

44. And it is absolutely limited to those who are already members of a mutual fire insurance association?—Yes. Clause 2 says that any mutual fire insurance association may undertake the insurance of its *members* against accident.

45. Every member must be liable for loss both by accident and fire?—Yes, but only the fire-insurance members are liable. The man who is insured against accident also must necessarily be insured against fire, but it is only in respect to fire insurance that he is responsible for accident, because the member taking up fire insurance has to give a premium note or to take shares, and under those alone do the funds come by which to meet losses. If I am a member, and insure myself against fire under the premium-note principle, I give a premium note which covers the premium for my insurance, but something more. Then I take out a policy for accident, and pay a premium and nothing more. That is how I was instructed to draw the Bill, and those who instructed me did not wish to provide for issuing anything like premium notes for accident insurance.

46. With regard to premium notes, is it in proportion to the amount of their insurance?—There is a tariff or rate fixed, and they give a premium note for three years. They are then called upon rateably to pay the difference between the actual premium and the full amount of the premium note.

47. Suppose one man insures for £100 and another for £1,000?—They told me once how they did it and gave me some figures, but I forget them. My idea is that it increases so-much for the premium and the rest under the premium note.

48. So that, the more a man insures for, the greater is the liability?—Yes.

49. Supposing a man insures for £1,000 against fire, and another for £100 against fire: the man who insures for £1,000 has a much greater liability?—Yes.

50. Supposing a man insures for £1,000 against fire and £50 against accident, while another man insures against accident for £1,000 and £100 against fire, the liability would fall almost wholly on the man who is insured for £1,000 against fire?—Yes, but the other man would be paying more for his premium against accident. No doubt the tariff will be fixed with a view to avoid all losses in regard to accidents.

51. Is the fire-insurance premium not fixed in a similar way? In connection with the accident premiums they would be fixed at such a figure as would practically not contemplate any loss at all?—Yes.

52. The fire-insurance premium is fixed at a figure that would contemplate loss?—No, they do not contemplate loss. They take the premium note in case they could not meet all the claims.

53. *Mr. Dive.*] They would anticipate a certain amount of loss in both, and the premium notes would provide for that?—Yes, against possible losses.

54. *Mr. Sidey.*] Does it not appear to you to be somewhat inequitable if a case should arise similar to that I have put to you, that, simply because a man is insured to a large extent against fire, he undertakes a large liability for accident as against the man who insures for a large amount against accident and very little against fire?—As regards the individual case, it might sound inequitable, but dealing with a large number of cases you would find probably that the man heavily insured against fire would also be heavily insured against accident, and it would work out equitably on the whole. I think the average would probably find itself amongst the members.

55. You think, on the average the principle might be a fair one if you threw the whole burden for accidents on fire insurers, in the proportion that might be insured for fire and not for accident?—I think so, on the whole.

56. It is clear, of course, that all the assets of the association are liable?—There is no liability on members except to the extent of their premium notes or shares.

57. There is no liability over that?—To meet the case put—I am not asking for it as an amendment in the Bill, because naturally I do not want it amended, as it is my own Bill—if it is thought inequitable it could be provided that there should be some proportion between the amounts insured against fire and accident.

58. It is possible to reverse the positions?—Yes, and it would then work out equitably.

59. *The Chairman.*] In the case of accidents, and claims for accidents on the accident insurance companies, may not those claims arise some time after the accident has occurred under the existing law—a year or more—as sickness arising out of the accident?—Yes. Is that under the Workers' Compensation Act?

60. Yes?—That refers mostly to mining.

61. Even under the ordinary Workers' Compensation Act may not a claim arise some time after the accident has happened?—Yes.

62. What would have happened if the premium under it worked out in that time—what security would there be?—The premium notes would not all work out at the same time. A man takes up a premium note for three years, and there is always a body of premium notes in existence.

63. But the particular man whose premium note has worked out may be liable on account of accidents under the Workers' Compensation Act, may he not?—Yes, that would be so; but conversely he might take out his premium note and the first claim on it might be for accident that had occurred before he took it out. It would equalise itself.

64. *Mr. Sidey.*] Is this Bill being promoted at the instance of any particular individuals?—The Taranaki Farmers' Association told me they were co-operating, I understood.

65. Was it on their instructions you drew the Bill?—I drew the Bill on the instructions of Mr. Syme, as their solicitor. They have to pass a resolution at a special meeting before they can adopt it, and then have to file the resolution with the Registrar of Companies.

66. *Mr. Witty.*] With regard to clause 7, as to reinsurance, I would like to ask whether other companies will take the association's risks?—This clause is copied from the Mutual Fire Insurance Act, section 27; whether it is acted upon I do not know.