

21. Do you mean that the society would have power to limit the maximum by regulation?—Yes.

22. They would make it a limited liability company?—Yes.

23. If it were a limited liability company under the Bill, what would be the position with regard to intact capital?—The company would not be incorporated under the Companies Act.

24. Would it always have £50,000 available?—We are dealing with associations which are already established by law and which are not required to have this intact capital, but which issue premium notes only, under which the liability is strictly limited because the amount is mentioned in the premium note, and we desire to strengthen the position of the association by issuing shares instead of or together with premium notes. Now, the benefit of issuing shares is this: that when a man gives a premium note for three years, his liability under that premium note decreases in each of the three years, and at the end of the three years he has to take out another premium note.

25. In that case there would be more security in having shares instead of premium notes, because of the continuity?—Yes. My answer is that the joint-stock companies are required to have this amount of capital intact, but Parliament in its wisdom has not extended that provision to mutual associations; and, further, by the issuing of these shares we are really strengthening the position of the mutual fire associations and therefore necessarily giving greater security to those members who take out accident policies.

26. Will this Bill, if passed, be confined to its own shareholders, and not extend to others?—Yes. It is just as if half a dozen persons agreed to insure each other's properties—it is like a family party.

27. Will you explain clause 11?—"In making assessments on premium notes or undertakings (or shares) issued in respect of fire insurances, charges may be made by the association in respect of losses or contemplated losses in connection with insurances effected under this Act." This clause shows that the fire-insurance members, whether they are insured on the premium-note principle or share principle, are liable to make good the insurance on accidents if there are losses. As I explained before, the member taking out an accident insurance only pays his premium. He pays nothing towards the liabilities of the association. He looks to the funds provided.

28. Who has the fixing of the tariff or premiums?—That is provided for by the board of directors (see clause 5).

29. Are they the fire-insurance members or both?—They are the same board of directors of the association.

30. Who fixes the tariff?—The directors of the association.

31. Of what association—there are two, are there not?—There is only one association.

32. Who has the voting-power?—The voting-power is given to the fire-insurance men.

33. Really the fire-insurance men, then, fix the tariff for accidents?—That seems to be correct. The only qualification appears to be that members insured also against accident have a voice in the passing of by-laws and regulations affecting accident insurance.

34. Under the by-laws and regulations is the tariff fixed?—That is not mentioned.

35. Ought it not to be made clear by whom the tariff is fixed?—Yes. The board of directors fixes the tariff. It would be virtually the fire association.

36. *Mr. Witty.*] With regard to subsection (a) of section 2, is that necessary? For instance, "insurance against accident resulting in loss of life or in bodily injury." It is enough there, but it goes on, "or against disease, disability, or any change of physical or mental condition." You are opening a very wide door there if that should be allowed to pass. Is it necessary to have that at all? If you have subsection (b), that should be quite sufficient. You are defining it there quite clearly?—The only reason these words were inserted was because they are in the Accident Insurance Act. We have followed the words given under that Act.

37. Mutual accident insurance is different to ordinary accident insurance. Under the latter I have to specify whether the person injured belongs to my family. This is opening the door probably to persons who are prone to disease or mental derangement?—I understand it only applies to the person insured himself.

38. With regard to section 3, it says, "A mutual fire insurance association shall not undertake any of the said classes of insurance unless and until a resolution authorising the association so to do shall have been passed at a special meeting of the members." Is that a bare majority of those present?—They vote according to the amounts in which they are insured. In section 10 of "The Mutual Fire Insurance Act, 1908," it is provided that "Each member of the association shall be entitled, at all meetings of the association at which he is present, to the number of votes proportioned to the amount by him insured, according to the following scale, that is to say: for any sum under £250, one vote; from £250 to £500, two votes; from £500 to £1,000, three votes; and one vote for every additional thousand pounds; but no member shall be entitled to vote while in arrears for any assessment due by him to the association." We simply adopted the existing law in that respect.

39. In regard to section 11, in reply to the Chairman, I understood you to say that a person insuring was only liable to the amount of his insurance fee?—That is the accident premium.

40. There is no further liability?—No.

41. Supposing the fees do not cover the liability?—Then recourse is had to the premium notes or shares taken out by the fire-insurance members.

42. Then, they are going outside the premium notes if they allow a person to insure who is only responsible for his ordinary fees?—They only insure their own members. The insurer must be insured against fire as well.

43. *Mr. Sidney.*] I understand that this association is only one that can be formed in connection with a mutual fire insurance association?—That is so—with an association that wishes to extend its operations amongst its own members with a view to insuring them against accident.