

The prospectus says, "The following pages contain estimates of the probable results of modified tontine policies based upon the published experience of offices transacting this class of business. The amounts are not guaranteed, they are, however, calculated on actual experience for a number of years, *and, even if the results should fall slightly below the estimates*, they will certainly be more favourable than could be looked for in any other form of policy."

When the paid-up policy *exceeds the original amount of the assurance*, a certificate of continued good health from one of the society's medical officers may be required before granting the member liberty to elect this mode of settlement. Mr. Larsen's policy is one securing the sum assured and a return of all the premiums paid *in the event of death within fifteen years*, but he has evidently been allotted the same bonus as ordinary tontine policies, and they are all equally short of the estimates.

There was little chance of these estimates being realized, but the position has been made worse by the reduction in the rate of interest, losses on investments, and the high rate of the expenses of management.

The rate of interest on the mean funds of the Colonial Mutual was reduced from £5 15s. 1d. per cent. in 1891 to £3 16s. 9d. per cent. in 1907, and is now about £4 3s. 3d. per cent.

In order to meet the demand for tontine insurance, the Department opened two—one in 1887, which was wound up on the 31st December, 1900; and the second in January, 1891, which will be wound up at the close of this year. *In connection with these tontines, however, no estimates were issued or used in any way.* The only difference between tontine and ordinary policies in this Department is that the bonuses are not negotiable until the winding-up of the tontine; but in all other respects they enjoy the same privileges—the ordinary bonuses are allotted to the policies every three years, and the extra bonus out of the tontine accumulations at the close of the period.

The ordinary bonuses on £500, thirteen years in force, came to £84 9s., and the extra to £21 3s., or £105 12s. in all.

There are several tontines conducted in a semi-private manner by the agents of the National Mutual Life Insurance Association. They are effected by taking out policies in the National Mutual, and assigning them to trustees. The rules differ slightly in the different tontines, but in some only the premiums with interest are paid in the event of death, and the sum assured remains to swell the share of the survivors.

I may say that, so far as I am aware, with the exception of the schemes associated with the National Mutual Life, no office transacting business in the colonies, whether American or colonial, is undertaking tontine business at the present time, so this question is not such a burning one as it would be if the business were still being carried on on the lines of extravagant estimates. I am quite prepared to answer any questions.

3 *Mr Fraser*] You said in your letter which we had read this morning that your office had never issued any policies similar to that issued to Mr. Larsen?—That is so. The Government Department has never issued a mortuary-dividend policy.

4. Do you know of any other office that issued such policies?—We do not know of any in the colonies.

5. And there are none now being issued like that?—There are not, so far as we are aware—in fact, we are pretty certain there are not.

6. *Mr Allen*.] What is your opinion with regard to this kind of policy? Is it wise to allow it to be launched unchecked upon the community, or do you think that by legislation or some other means there should be some check? Would it be wise to prevent by legislation any future issue?—I do not think so, as regards tontine policies where the bonuses only are tontined, if any company wants to transact that class of business; but I think that where the sum assured is tontined, and a man stands to lose the whole sum assured, it is hardly right.

7. Do you think it is necessary for legislation to be introduced to prevent it?—I do not think the conduct of the business by the companies now renders legislation necessary.

8. *The Chairman*.] Do you think it desirable that there should be legislation passed by which a check could be placed upon any wild-cat schemes of insurance that might be launched at some future time—such a check, I mean, as submitting a proposal to the Government for its approval before it was allowed to be launched?—Well, of course, the Government might pass legislation making some provision that forms of policy should be approved by the Government. The tendency is very much in that direction now under the Armstrong laws in New York, and I believe the policy-conditions have to be of a uniform character.

9. *Mr Allen*.] Do you mean that to apply to any life-insurance policy, whether tontine or otherwise?—Yes. Then, of course, if legislation is to be passed you will have to decide as to how these estimates are to be dealt with—as to whether they are to be part of the contract. It gets back to that every time—as to whether an estimate that is issued is part of the contract. The whole of this trouble in Mr. Larsen's case comes back to that.

10. Does this trouble of estimates arise now with ordinary policies?—I do not think so. Of course, agents, I suppose, do their best to get the risks.

11. Does the Government Life Insurance Office do that sort of thing?—I do not know whether our agents are better than others, but if we find an agent dishonest, and making false representations, we dismiss him.

12. Are there any pamphlets issued that are misleading—I mean, by any companies now?—Not that I know of. No pamphlet is ever issued by our office without my having seen it.

13. I mean, are misleading pamphlets issued now with regard to ordinary policies, by any office?—No, I think not. The companies behave in a fair manner, I think.