

58. *Mr. Napier.*] We are accepting opinions from the witness as well as facts: do I understand, Mr. Kirker, that you wish to withhold a certain class of opinions?—I do not desire to say what my company, or what I think other companies, will do in the event of the Government undertaking State Fire Insurance. I think that is a perfectly fair position for me to take up.

59. You see, it would guide members of the Committee considerably, I have no doubt, if we thought that, even though the Government were to confine their operations to Part I. of the Bill, the other companies would retire from the colony. That is what I seek to get information upon. You will not answer that question? It is too speculative, I suppose?—At the present time it is premature for me to say what my company would do in the event of the Bill becoming law; and I certainly have no authority to say what the other companies would do.

60. I suppose you know that there have been many expressions of opinion, both in the Press and elsewhere, as to what would take place if the Government established a Department under Part I. only?—I am not responsible for what appears in the papers.

61. I am asking you whether you are aware that that is so?—Yes; I have seen statements in the papers.

62. Are you prepared to say whether those expressions of opinion are accurate or erroneous?—If you get me the papers and show me the expressions of opinion I will tell you.

63. It has been stated by leading newspapers that, if the Government were even to establish a Department under Part I. of the Bill, probably most of the stable companies would throw up the business of fire insurance in New Zealand in disgust?—I think that is not unlikely. I feel that the creation of a State Fire Department would be a serious shock to the credit of New Zealand in the Old Country. This is outside the State Fire Bill altogether—I am speaking from a political point of view only.

64. You said that the cost of management of a State Fire Insurance Department would be excessive: upon what data do you form that opinion?—I see from the balance-sheet just published of the Government Accident Department that their expense-ratio is 45 per cent.; and I notice, too, that the Government Life Department's expense-ratio is higher—I think I am correct in saying—than the Mutual Provident's. The latter office does a very much larger business. I am not quite sure whether my statement is correct, but I think I saw that in print somewhere. But, apart altogether from those two points, it is my opinion that the Government Department's expenses must necessarily be higher than those of a public company. That is only an expression of opinion, but I give it with some authority from the knowledge of how my own company and other companies are managed.

65. *Mr. G. J. Smith.*] You think it would be impossible for the Manager of the Life Insurance Department to be also the Manager of the Fire Insurance Department?—Yes, quite. That would only make confusion worse confounded. Mr. Richardson is not a fire underwriter, and has no knowledge of the business. If he is competent to take charge of a Fire Insurance Department, any man you might pick up in the street is capable of taking charge of my company.

66. The suggestion that the Fire Department should be run by the Life Department, with its officers, would be quite impracticable?—Quite impracticable.

67. Is this the difference between fire and life insurance: that life insurance has been reduced to practically a scientific basis, while fire insurance is more or less an unknown quantity?—In life insurance you know the expectation of life; you know the death-rate; anybody who knows anything at all about the business can calculate to a nicety what rate a healthy man's life ought to be insured at—what is a remunerative rate. With fire insurance it is absolutely impossible to say what is a payable rate. For instance, we may be getting 10s. per cent. for dwellings here on the Terrace in Wellington this year, and at the end of the year we may find that 5s. per cent. would have paid us well. Next year the Government Buildings might be burnt—as they will be some day—and take the whole of the beach and the whole of the Terrace right up those hills; and instead of 10s. per cent. leaving a profit as it did the previous year, it might take £10 per cent. to leave a profit. You cannot fix the rate with exactness. If it were possible to do so, underwriting would be a splendid business, and free from a good many of the anxieties attached to it at the present time.

68. I understand that you are not in favour of the companies subsidising fire brigades?—That they should do so cannot be defended on principle.

69. But where fire brigades are established the Fire Insurance Association makes—or is supposed to make—a corresponding reduction in rates?—Where there is a thoroughly efficient fire brigade and a good water-supply we take that into consideration, and give the people the benefit of lower rates—lower than they would have to pay if those fire brigades and water-supplies were not in existence.

70. But the companies reserve to themselves the right to say what is an efficient fire brigade?—Well, necessarily they must know more about these matters than the public.

71. Would not any recognised fire-brigade plant tend to reduce the risk somewhat?—Somewhat. For instance, a comparatively small manual fire-engine, or something like that, would put out a small fire. But something far different would be required when a fire got into a block.

72. You say that the moral hazard in New Zealand is very bad, and that people would hesitate to rob a private concern more than a Government Department?—That is notorious.

73. So far as fire insurance is concerned, we have not had any experience of that sort, have we? That is just the general assumption?—Speaking perfectly frankly, the insurance companies know that they are often "had," and they sometimes bowl people out in trying to "have" them. Speaking for myself, I am confident that people would have less hesitation in trying to "get at" the Government than they do with private companies.

74. How many different tariff rates have you in New Zealand?—You mean how many different tariffs?