

8. Yes?—Then, I think there have been very large profits made in that respect, if you add the dividends and the amounts carried to reserve together.

9. Can you give us any idea of the percentage they would be upon the capital?—No, I could not give you any idea.

10. Do you think they would be 3 per cent.?—I should think the profits would be larger than that, if you add the premiums paid to the reserve. The difficulty, I take it, is this: it is not a question of the percentage of profit on the Reserve Fund, but on the amount actually paid in by the shareholders in the first instance. The total amount paid in by the shareholders may be only, say, half a million, but the capital may be a huge one.

11. What I want to get at is the value of the assertion that fire-insurance companies have not been successful on the whole in New Zealand—i.e., that for one company that has succeeded in making profits two or three have failed?—I do not think the proportion is quite so large as that. I believe that there have been failures, but taking the whole of the fire-insurance companies who have carried on business in New Zealand I do not think two out of three have failed.

12. Then, have you formed any idea as to the saving there would be to the insurer if it was a colonial risk instead of an ordinary company risk?—It would not be very large. I do not think it would be more than 2 per cent. or 3 per cent.

13. On the amount paid for insurance?—Yes. Of course, as to whether the scheme were a success would depend on the amount of the Reserve Fund, for there are companies in the Old Country which have a Reserve Fund of three or four millions, and although they have serious losses during the year which sweep away the premium income the amount they receive in interest on the reserve is sufficient to enable them to pay a dividend. So that the success of the State insurance scheme would depend on whether the Department was just struggling along, or whether it had a large reserve.

14. Do I understand that the Auckland Trades and Labour Council approve of the Bill in its entirety?—Yes.

*Sir W. R. Russell:* That is to say, they approve of what we may call the compulsory clauses?

15. *Mr. Napier:* Have you ever been before the Council?—Yes. The Council believe in compulsory provisions in almost anything affecting the welfare of the community.

16. *Sir W. R. Russell:* In this case the Council believe in the compulsory clauses?—Yes.

17. What effect do they imagine the bringing into effect of the compulsory clauses would have on the other companies?—The Council think that it would help to drive the others out of the market; but I personally do not think that would be advisable.

18. But the Trades and Labour Council wish it?—They naturally wish to see the State do all the insurance by means of one office, but I think they do realise that it would be a great risk if not shared by other companies.

19. What do the Council think about the possibilities of an enormous conflagration absorbing the whole of the Reserve Fund and the premiums paid and leaving the colony to make up a large sum?—I myself do not think that their knowledge is sufficient to enable them to realise the position in that respect.

20. Do the Council think that the Government should reinsure, or that they should not?—They were satisfied to leave that to those who would have charge. The persons appointed by the State to take charge would be men of capability and integrity, who would see that proper reinsurances were effected, and not take too great a risk.

21. Do they think it would be possible to reinsure if we had no other companies in New Zealand?—No, they do not think that.

22. I understand from you, then, that the Council have not gone into the details of the Bill, but they have a general idea that the effect of it would be good?—They have not the knowledge to go into it in detail.

23. With reference to fire brigades: it is provided in clause 68 that the Council of any district should pay for the fire brigades. Would that be a charge on those insured, or on the borough funds generally?—The borough funds, I think; the borough paying a certain amount, the companies a certain amount, and the State a certain amount.

24. But the companies would be got rid of altogether?—I take the meaning to be that the Council should still pay its fair share towards the brigade.

25. That would be a general charge upon the rates?—Yes, as far as the Council were concerned.

26. Well, then, in the Bill, I notice, power is given to refuse to insure certain buildings altogether?—There ought to be such power, because if you know a person who wants to insure you can simply tell him that you refuse provided it is not a desirable risk to take. It is a matter of the quality of the tenement and the quality of the tenant.

27. In that case, if you have driven out all the insurance companies, how is a man—unfortunate or scoundrel—to provide against fire risk?—I do not take it that the idea is that every other insurance company will be driven out of the colony. There must be others to take reinsurances.

28. But would not the compulsory clauses practically drive other companies out?—They would in a measure; but I do not think the compulsory clauses would drive them out altogether. There must be a system of reinsurance.

29. If the Bill were passed and the compulsory clauses brought into force in any borough, would not that drive the fire-insurance companies out of that borough?—I do not think it would necessarily.

30. I think that is so. I read the Bill, and I am sure that I am right?—I understood that that part of the Bill had been dropped.

31. It has not been dropped yet. We want to get the merits of the Bill?—I understood that Part II. had been dropped.