

94. Providing that the compulsory clauses are dropped and a competitive office established, do you not think there is room for such an office, working in harmony with the present companies—*i.e.*, the premiums should be fixed upon at a payable rate, and then the best company should get the business?—You have mixed up your question somewhat. In answer to the first part of it, if there was room for another insurance company, and if the field was attractive enough, another insurance company would come, because there are scores of companies in existence not represented in New Zealand. From that point of view, therefore, there is no room for a State Fire Department.

95. In the event of the Government establishing a State office on the lines laid down in the Bill, and confining their operations to buildings only, you think there would not be sufficient inducement for the other companies to remain, though they had the insurance of plant, stock, machinery, furniture, &c., left to them?—I would not say whether there would be inducement enough or not. What I say is this: it would be a matter for consideration by the other companies as to whether they would continue to do business under those conditions.

96. You anticipate that it might be somewhat difficult for the Government to make arrangements for reinsurance of risks?—I say that, in my opinion, it would be absolutely impossible for the Government to make reinsurance arrangements, unless they were prepared to offer fixed rates to the people with whom they were making a treaty, and which rates were considerably higher than the companies themselves are getting at the present time. There would require to be a substantial inducement, and even then I cannot say with certainty that the Government would succeed.

97. *Mr. Massey.*] The statement has been made, Mr. Kirker, that there is more loss by fire in this colony in proportion to the population than in Australia: do you know whether that statement is correct?—I have not heard it put that way before, but I should think that the statement is correct. [The witness here made a statement which, at his request, was not reported.]

98. Can you give us any information with regard to the mutual insurance system which is in operation in Canada (see Exhibit B) and parts of the United States?—I do not know anything about the organizations. The first reference that I saw to them was in the paper the other day, when the Farmers' Union made some representations to Sir Joseph Ward; but I do not think these organizations are of any moment, because if they were I surely would have come across some information about them in the insurance periodicals that I get every month. I have seen no reference at all to these mutual concerns.

99. You know that there have been many complaints made by farmers about the high rates charged on farm buildings, stacks, and so on?—Yes, I know that is so.

100. It is proposed, as you know, to borrow £250,000 for the purposes of the State Fire Insurance Department: do you think £250,000 sufficient capital?—No; for this reason: when it is lost—as it will be lost if a State Department is established—what recourse will the insurers have against the Government Department if the latter have no money to pay losses with, assuming that Parliament exercises its right and refuses to authorise payment of the money? Supposing the capital of the State Fire Insurance Department is lost—as it most assuredly will be, and I think £250,000 would easily be lost in three years—and there are claims pending against the Department, where will the money come from if Parliament refuses to authorise its being paid out of the Consolidated Revenue?

101. Parliament cannot repudiate the liability; but that is beside the question. What I want to get at is this: Would the State Department have a better chance of being successful with a larger amount of capital?—No. They must have sufficient capital to provide them with money proportionate to their liabilities. Of course, £250,000 would be quite insufficient for the liabilities which the State Fire Department would require to assume, if they would secure the bulk of the business in the colony.

102. As an expert, do you think it would be possible for the State to borrow its capital at 3½ per cent. or 4 per cent.—I do not think it would be possible to borrow the money at less than those rates for some years to come—and do a paying business in competition with the companies doing business in the colony at the present time?—I do not believe a State Department would be able to pay interest on its capital out of the profits of the business in open competition with the companies.

103. With regard to reinsurance, you expressed doubt as to the ability of the State Department to reinsure in the colony: do you think that it would be possible for it to reinsure in London or in Europe?—Certainly not.

104. Will you tell us why you think that?—No. I am in a position to say they could not get reinsurance cover.

105. Is it a reasonable argument that, because State Life Insurance has been fairly successful in the colony, therefore a Fire Insurance Department would be equally successful?—It is not so, because the two businesses are altogether unlike. Life insurance is a certainty. You can tell the cost-price of the article to a penny; but in our business you cannot do so. It is full of uncertainty.

106. You made the statement that the establishment of a Fire Insurance Department in New Zealand would be a serious shock to the credit of New Zealand in the Old Country?—I did.

107. Will you tell us what reason you have for thinking so?—Well, you see, the shareholders in the large English companies are all wealthy men, and are in touch with commercial matters. Those are the people who are really the lenders to these colonies, and they know that fire insurance is an extremely risky business. I believe—it is my firm conviction—that these men's confidence, if they found the New Zealand people undertaking such a risky, hazardous business—such an improper business for a State to undertake—would be so shaken that they would hesitate very considerably to lend any more money to the colony.

108. That is to say that the shareholders in the English companies doing business here are