

1145. Are you aware that in the last actuarial report the actuaries suggested the distribution, in the form of bonus, of £60,000 upon the basis of $4\frac{1}{2}$ per cent. interest?—Yes; it was possible at that stage in the history of the Government Life Insurance to do that. We were then at what may be called the “infantile” stage—our liabilities, our death-claims, had hardly begun to fall in upon us. But we are now approaching the dangerous period in the existence of any life insurance company—namely, the end of the first twenty years, when the death-claims, the claims under matured policies, and the withdrawals or surrenders begin to tax the resources of a company most severely. Those claims which really formed the liabilities of the association had not fallen in to any extent, and thus it was possible at that period of the association’s existence to distribute the sum of £60,000 out of investments which were not yielding more than $4\frac{1}{2}$ or 5 per cent.

1146. Well, are you aware, then, that in the same report of 1880 the London actuaries, on the ground just stated by you, that claims would fall in in the future faster, probably, than they had in the past, still maintained $4\frac{1}{2}$ per cent. as the amount of interest that the association would safely require?—I have not read the report.

1147. Then, you are not aware of that?—No. Our minds evidently run in the same groove in regard to the increasing liability of the association in years to come; but I cannot conceive their having said that $4\frac{1}{2}$ per cent. would pay us. I can understand their having said that $4\frac{1}{2}$ per cent. would be sufficient to cover our liabilities—that is the strictly actuarial question—but I am certain $4\frac{1}{2}$ per cent. would not provide a bonus as now.

1148. Would you be astonished to find from the report of 1880 that the actuaries suggested that $4\frac{1}{2}$ per cent. interest was rather too high to calculate upon?—I am not aware of the fact. I answer the question in this way: that the actuaries themselves have calculated our liabilities upon a $4\frac{1}{2}$ -per-cent. basis—that is to say, we must get a return of $4\frac{1}{2}$ per cent. to cover our liabilities; but, then, we should get $4\frac{1}{2}$ per cent. *plus* cost of investing, cost of Board management, use of offices, &c., else we lose. I take the statement of $4\frac{1}{2}$ -per-cent. valuation of the actuaries as net. It takes $4\frac{1}{2}$ to save us from absolute loss.

1149. *Mr. Holmes*] Then, 5 per cent. interest would be ample?—It would just cover us. But, as the moneys dealt with by this association are the moneys of the policy-holders and not the moneys of the Government, why should we not get the best return from our investments? I may mention that, owing to the excellence of its investments, the Australian Mutual Provident Society at the present time distributes annual bonuses, and in very many cases those bonuses are greater than the annual amount of premium paid. Therefore it is hardly to be supposed that we can continue to compete successfully with a company which treats its policy-holders upon such favourable terms.

1150. *Mr. Mackenzie*.] Were you in favour of closing the industrial branch?—Yes; upon the actuarial representation that it did not pay.

1151. Am I justified in gathering from your remarks that you require this association to be worked as a trading-concern for the interests of the policy-holders?—Certainly. I want the best return I can get for my own investment as a policy-holder.

1152. Are you aware that this association was originally started for the purpose of encouraging thrift?—Yes; but it has within the past five years drifted entirely away from that position: It has asked people to join upon the principles which prevail in respect to other life insurance companies.

1153. But you are aware that it was started originally for the purpose of encouraging thrift?—Yes; on the lines of the English Government Life Insurance, which limited policies to £50.

1154. And that it should still be supported for that purpose—that it exists according to law for that purpose?—Excepting that, as I have said, the association has gradually and surely drifted away from the lines upon which it was originally founded.

1155. You admit that, while the object was originally the encouragement of thrift, that is the object still?—No; I do not say that. I want to encourage thrift in my own particular case by getting a return upon my investment equal to what I can get elsewhere.

1156. You have stated already that the State started this insurance for the express purpose of encouraging thrift?—Yes.

1157. Then, if the interest of the policy-holders *per se* and the interest of the public should come into conflict, you think that the policy-holders are entitled to the highest consideration?—I say Yes, most decidedly. The moneys dealt with are the moneys of the policy-holders. They are not the moneys of the public.

1158. *Mr. Holmes*.] Does not this association charge a lower rate of premium than any of the life insurance offices?—Yes.

1159. Then, do you expect this association to charge a less rate of premiums and also yield an equal bonus?—I should be willing to receive a bonus less in amount in proportion to the reduced rate of premiums paid.

1160. Do you care personally about the State guarantee?—Personally I care nothing for the State guarantee. The association is strong enough financially to stand upon its own legs without any aid whatever from the Government.

1161. So that the element of certainty weighs nothing with you?—Nothing whatever. There is a financial certainty of soundness in the association which is sufficient for me, independently of any State or Government guarantee. I should like to see it separated from the Government altogether.

1162. The tendency of your evidence is this: that in your opinion the association should be carried on upon purely mercantile principles, disassociated from the Government?—Yes; it would be better for the policy-holders.

1163. *Mr. G. F. Richardson*.] Do you think the interest of the policy-holders would be conserved if a fixed rate of 6 per cent. on a 50-per-cent. margin of value were adopted?—Their interests would be well conserved under such a regulation.

1164. And do you think that a public benefit would accrue from the association adopting a fixed rate of 6 per cent. and lending in sums down to £100?—Yes; I have endeavoured to induce the association to lend small sums, but it has decided otherwise, and has declined