

companies?—Not necessarily so; but there would have to be some sort of unwritten compromise of some kind or other, including an assimilation of the rates. I do not see how you could get away from it.

73. *Sir W. R. Russell.*] If the scheme were compulsory?—No; not then, for the State office would fix the rate for buildings, and there would be no competition at all. That would soon get it on to a sound basis, subject, of course, to reinsurance or the accumulation of special reserve funds to meet catastrophes or excessive losses.

74. *Mr. Massey.*] The other companies would go out of business as far as the buildings were concerned, and the State would do the lot?—Yes.

75. Do you know whether State fire insurance has been successful in any other countries where it has been adopted?—I have heard that it has been successful in Switzerland according to information supplied by people connected with the State offices there.

76. Do you mean that the premiums are lower than would be charged by insurance companies?—I would not like to say that. What happened was this: the canton had a monopoly of the insurance of buildings first of all—the rates, no doubt, being fixed like any other rates of a local body. In the first instance, so far as I can recollect, they had movable premiums—that is, the rates varied from year to year according to the losses. An assessment was struck, and if during the year the losses were greater than the premiums the premiums next year were increased to make the deficit good. It was, however, found in some of the cantons that this arrangement did not work satisfactorily, and it became necessary to build up reserve funds to meet fluctuations. That is the basis ultimately reached, and I understand the system is still on that footing—at all events, in most of the cantons.

77. You mean, when you say that a State fire-insurance scheme has been successful in Switzerland, that the Fire Insurance Department in that country has been able to make ends meet—it has paid?—I have not any very late statistics. The information I have reached me some few years ago, when I understood that the system was a success.

78. The point you are not able to answer is whether the premiums have been lower than those that would have been charged by ordinary companies?—I think it is probable they were lower.

79. You do not know positively?—I am almost certain they were lower.

80. With regard to the proposal before us as to State fire insurance, do you think that in the event of this Bill being placed on the statute-book, and a State Fire Insurance Department being set up, that Department would be able to insure at lower rates than the average rates which have been charged, say, for the last five years by the companies doing business in this colony?—I am not prepared to say, because, as I have said, the fire-insurance companies are not compelled to deposit their returns with the Government. As far as I know, there is no means of ascertaining their incomes or their losses, except from themselves. If the companies had been in the habit of depositing returns of their New Zealand business with the Treasury, it would be a comparatively easy matter to take the whole of the New Zealand premium income of the companies and ascertain the proportion of losses to premiums received.

81. *Mr. Barclay.*] Do the local companies not send in any returns now?—I do not think they do.

82. *Mr. Massey.*] Do you know anything about the rates charged at present?—No.

83. Do you know anything of the mutual insurance associations of Canada?—I have heard a good deal about them, but I am dubious as to whether they have been successful.

84. You are not sure?—No. I could look it up if you wish me to do so.

85. You do not know sufficient about them to be able to answer the question?—Not definitely.

86. Have you any idea how much capital will be required for our State Fire Insurance Department if we go on with the scheme?—I think the amount is stated in the Bill.

87. That is so; clause 24 fixes £250,000?—I should be inclined to think that amount somewhat small for a nominal capital to start with, but there is power to float additional capital should excessive losses occur.

88. Do you think half a million would be sufficient?—I think so.

89. Do you know anything about the capital of the other companies doing business here—one of the New Zealand companies—say, the New Zealand Insurance Company or the South British Company?—I think their paid-up capital would not reach £250,000. I should think, speaking from memory, that with most of them it would run probably from £40,000 to £100,000.

90. But they have reserve funds, have they not?—Yes, as a rule, which they have accumulated out of profits. They have also the reserve of the uncalled capital.

91. What would the uncalled capital amount to in the case of the South British Insurance Company?—I forget for the moment, but I could give the information if desired. I will be pleased to look up any point about which you want information.

92. I dare say we will be able to get the information from the representatives of the companies?—Yes. Any copy of the *Melbourne Banking Record* will give you what you asked for just now.

93. Do you think there would be any difficulty about reinsurance?—I do not know. Of course, a lot would depend on the other companies.

94. As to whether they would work with the proposed Department?—Yes. It might be possible for some scheme to be arranged with some of them providing for insurance.

95. I suppose the position would be this: If the other companies reinsured the business of the State Fire Insurance Department, it would be expected to reinsure theirs?—Clearly.

96. There would have to be reciprocity to a certain extent?—Yes, clearly. That is the trouble with regard to this measure. There must be reciprocity, unless the State cares about taking the risk that no ordinary company would undertake. That is the trouble, to my mind, if the business