

FRIDAY, 12TH AUGUST, 1910

PETER DENNY LESLIE further examined. (No. 4.)

1. *The Chairman* ] I suppose, Mr Leslie, that when your society undertook the work of establishing these tontine policies, it had printed and issued certain books of prospectus containing tables and all particulars of the policies?—Yes.

2. Will you lay on the table, for the information of the Committee, one or more copies of those books?—I am afraid I cannot do that, for this reason. It is now something like ten years since we discontinued tontine business, and I do not think I have got one single prospectus in the office now. If I had, you should have it. If you particularly require it, I have no doubt I could get one by referring to my principal office in Melbourne. But at present we have none here.

3. Is it not rather an unusual thing for a large company not to keep a file of all the printed matter and prospectuses that it sends out?—They keep a file at head office.

4. You cannot say definitely that you cannot let us have one?—No. I will make a search, and if I have a copy you shall have it.

5. Is it a fact that the complaint that these petitioners make has been very general throughout New Zealand?—We have had several complaints.

6. Are you not aware of your own knowledge that there has been very wide complaint against your society in connection with the working-out of these tontine policies?—There has been general dissatisfaction.

7. I understand that the position you, as resident secretary of the society, take up in connection with the matter is that the scheme was honestly conceived, but worked out in a disappointing way?—That is exactly the position.

8. Will you tell the Committee what the elements were, in connection with the scheme, that worked out unsatisfactorily, or in what respects the anticipations of the society were not realized?—I have a statement here which perhaps you will allow me to read, and I think it will help you. I am not quite sure that I defined the tontine system so clearly yesterday as I should like to have done, and if you will allow me I will deal with that now, and also touch on the point to which you refer. The tontine system, as practised by this society is only applied to the profits earned by the policies, and is in no way connected with the sums assured thereunder. The profits allotted to the various groups of tontine policies at each quinquennial investigation, instead of being subdivided amongst such policies and notified to the members in the usual form of bonus certificates, are "tontined," or reserved for a certain period of years.

9. Excuse me, but will you at this point explain what the meaning of the word "group" is? Would that be a group in a district?—No, a group of policies according to the year in which they are taken out.

10. Then the group refers to the policies of that year?—Yes.

11. *Mr Fraser* ] All policies of that character?—Similar policies. There are different kinds of tontine policies.

12. But a "group" refers to a particular class of policy—not policies issued in any one year—does it not?—It refers to both things—the period, and also the class of policy.

13. *The Chairman.*] Would that cover the whole of the policies of the society throughout the world?—Yes.

14. *Mr Hogan.*] Is not each group limited to a certain number?—No. To resume my statement: In the case of the policies issued by this society, ten, fifteen, or twenty years is chosen by the proponent at the time of effecting the assurance. The profits that have been reserved or tontined in the manner indicated, at the expiration of the chosen tontined period are divided among the survivors of that particular group of the tontine policies to which the profits referred. It will thus be seen that the profits that have been allotted to policies becoming extinct during the tontine term, either by death, lapse, or surrender, go towards the swelling of the fund for distribution amongst the survivors at the expiration of the tontine term, as a policy that is discontinued owing to any cause during the tontine term receives no profits whatsoever. From the above it is patent that the survivors of a tontine term must necessarily receive a larger amount in profits than if they had assured under one of the ordinary policies of the society, under which they would have received their profits in the shape of bonuses allotted to the policies at the end of each quinquennial period. The tontine system of dealing with profits was attached to the society's whole-life policies—viz., those under which premiums are either payable throughout the whole of life or for a limited number of years, the sum assured, however, being payable at death only—and also to its endowment-assurance policies, which provide for payment of premiums for a certain term of years to be chosen by the proponent, and not necessarily the same period as the tontine term, the sum assured at the end of such term of premium-payment being payable to the member, or, in the event of his previous death, to his representatives. The premium-rates for whole-life policies and endowment-assurance policies under the tontine system were exactly the same as for policies for similar amounts under the society's ordinary system of division of profits referred to above. It will be seen, therefore, that the effect of the tontine system upon the society's policies from the assured's point of view was that should he survive the tontine term he would receive a larger bonus, either in cash or in paid-up insurance, than he would have had he assured under the ordinary plan, but that if he died during the tontine period his executors would simply receive the amount assured without profits, or, in the case of certain policies known as mortuary dividend ones, his executors would receive the sum assured, together with a return of all premiums paid, but no profits. In addition to the obvious benefits of the tontine system of dealing with profits as outlined above, the survivors at the end of the tontine period have several different options open to them of dealing with their policies. The benefits under these options, six in number, are calculated upon a basis distinctly favourable to the assured—that is to say, the calculations are