

Your Committee is of opinion that the most casual consideration should have satisfied the petitioners that there was not the slightest possibility of the canvassers' promises being realized.

Soon after the tontine period began, the business of the society suffered severely from a fall in the rate of interest and a downfall in the value of real estate, especially in Australia, causing decreased earning-power, the absorption of reserves, and large losses upon realizations. The results were that not only were the petitioners' hopes of large bonuses not realized, but the normal profits of the society's life business for a time disappeared, with consequent disappointment to the petitioners, and many other equally disappointed policyholders.

The tontine epidemic appears to have expended itself, and your Committee is assured that it is not likely that there will be anything in the nature of a recrudescence of it.

The moral appears to be that insurers should not expect more for their premiums than can be given on a fair business basis.

Your Committee has no recommendation to make.

8th September, 1910

G W RUSSELL, Chairman.

PETITIONERS pray for legislation affording protection and relief from the methods of the Colonial Mutual Life Society

I am directed to report that, no further evidence having been tendered in the Larsen cases, the Committee sees no reason to alter the report already presented to the House.

20th October, 1910.

G. W. RUSSELL, Chairman.

THE Public Accounts Committee, to whom were referred the above petitions, have the honour to submit the following resolution:—

That the previous reports of the Committee *re* the petitions of A. A. and W T Larsen be again forwarded to the House, and that the Government be recommended to take steps to ascertain what legislation has been passed by other countries regarding life-insurance policies with the view of protecting the public, in order that legislation for the same purpose may, if considered advisable by the Government, be introduced into Parliament next session.

17th November, 1910.

G W RUSSELL, Chairman.

## MINUTES OF EVIDENCE.

THURSDAY, 11TH AUGUST, 1910.

Mr. HOGAN, M.P., made a statement. (No. 1)

*The Chairman* Will you state the case for the petitioners, Mr Hogan?

*Witness* The petitions as read set forth the case fairly plainly from Mr and Mrs. Larsen's side. Both Mr and Mrs. Larsen were induced in 1893 to take out a policy with the Colonial Mutual Assurance Society. Six months later a gentleman representing himself as an agent of that company came along and persuaded them to change their policy—a life policy—to a tontine policy, representing that it was a much better investment than the one they had taken out originally. Accordingly Mr and Mrs. Larsen changed their policies. Mrs. Larsen's premium on the new policy was to be £16 1s. 3d. a year, which she has paid regularly during the currency of the tontine policy. Mr Larsen's payments were to be £22 5s. 10d., which he has paid regularly during the currency of the tontine policy, which was fifteen years. Mrs. Larsen has paid altogether in premiums on the new policy £240 18s. 9d. On the expiry of the fifteen years she was offered £85 18s. Mr Larsen has paid altogether £334 7s. 6d. at the rate of £22 5s. 10d. a year and he has now been offered, on the expiry of the fifteen years, £104 6s. It is contended by the petitioners that they should at least get their money back. Any one who knows anything about tontine policies knows that at any rate the money paid in ought to be forthcoming on the expiry of the term, because there are certain forfeitures from time to time, and there are certain sums that go to be divided amongst the remaining policyholders on the expiry of the time. Therefore the petitioners hold that, even if they did not get interest on the money they had invested, they should at least get their money back. You will see that they are offered a sum considerably below what they have actually paid in, and it appears on the face of it that there is something wrong with the management of the company. Consequently they have petitioned this House for legislative relief, if possible, or any other relief that the House can afford. There is a feature about these cases that in my opinion is remarkable, and it is this: When Mr Larsen had paid in only £289 15s. 10d. he was offered £137 as surrender value. I have the letter here from the company to substantiate the statement that I make. The letter is dated 8th June, 1906, and is signed by F T Ward, local secretary.

1 *Mr Graham.*] How long was that before the fifteen years expired?—About three years. Mr. Larsen was then offered £137, and he had paid in £289 15s. 10d. Now, after paying in £44 11s. 8d. more, the company offer him £32 14s. less than they offered him in 1906. That is just a statement of the case from Mr and Mrs. Larsen's side, but I may say that I have evidence from