

position as a person who held a tontine policy under which he was not getting a refund of his premiums. The period has expired, and the special risk covered by the society disappears.

56. You consider that the scheme worked out exactly according to the working there?—Yes.

57. Although not so well as was anticipated?—Just so.

58. *Mr Hogan.*] There are evidently two kinds of tontine policies. one kind provides a greater advantage if the assured dies within the period, and the other provides greater advantages if the assured lives to the end of the period. It is not possible that the representative of the Colonial Mutual Society represented to these people who insured that their greatest advantages would be derived in living to the end of the period and not in dying before the end of the period?

You say there are two kinds of tontines. There are not two kinds. There is only one tontine policy. "Tontine" refers to the manner in which profits are distributed. Of course, there are all sorts of policies to which the principle of tontine can be applied—whole-life, endowment, mortuary-dividend policies, and others, but there is only one kind of tontine.

59. But the common tontine system is understood to be one under which a group of people insure, and at the end of the time all profits arising from the investments of the money paid to the office, and all forfeitures and dividends of other kinds, are divided amongst the surviving insurers, and the amounts they get are greater, and consequently they receive more benefits by living to the end of the time and getting a share of those profits than their nominees or relatives receive by the assured dying within the period?—That is so.

60. That is the common, every-day tontine policy?—Yes.

61. You admit that this of Mr Larsen's is the reverse—that under it it pays better to die within the period?—No, I do not admit anything of the kind. Mr Larsen has all those advantages which you have been setting out, but in addition he had a further advantage, for which he paid—that was, that should he die during the tontine period he would get a refund of his premiums. He had a proper tontine policy, but in addition to the ordinary tontine he paid an extra premium to secure himself against his dying during the period.

62. The difference, I understand, between a mortuary-dividend tontine policy and the ordinary tontine policy is that under the former it pays better to die within the period than to die afterwards?—Well, as the results have turned out, yes.

63. Is it not possible that your agent represented that it would pay better to live till the end of the term and then share in the profits that would be divided?—I could not say what he represented.

64. *The Chairman.*] Has the society corrected the mistake made in connection with the £137 quotation?—By advising Mr Larsen?

65. Yes?—Yes, it has been corrected, but not by letter. I did not know of the mistake until Mr. Larsen came to see me in my office.

66. How long ago is it since you became aware that there was a mistake?—Some months.

67. Will you please state what the correction should be?—Approximately, the surrender value of Mr Larsen's policy at the date of that inquiry by him was £73 10s., within a few shillings.

68. Instead of—?—The amount quoted, £137.

69. *Mr. Larsen.*] Do you not think the office should be held responsible for that mistake, when they never troubled to correct it?—No, I do not think so. The society did not become aware of the mistake until comparatively recently, when Mr Larsen advised me of the quotation he had got.

P D LESLIE further examined. (No. 5)

1. *The Chairman.*] What advantage was it to the society, when it had already got these people insured, to get them to change the form of their policy from ordinary life to tontine?—No advantage whatever

2. Then, do you mean to tell me that this second canvasser who went along and did all this work in getting these people to change their policies got nothing out of it?—I am not quite certain on that point. I think Mr Larsen said yesterday that the agent did get some little bonus from him.

*Mr Larsen.* He said he reckoned he was entitled to it for putting me in the way of such a good thing

3. *The Chairman.*] At the time these things were under negotiation, Mr Leslie, did the society issue instructions to its officers to endeavour to get people to change from ordinary life policies to tontine?—No.

4. Would this change be made, then, without any authority or instruction from the society?—Quite.

5. What advantage was it, then, to the canvasser to undertake this work and to persuade these people to change their policies?—As you have heard Mr Larsen say, he evidently expected to get something from Mr Larsen out of it.

6. If that was the case, would that be a special inducement to the canvasser to grossly misrepresent the position?—I cannot say

7. *Mr. Fraser.*] I gather that under the mortuary-dividend policy there was £3 a year extra premium paid?—Yes.

8. Then there was an advantage to the society in getting an exchange?—There was really no advantage to the society, because, although we were getting a larger premium, we were accepting a greater risk.

9. *Mr Buxton.*] Agents' commissions are computed on the amount of the premium, are they not?—Not always.

10. To an extent they are?—Not necessarily. Sometimes they are computed on the sum assured.

11. *Mr Allen.*] When the tontine period was ended, this man was paying £22 5s. by way of premium, instead of £19—£3 5s. extra—for the rest of his life?—Yes.