

is established on a voluntary basis. There must sooner or later be some compromise with the companies. If all were on an even footing as regards rates, the State Department would, subject to the reinsurance question, be able to see whether its rates were too high or not, and if too high they could be reduced.

97. Then, your opinion, Mr. Richardson, simply amounts to this: it would not be possible for the State to go into the business unless we could arrange for reinsurance?—I think that is clear.

98. *Sir W. R. Russell.*] Speaking of the capital of insurance companies, is not the risk in fire-insurance companies always unlimited?—Besides the capital?

99. Yes, besides the capital?—I think it is in some companies, but not all. I could look up the information if you wish it.

100. Have you considered the question whether State fire insurance would tend to increase or diminish incendiarism?—I doubt very much whether State fire insurance would increase it.

101. Or have any effect at all?—I doubt it.

102. Have you any idea what percentage of fires is caused by incendiarism?—I do not know. I would not like to say.

103. Do you think it would be as much as 40 per cent.?—Hardly that percentage, I should think. But there is no doubt that the percentage of fires caused by incendiarism is considerable. Then, again, I think the jerry buildings that are frequently erected in this colony are responsible for a number of the fires. Chimneys are often run up in a most careless way, especially away from the large centres. There is frequently very little mortar in the joints, and the beams often rest in the bricks. No wonder there are fires.

104. Do you think that incendiarism is a more common crime in this country than in Switzerland, for instance?—I do not feel competent to say.

105. Have you any means of knowing whether fire insurance has been a profitable business in New Zealand?—No, I have not.

106. Do the fire-insurance companies separate into various tables the business done in the different countries in which they carry on operations?—I expect they do so at Home. A company in London would be sure to keep in its books its New Zealand business separate from that of other places, if only to know how matters were progressing in New Zealand.

107. It is stated, no doubt with an object, that fire-insurance business in New Zealand is in itself non-paying?—The only way to ascertain that would be by compelling the companies to deposit returns with the Treasury, as the life companies do.

108. You think it is practically impossible to obtain any reliable information as to the profits or losses made by fire-insurance companies on their New Zealand business alone?—I should think so. I do not know of any means of getting it unless from the underwriters' associations or from the companies themselves.

109. Do you know whether there is any company doing business in New Zealand only?—I think there is one in Canterbury—the Canterbury Farmers' Co-operative Association; but it works with the other companies, I understand.

110. If the compulsory clauses of the Bill were brought into operation, that virtually would drive all the other companies out of New Zealand?—I should not like to say that, because I feel satisfied that there would always be some companies to insure the contents of buildings. It seems incredible that they would all go.

111. But would they not be driven out?—I doubt that.

112. Under one clause of the Bill—I forget which at the moment—all policies in existence would lapse at the expiration of twelve months after the coming into force of the Act?—Yes, on the buildings.

113. You do not think there would be a danger of the insurance companies being driven out of New Zealand?—I cannot conceive that. It seems incredible that the whole lot would go.

114. Do you think, if the scheme was compulsory, we should have to run our own risks or be able to reinsure?—That is the difficulty. It would be a matter that the Government would have to inquire about in London, the Continent, or in America, with a view to arranging some scheme of reinsurance.

115. But suppose we could not reinsure?—That might be more or less got over by accumulating large reserves, or the Government might say, "This is a matter for the benefit of the whole of the people of the colony, and we shall run the risk." They might do that, and then the taxpayers as a whole, who would enjoy any advantages accruing, would also run the risk.

116. In the Bill power is given to reject certain buildings altogether?—Yes, that is so.

117. Is not that a dangerous power?—Power must be given to the Manager to discriminate in some way. I think it is necessary for him to have some power of the kind to enable him to discriminate. Of course, he would have to exercise it judiciously.

118. How would buildings owned by, or in the occupation of, "dangerous" occupants get insured?—They might not be insured at all.

119. Would not that be a hardship?—It might, and probably would be. I do not think, however, if they were included on a compulsory basis, that such inclusion would wreck the scheme. They might be thrown in on a compulsory basis. I do not think the inclusion would wreck the scheme provided they were not overinsured.

120. *The Chairman.*] Do you think that the colony is overmanned with fire-insurance associations?—I think there is a good number—about thirty. But in the larger centres the question of reinsurance and bearing one another's burdens comes in, and unless there are a number of companies people may find a difficulty in getting the cover they want if they are in a large way of business.

121. So that a certain number of companies over and above the number required for actual