

beginning of the year to the present time more than £350,000 has been paid by companies in losses in New Zealand.

43. Yes; but take the average percentage of profits, do you remember what your company has made, say, during the last ten years?—Yes; my company has made about 8 per cent. But other companies may have made less, because I have done very well. Some of them perhaps could not go on paying a dividend if it were not for the interest on their invested funds.

44. You make more out of your investments than out of underwriting?—That, of course, is a question for the head office. I cannot speak specifically, but I should say so certainly.

45. Could you give the Committee your opinion as to whether our system—the present system—of working fire brigades or the proposed system would be the more economical?—No. I have not gone into the matter. That is a subject I have no taste for at all—fire brigades.

46. You may perhaps have considered what the cost would be to the insurance companies if this Bill was passed?—If we have to pay a third it would mean at least 5 per cent. on our premium income—an enormous sum.

47. And if you have to pay a half?—It would mean a great deal more, say,  $7\frac{1}{2}$  per cent. or more.

48. You consider the Government should pay one-third?—Yes.

49. Do you not think it would be unfair for those outside of the reach of fire brigades to have to contribute to their upkeep?—Oh, yes, if it is quite certain that they are outside. Those within reach should pay.

50. How could it be arranged for the Government to pay a third and only charge those who would benefit by the efforts of the brigade?—That may be so, but companies have to pay to protect property not insured and property underinsured. I think that meets the case of the Government. We have to contribute towards the protection of this property, and surely the Government should contribute also.

51. You consider that members of fire brigades should not be paid. I suppose you would not object to travelling-expenses of members attending meetings?—No, certainly not, if they had to go a distance.

52. *The Hon. Mr. Carroll.*] You say your losses have been very great during this present year?—Yes.

53. Through fires?—Yes, through fires.

54. Even the greatest security against fire, you say, again robs you of premiums?—It does. We are not supposed to put out fires. Our business consists in indemnifying owners of property against losses occasioned by fire, and paying losses.

55. Well, your losses have been through fires?—Yes, I am speaking of fire-insurance companies.

56. *The Chairman.*] Your only hope of gaining is to strike a point in between the two extremes?—Yes.

*The Chairman:* Well, Mr. Allen, it is very evident from your evidence that your primary reason for coming here is to object to the Bill altogether, I would like, however, you to consider this fact, that in all probability the Bill will pass through the House, and I should like you to recognise that we would like the Bill to be made as good as we can make it. The suggestions you have given us in proposing alterations to the Bill will be of great assistance to us.

*Mr. Allen:* I would like to repeat, Mr. Chairman, that all uninsured and underinsured property should be made to pay. I think that should form part of the Bill.

A. E. KERNOT examined. (No. 5.)

57. *The Chairman.*] Your name is?—Alfred Ernest Kernot. I am general manager of the Australian Alliance Assurance Company, and am Chairman of the Underwriters' Association.

58. The Committee will be pleased to hear, Mr. Kernot, what you have to say on the Bill?—After what Mr. Allen has said it is hardly necessary for me to go very much into this matter. I can only say in regard to clause 2, that there are about eighty or ninety boroughs in the colony, and it would mean this number of separate Boards. However, I understand that clause is likely to be altered. If the companies have to have the Bill—they oppose it—but if they have to have the Bill, they want it to be as perfect as possible. I agree with Mr. Allen that a maximum of four Boards would be quite sufficient.

59. You agree with Mr. Allen in that?—Yes. If you have more—I have heard nine mentioned as being possible—I think you would sacrifice efficiency. Where you would gain perhaps in local knowledge you would sacrifice efficiency, and you would not be able to pay officials so well, and you would therefore not be able to get such good officials. In Victoria there is one Board for the city—the Metropolitan Area—and there is one for the country. In the Metropolitan Area the cost of the insurance companies is £4 11s. 6d. per cent. on their premium income. They pay a contribution of one-third. Then there is clause 19, which says, “Subject to the approval of the Minister, the Board may from time to time raise by way of special loan under ‘The Local Bodies’ Loans Act, 1901’ such moneys as it deems necessary for the efficient performance of the duties imposed on it by this Act, not exceeding at any time four thousand pounds.” Therefore, each of these Boards could raise a loan up to £4,000. I am not sure whether it cannot go on borrowing sums of £4,000. There does not seem to be any provision against extravagance.

60. Well, naturally, when it is governed by equal portions of power—by the different interests represented on the Board—it would not raise money foolishly?—Yes, but when borrowing-powers are extensive this is very apt to be the case.

61. You would limit the power of borrowing?—Yes. In clause 19, subclause (2), it says “The Colonial Treasurer may lend, under Part II. of the last-mentioned Act, to any Board, as if it were a local authority, such sum as he thinks fit, not exceeding in any one year the sum