

12 Was the present value of that £3 5s. calculated, and added to the profits in which Mr Larsen shared?—That is really a question to be answered by the society's actuary. It seems to me it could hardly have been taken into consideration, because we did not know what option Mr Larsen would exercise. However, as I say, that is really a question for the actuary.

13. I should like you to get that answer, with the answers to other questions that I have written out?—Very well.

14. *The Chairman.*] I have here a document that Mr. Hogan handed in—Exhibit B in Mrs. Larsen's case. Do you accept that as a circular issued by the society [Document handed to witness]?—Yes, I admit that. I have not been asked to do so, but this is Mrs. Larsen's proposal, and I put it in. [Document handed in—Exhibit C]

*The Chairman.* Is this your handwriting at the bottom, Mrs. Larsen?

*Mrs. Larsen.* It is.

15. *The Chairman.* (to Mr. Leslie.) Will you explain the meaning of the words "modified tontine" on these proposals?—There is another system—viz., that of absolute tontine, which we were carrying on at that time. The difference between the two systems is this. Under the modified system a policy acquires a surrender value after a certain period, and in the event of the premiums at any time becoming in arrear that surrender is applied to keep the policy in force. Under the absolute system, however, directly a premium becomes overdue, and is not paid within one month of due date, the policy absolutely lapses. It has no surrender value whatever. This proposal of Mrs. Larsen's is under the modified system.

16. Under the better system for the insured?—I do not express any opinion on that point.

17. *Mr. Hogan.*] If Mr. Larsen had advised you that he and his wife had retired from the hotelkeeping business, would you have lowered their premiums then, or, in other words, taken off the loading?—Yes, subject to our usual requirements.

18. If he could satisfy you that he left the hotelkeeping business some years ago, would he get a refund of that loading?—I am afraid he would not now. We do not make it retrospective. Directly the application is made and our requirements are met, the reduction is made.

19. Although Mr. and Mrs. Larsen have been some years out of the hotel business, and have paid into your society the loading right through those years, your society would not give them any refund of that loading?—I can only say that it would be utterly contrary to our regulations to do it. If a man does not apply when he gives up the trade, how are we to know?

ANNIE ANTOINE LARSEN, Wife of Wilhelm Theodor Larsen, examined. (No. 6.)

1. *The Chairman.*] Will you make a statement to the Committee?—I cannot say a great deal more than Mr. Larsen has already told you. We took out a life policy in the first instance for the benefit of our children. Later on new agents came along from the society, and persuaded us to alter it, saying that we should be making it so much better, of course, by paying so much more. He led us to believe that, by doing so, at the end of fifteen years we should have so much money. Mr. Larsen and I talked the matter over, and we decided to change. Those pamphlets which have been produced, and which you have all seen, were supposed to be the correct thing, and nothing but the correct thing, otherwise we should never have changed our policies, because it would not have been any benefit to us, as we had so much more to pay. As the years went on, sickness came in and losses in business occurred, and time after time we were very near throwing it up. But I always said to Mr. Larsen, 'Try once again; pay this year's premium there are only so many more years to pay, and then we shall receive this money.' And this is the result. I forgot to mention that Mr. Osborne, the agent, loaded me in the first place—for the life policy. I asked what it was for and he said that in hotel life it was the usual thing. I was not aware of this, but I said, 'I suppose, if it is the usual thing, well and good, but I am healthy, and do not see why you should load me, and I think the best thing would be to let the whole matter drop.' He came to me a few days after, and said, 'Mrs. Larsen, your proposal has gone in, and I have paid the first premium for you out of my own pocket.' I said, 'Oh, Mr. Osborne! why did you do such a thing?' 'Well,' he said, 'I thought I would make it easier for you.' I was rather annoyed at the time. However, I thought the matter over, and thought of my children, and then we paid. The next agent came some weeks after—a Mr. Maule. He came into the office one night and began to talk. He said, 'You insured with Mr. Osborne?' I said, 'Yes, both Mr. Larsen and I did.' 'Oh!' he said, 'I have a much finer scheme now which we are just working up in the office—a tontine racket.' At the time I did not know what a tontine was at all. 'Well,' he said, 'it is one of the finest things out if you want to make money,' and then he began to explain. He led me to believe that at the end of the fifteen years we should get wonderful things. He produced those papers which have been handed in. I, of course, at the time was ignorant, and I was 'had.' I went to Mr. Larsen and said, 'What do you say? Shall we alter this?' He said, 'Yes, if you like.' I was insured for £300, and he was insured for £500. He said, 'If you take up £500 I will take up £500 and we will go on.' And you have heard the result, gentlemen.

2. *Mr. Leslie.*] Did you say that the agent paid the first year's premium?—I do not know that he paid the whole of it, but he certainly paid the loading of it. There is another thing I might mention. I am sorry for Mr. Leslie. He was not in office then. Mr. Gibbs was in office. After all this racket was finished Mr. Gibbs came to visit the district. He came into the office, and the first thing he did was to shake hands with me and say, 'Mrs. Larsen, I congratulate you on the altering of your policy. There is no doubt that it is a fine thing that you have done—both you and Mr. Larsen.' This was from the district secretary. He is not in New Zealand now.

3. *Mr. Fraser.*] Do I understand you to say that you were led astray by that document?—Not only by the document, but by the words they used. They used far more words than there are in that document.