

the rates of premium on accident insurance or dealing with their own interests. These are the leading features of the Bill; but, putting the principle of the Bill in a few words, it really amounts to this: that the mutual fire insurance associations desire to extend their business so as to include insurance against accident. In drawing the Bill I have endeavoured to make all proper safeguards, and I can only say that if the Bill does not contain a necessary safeguard it can only be because the Accident Insurance Act, which is already on the statute-book, does not contain it, since we have adopted in their entirety the provisions of that Act. At the same time I have not noticed any want of safeguard or any danger. That is the statement I wish to make, but I shall be happy to answer any questions that I can on any points.

4. *The Chairman.*] Under the Accident Insurance Act we have, if an accident insurance company were established in New Zealand apart from any fire insurance company, would they have to make any deposit?—I do not see that provided for.

5. Is there any provision for the Crown to regulate their tariff by law?—I do not see anything.

6. The proposal in this Bill is not to start a separate accident insurance company, but to tack the business on to a mutual fire insurance association?—Yes.

7. What provision is there in mutual fire insurance for protection similar to that under the companies law with regard to capital?—A fire insurance association cannot commence until it has got insurance from a number of persons amounting to £40,000. That is in clause 22 of the Act.

8. That is, the Mutual Fire Insurance Association Act?—Yes.

9. What protection is there in regard to capital, such as in the companies law, supposing a local company were starting?—There are provisions with regard to companies other than mutual associations.

10. In the Companies Act is there any special provision now for fire insurance companies starting to have a certain amount of capital?—Section 327 refers to a capital of £50,000.

11. A local fire insurance company starting must have a capital of £50,000 intact?—Yes, other than a mutual association. This law affects a joint-stock company. But then they do business with all the world, while a mutual association only deals with its own members—it is just a family party.

12. Supposing the Bill is passed and is tacked on to the mutual fire insurance scheme, what security is there that their claims will be paid to those insuring?—There will be no absolute security. The claims would be in the same position as claims for fire. The Mutual Fire Insurance Act deals with that. There are several sections in the Fire Insurance Act which provide for liability in the case of losses—for instance, clauses 37, 48, and others.

13. What I want to get at is this: there is no intact paid-up capital set aside?—No, the association itself is liable, and the association looks to the amount on the premium notes. A person insuring against fire gives a note for three years. Part of that is for the ordinary premium, and he is liable to have the rest called up. They have power under section 52 of the Mutual Fire Insurance Act to form a reserve fund: "The association shall form a reserve fund, to consist of moneys remaining on hand at the end of each year after payment of the ordinary expenses and losses of the association; and for that purpose the Board may levy an annual assessment, not exceeding 25 per centum on the premium notes or undertakings held by the association, and such annual assessment may be made in advance; and such reserve fund may from time to time be applied by the directors to pay off such liabilities of the association as may not be provided for out of the ordinary receipts for the same or any succeeding year."

14. *Mr. Witty.*] That is permissive?—Yes. In clause 14 of the present Bill it is provided, "The reserve fund authorised to be formed by 'The Mutual Fire Insurance Act, 1908,' may be applied to pay off liabilities under this Act not met by ordinary receipts, as well as the other liabilities of the association for payment of which such reserve-fund money may lawfully be applied."

15. *The Chairman.*] If we pass this Bill there will be no security of intact, paid-up capital—the security will be whatever is available out of the premium notes?—Yes. So far the Fire Insurance Bill is based on these or shares. The words as to shares are put in contingently on the other Bill passing. That is the principle which governs all mutual associations. They are on a different footing to joint-stock companies, which deal with the world at large.

16. Just make clear the difference between the two—between the mutual association and the one that deals with the world?—The mutual association consists of a number of members who gain certain benefits and are liable for certain payments. It is a family party. If there are profits they would no doubt go in the direction of reducing the premiums. The mutual life associations act on the same principle.

17. The members know that they run a certain amount of risk?—Yes. In the case of the New York Life Association there was great trouble because a great number of shares were taken up and the shareholders claimed all the profits, and after a while it was decided that the association should be strictly mutualised.

18. Supposing in the proposed Mutual Fire Insurance Bill we extend the means of providing capital from premium notes to include share capital, will that alter the principle of the mutual part of it?—No, it will strengthen it.

19. They will still keep the premium notes going?—They have the option of keeping the notes going or of issuing shares.

20. If they issue shares, will the liability be limited or unlimited?—It is virtually unlimited under the Bill. There is a minimum liability in the Bill—there is no maximum liability. The maximum liability is to be fixed by the regulations of the association.