other unmarried, the prospective wife of the single man may die before the wife of the married man. That shows there is a risk, so it would be quite wrong for us to treat them as having no risk. There is another point: in connection with this I have seen this statement very frequently made, that only one-third of the members of a lodge are married, or one-half are married. That statement involves a fallacy similar to that of the equal-levy system. It is overlooked that those members are mostly young and will nearly all marry in the course of their lives. You are introducing new members—new entrants—and you are keeping down the proportion. As a matter of fact, the proportion of lodge-members who eventually marry is a great deal higher than one-third or one-half.

6. *Mr. Tanner.*] Is the proportion of those who marry as members of friendly societies above that of the general population?—So far as I have examined into it, it is. I have had one or two old lodges before me where there have been no new entrants for a good many years, thus allowing it to be seen clearly what is the marriage position; and in those cases there was hardly a member unmarried.

7. *Mr Stallworthy.*] You have been speaking of the scientific methods in America: what scientific methods are adopted in America that are not adopted here. In what respect do the equal-levy systems differ?—It would take a good deal of time to answer that question fully. There are very many systems adopted in America, but the main improvements are these: Firstly, they charge members according to age at entry—that is to say, if one member enters the society at twenty-five and another at forty they would continue to charge the man who joined at forty a higher levy all through his life. That is one improvement. Another improvement is that they take care that a member cannot lapse and leave his levies unpaid. He must pay something in advance. In New Zealand the member who lapses after twelve months gets twelve months' cover for nine months' payments. Another improvement is, recognising that the cost will go up later in life, they collect a little more than the cost in the early years to equalise the contributions in the later years. But at present they do not collect quite enough to do that. I think those are the main improvements when compared with the system here in force.

8. Is it general in America that they pay their contributions in advance?—I would not say it is general. I would say it is done in many of the cases.