

## UNLICENSED FIRE INSURANCE.

### THE HOUSE OF COMMONS DISCUSSION.

As noted briefly in our last week's issue, the question of the taxation of unlicensed insurance companies was raised during the committee discussion last week of the new war taxes on insurance companies. The point was raised by Mr. Nesbitt of North Oxford, who said that to his certain knowledge the large fire insurance companies have not made any money in the Dominion for thirty years. "At the same time," said Mr. Nesbitt, "there is a large amount of fire insurance done in Canada by companies that do not pay a cent towards the maintenance of the Government in this country. They do business principally with the large corporations, and they pay no license fees. I have always contended that if we are going to license one we should license all on the same basis. They are also exempt from this tax, notwithstanding the fact that they gather an enormous amount of insurance in this country. Last year they had insurance in force to the extent of \$250,000,000. These companies are exempt, and I do not think it is fair that they should be exempt."

Mr. Nesbitt went on to point out that these unlicensed companies pay nothing for the upkeep of the country. On the other hand, he said, the large fire insurance companies help to a large extent in maintaining our cities. They erect fine buildings, pay enormous taxes, and are the largest purchasers of gilt-edged securities. They have to have their moneys available in case of losses, and in consequence they invest only in gilt-edged securities. They are a very great asset to the country because of the excellent premises they have and the taxes they pay towards the maintenance of the different cities.

#### MR. WHITE'S SYMPATHY.

Hon. W. T. White, Minister of Finance, replying, referred to the controversy on the subject at the time of the consideration of the Insurance Act in 1909 and 1910. The unlicensed companies were not domiciled in Canada and he understood that the agent who made the contract was regarded as the agent of the insured and not of the insuring company. Therefore, the only way a tax could be imposed would be upon the premiums paid by the individual—to tax the individual instead of the company. That was a different principle from that they were now adopting. "We are not taxing the individual who may insure with the insurance company," continued Mr. White. "We are taxing the insurance companies one per cent. on their net premiums. Precisely how that tax may be borne, I am unable to say. It may be absorbed in whole or in part by the company, but it is clear that the taxation is primarily against the company upon its net premium income. The other would be a tax direct against the individual, upon the premiums paid to these unlicensed companies. The two principles are not on all-fours. I speak not without a sympathy with the attitude of the fire insurance companies in this matter, because they are in competition with the unlicensed companies. My own view is that if the situation requires a remedy, it should be remedied in such a way that the unlicensed companies doing business here shall be brought under the jurisdiction of the

Dominion Government in some way. Whether that will be done or not I am not prepared at the moment to say. But that is a matter which will engage my attention in connection with some subsequent revision of the Insurance Act. Giving the matter my best consideration for the present, I am unable to see how the provisions of this taxation measure can be made to apply to the unlicensed companies which have no offices in Canada, no agent or domicile in Canada to bring them under the jurisdiction of the Dominion Government.

#### ABSOLUTELY UNFAIR.

Mr. Nesbitt agreed that the best way to get at the matter is through the Insurance Act. "At the same time," he said, "I would point out to the honourable minister that since the time of the controversy of which he speaks, the companies of the Underwriters' Association have put themselves in a position to write sprinklered risks at practically the same rates as the unlicensed companies, having established a sprinkler department since that time. I must say that it is absolutely unfair in this country, where we allow a certain protection even under a revenue tariff, to force the licensed companies to help to keep up the country while the unlicensed companies that have nothing at stake can come into the country and do a great deal of the gilt-edged business and pay nothing whatever towards the up-keep of the country. I think that the minister could have got at this by taxing the premiums paid by the individual. Under clause 139 of the Insurance Act the individual has to report the amount of his unlicensed insurance. He might as well report the amount of the premium paid at the same time. It would not be more difficult to compel him to report the amount of the premium paid than to compel him to report the amount of the insurance written."

#### LARGE LIFE POLICY SOLD BY AUCTION.

The sale of life insurance policies by auction is a well-established industry on the other side of the Atlantic, one well-known firm of London auctioneers having held fortnightly auctions of life policies and reversions since 1843. The largest single policy ever disposed of in this way was sold by the firm in question, Messrs. Foster & Cranfield, this month, on the direction of the trustee. It was a policy for £155,000 with the London Assurance Corporation, and realised £10,150. The policy was effected in February, 1912, on the life of a man aged 41 years. The annual premium is £4,966 9s. 2d., payable yearly on February 17 until 1931. If the premium just due remains unpaid the policy will mature as a fully paid, non-participating assurance for £23,250.

There was an exceptionally large attendance at the auction in view of the fact that this was the largest amount, in a single policy, which Foster & Cranfield had offered. In inviting offers, the auctioneer said that the assured person was an officer serving with the territorial forces, and liable, of course, to foreign service, but the policy was without restrictions as to residence or occupation, and, moreover, it was exempt from any liability to pay an increased premium. Bidding began at £7,500, and the hammer fell as stated at £10,150.