

955. What was the result?—It was unfavourable as to one of them.

956. Did the Board, notwithstanding this unfavourable report, still act upon the valuation and make the loan?—The loan was made.

957. Is it not one of the rules of the association not to lend more than 50 per cent. of the value?—Yes; that is the limit defined by the Act.

958. In this case, did they exceed their limit?—The limit would be reached when the £4,000 was expended on the buildings.

959. Does the Board take into consideration the value of the security when fixing the rate of interest?—Of course, if they had a large margin of security they might do business with a client at less than they would otherwise.

960. In loans of undoubted security, do the Board charge less than 6 per cent?—No; we never lend money at less than 6 per cent. on mortgage.

961. If the security is undoubted, does the Board charge a less rate of interest than 6 per cent?—No.

962. Do you know of any instances of the Board having lent money upon security that was not first-class, and only charged 6 per cent?—I should not like to say, because it has not been part of my duty to acquaint myself with the current value of property in the various districts of the colony.

Mr. F. H. D. BELL in attendance, and examined.

963. *The Chairman.*] We have asked you to attend to give such information as you may wish in reference to the working of the association. Would you like to make a brief general statement to the Committee before being asked any questions?—I do not desire to make any statement.

964. When did you first take your seat at the Board?—Sometime in January. I then sat for only one or two meetings. I did not again sit until, I think, March. I was ill.

965. You were an elected member?—Yes.

966. Would you state whether, in your opinion, the business of the association was in a satisfactory condition when the Board commenced its operations?—In one or two respects I think it was not. In the important respect of the precautions taken before a life was accepted, I think it was unsatisfactory.

967. Will you state the reasons?—The proponent was first examined by the medical officer of his district, and his report came to Wellington, where it was examined and further reported upon by the Chief Medical Officer, and, in some cases only, by the Actuary and the Secretary, but always by the Commissioner, who is now the General Manager. We found that, in many cases, where the officers disagreed as to what loading should be imposed, or as to whether a life should or should not be accepted, the Commissioner determined the question, and apparently without reference to, or without sufficient consideration of, the opinions of the officers. In some cases which I brought before the Board myself, a loading had been imposed by the Commissioner which was less than that recommended by any officer. The Board at once altered this, upon my motion, and passed a general resolution to the effect that the maximum loading recommended by any officer should always be adopted, unless the Board should otherwise specially order, and that the utmost precaution should be taken.

968. Do you remember if there was any other alteration made in the practice of the business in the way of reform?—Of course an important question was that relating to investments. Previously the Commissioner had no power alone to make investments; his power was very limited, and was subject to such precautions taken by the Colonial Treasurer, not only to protect the institution, but also to protect himself from any suspicion of partiality, that investments could not properly be made under the management as it existed before we took office. We found an immense amount of money out on Government bills and debentures, and on deposits. I think we remedied that to a considerable extent.

969. Those funds were, then, practically not being invested to the best advantage?—We thought not. We thought that 4 to 4½ per cent. was not sufficient.

970. Speaking on the question of investments, will you briefly describe your present mode of dealing with applications for loans? How did you, as a member of the Board, and the Board deal with them?—They are always dealt with at the meetings of the Finance Committee, which is a Committee of the whole Board, and sits on Monday evenings. It reports to the Board at its meetings held on Wednesday evenings. The applications are received from all parts of the colony, and the Finance Committee first considers whether the security suggested is such as it would in any case recommend an advance upon. It reports its opinion on that point to the Board, with a recommendation either that the application should be declined, or that a valuation should be made. Then, we have a number of valuers in each district, whose names were, in the first instance, suggested by the Bank of New Zealand, our banker. To these lists of valuers additions have been made from time to time, at the suggestion of members of the Board. The Board refers the applications which have been recommended by the Committee to one of its valuers in the district, and upon receipt of the valuation, with remarks by the District Agent (in many cases, not in all), the Finance Committee again considers the matter upon the valuer's report. It either recommends the Board to accept or decline. It must recommend the Board to decline if the valuation does not show a margin of 50 per cent. But, even if the valuation does show the required margin, the Finance Committee may, and in some cases does, recommend that the application should not be granted; but in that case it pays the valuation-fee itself.

971. Will you state to the Committee how far the new system adopted by the Board has worked satisfactorily or otherwise?—I think it has worked very satisfactorily in the matter of investments. The results of our investments, exclusive of Government securities, but including the railway debentures, which were the investments of a previous Government, show an interest of £6 1s.; and if you take in the loans on policies, of which the less we get the better for our own business, the interest