

47 *Mr Fraser*] If you would read from that circular the portions that you think pertinent to the Colonial Mutual Society and what is before us, when we have heard them we can ask you to go further if we desire you to do so?—Well, in this circular we discussed the Colonial Mutual Office very freely

48. *Mr Allen.*] What is the date of it?—The 29th March, 1888 The material part seems to me to be in the actual results of the Colonial Mutual Office. I have no objection to reading this part. It is a comparison of the actual results of the Colonial Mutual Society with their modified tontine estimates.

Both offices issue tontine policies of the same description The policies are the same as ordinary ones, with the exception that the profits are tontined—i.e., a fund is formed of the bonuses of those policies which become void by death or discontinuance, which is divided amongst the survivors at the end of the tontine period. There is not the remotest possibility of the values of whole-life tontine policies at end of tontine period being nearly equal to the full sum assured.

Another reprehensible practice of that society [the Colonial Mutual] is in connection with their tontine estimates. Although charging lower premiums than the Equitable of the United States, they publish the estimates of the latter society as results which they will be able to realize themselves. The following statement will show how much likelihood there is of such being the case, especially when the probable fall in the rate of interest is taken into consideration :—

Colonial Mutual's Actual Results for 10 Years, compared with its 15 Years' Modified or Semi-Tontine Estimates

Actual Results. (See Page 19 of Quinquennial Report.)					Modified Tontine Estimates. (See Page 12 of Prospectus.)				
Age.	Premiums paid during 10 Years.	Amount assured.	Class of Policy.	Cash Bonus in 10 Years.	Age.	Premiums paid during 15 Years.	Amount assured.	Class of Policy.	Estimate, Cash Bonus in 15 Years.
30*	£ s. d. 223 6 8	£ 1,000	Life	£ s. d. 29 0 0	30	£ s. d. 340 12 6	£ 1,000	Life	£ s. d. 177 12 6
40*	303 15 0	1,000	"	35 2 6	40	469 7 6	1,000	"	256 9 2
50*	430 16 8	1,000	"	38 9 2	50	707 10 0	1,000	"	427 19 2

* These policies were practically tontine, as no division was made for ten years.

(If a policy for £1 000, at age 50, in 10 years produced £38 9s. 2d. cash bonus, will a policy for the same amount, at the same age, in 15 years produce £427 19s. 2d.?)

On page 11 of the Colonial Mutual's prospectus are these words 'The following pages contain estimates of the probable results of modified tontine policies, based upon the published' [see note below] experience of offices transacting this class of business. The amounts are not guaranteed.'

NOTE.—No office in the world has ever completed a semi or modified tontine period. Semi-tontine policies were first issued in 1883.

Mind you, the actual results were non-tontine, because at that time they had no policies sufficiently long in existence to bring out the experience of an actual tontine.

49 *The Chairman.*] Would the tontine improve or reduce any profits?—The tontine would improve the bonus, naturally In our own office it means an increase of about 25 per cent. in the bonuses.

50. *Mr Leslie.*] With regard to those results and estimates, were the premiums paid the same in both cases?—No.

51 How does the difference arise?—One is for fifteen years, and the other for ten " Modified tontine estimates Premiums paid during fifteen years. Your estimated results for fifteen years are compared with the actual results of ten years. Supposing that your actual bonuses were increased by a half to make up the extra five years, roughly—that would mean that at age 30 the bonus was £44, as compared with the estimate of £177 At age 40 the bonus would be about £47, as compared with £256 estimated, and at age 50 the bonus would be about £57, as compared with £427

52 *Mr Allen.*] Where did you get the estimates of the Colonial Mutual Society from?—From one of their prospectuses.

53. *The Chairman.*] Have you any pamphlets issued by the Colonial Mutual Office dealing with the particular class of policy that Mr Larsen went in for?—I could not say without looking up.

Mr Fox That one that Mr Leslie put in is one. The only other one that we have in connection with it is called 'Tontine Investment Fund Policies.' That is an absolute tontine, which they discontinued.

MORRIS FOX, Actuary, Government Insurance Department, examined. (No. 9.)

1 *The Chairman.*] That pamphlet does not deal with this case?—No. This one [produced] is a prospectus that was issued about that time by the Colonial Mutual Society

2 Would you be kind enough to take Mr Larsen's case, and show us from the society's prospectus an analogous position, according to their tables?—Yes. This is the Colonial Mutual Society's modified tontine estimates—estimated results of ordinary life policies.

3. *Mr. Fraser*] Not tontine policies?—But under Mr Larsen's policy the profits were allotted on the same basis as with an ordinary life policy Mr Larsen's age was 39 Taking