25. *Mr Fraser* ] Did I understand rightly yesterday that the £104 surrender value is available at present to keep a certain policy alive, and what is the amount of the policy it keeps alive?—The surrender value is being used at the present time to keep the policy alive. The amount of the policy is £500

26. Was there not some mention of a policy of £174?—One hundred and seventy-seven pounds.

27 What was that?—That arose in this way: Under option D Mr Larsen would have surrendered the original policy, and would have received from the society in exchange a paid-up policy for £177, payable at his death

28. Without his making any more payments?—Without any other payments.

29 *Mr Hogan* ] If you do not fix the number in a group of tontine-policy holders, how can you say who are the survivors?—I explained that the policies were taken by groups in years.

30. I have a letter here from your office in which the number in the group is distinctly stated? Yes.

31. Your reply to my question about fixing the number in a group rather surprised me, because I fail to see how any tontine fixed for a certain number of years could ever terminate, since new insurers would be admitted to the group from time to time?—The number which you have in the group would represent the number of similar policies issued during that particular year

32 But there would be a number, would there not?—Yes.

33. It has been contended by some that people have been admitted to these groups after it has appeared to the insurers that the groups were closed. Is that so?—Not so far as I am aware. You must understand, of course, that these calculations are all made by the society's actuary at the principal office in Melbourne. None of that work is done in New Zealand.

34. But, of course, as resident secretary you would be conversant with the methods of conducting the business of the society, even in the head office?—Yes.

35. Can you give us instances of your paying the amount assured and the premiums to the representatives of any persons who were in Mr Larsen's group, but who died before the expiry of the tontine period?—Probably I could.

36. I do not ask for that information now, but I should like to know the position—if the group contained a certain number, how many in that group died, and how much was paid to their relatives?—Yes. That is information that will require to be obtained from the actuary in Melbourne.

37 *Mr Fraser* ] Would the money not be paid through your office here?—Yes. As a matter of fact I have two policies here which I intended to refer to to show the benefits arising under those mortuary-dividend policies in the event of death during the period. As it so happens, one of those I am going to refer to was taken out in the same year as Mr Larsen's. This is a policy issued on the life of a man named Mackay for £500, payable in twenty years. It is an endowment assurance, but it was tontined for twenty years. The profits were on exactly the same system as Mr Larsen's, and in the event of his dying during the period he was also to get a refund of his premiums. This man's policy was taken out on the 14th December, 1893, and he died in August, 1908—that is to say, he paid fifteen years' premiums, amounting to £421 5s. The claim was paid in October, 1908, and the sum paid out was the amount of the policy—£500—and the refund of all premiums—£421 5s.—making a total of £921 5s. That is an instance of a claim actually paid on a policy which was effected in the same year as Mr. Larsen's. There is another matter I should like to mention. In his petition Mr Larsen says, "Your petitioner was informed by the said company that the profits would be about £1,000 per policy at the end of fifteen years, and that on the expiry of that period he would have in addition a fully paid-up policy for £500." I say that is not correct. The company never informed Mr Larsen to that effect. The agent may have given him an estimate. That is quite possible, but I really think that he could not have given an estimate of that sort, because the amount named—£1,000—is—well, no office in the world could give such results. Then, as to the amount of the surrender value which was quoted in 1906: Mr Larsen applied to the society's office in Auckland for a quotation of the surrender value in 1906. When replying to him yesterday I was speaking from memory, and I said that the quotation had been furnished by a clerk in the Auckland office. That was correct so far as it went, but on looking into the matter yesterday afternoon I found that Mr Larsen's application had been sent on to Wellington. The quotation was given from the Wellington office, sent to the Auckland office, and repeated to Mr. Larsen I told you yesterday that a mistake had been made in calculating that surrender value, and that I would endeavour to prove to you that it was simply a mistake in calculating the amount. I am prepared to submit that proof to-day When an application for surrender value comes in, the clerk who attends to these matters fills up a form, which we have for the purpose, containing all the particulars relating to the policy Then he makes his calculations, and he fills in in this form the amount of the quotation which is given. That form is then filed in the guard-book, and is available for record for all time. Now, I have got the very form here which was prepared in the case of Larsen's policy [Document produced.] I have torn it out of the guard because the book was somewhat bulky You will see the quotation there. It is given as approximately £137 10s. I told you that I really did not know how this amount had been arrived at, but on looking into the matter I can see how it was done. There is no doubt that the clerk who calculated this surrender value made the mistake of taking the surrender value on £1,000 policy instead of £500 policy; and it is a mistake that, while it was very careless, might easily arise, because our tables of surrender values are on the basis of £1,000 policy. I have a table of loan values here which I am going to put in to show you. I find that in making the calculation the clerk made another mistake as well. The approximate surrender value of a 1,000-pound policy at that time was £147 10s., not £137 10s.; so that you note he made two mistakes. Fortunately his calculations in pencil are on the back of this form, so you will be able to see them for yourselves, and see exactly where the mistakes occurred. To explain how the calcu-