

our Government imposes taxes upon an inequitable basis, it will still further seriously affect the operations of such companies, tending to provoke reciprocal taxation against Canadian companies doing business in the United States.

Fourth.—The tax of $1\frac{3}{4}$ p.c. presently imposed by the Province of Quebec upon the gross yearly premiums is wrong in principle and discriminates against life insurance companies, as compared with other financial institutions, such as banks, trust and loan companies, and building societies, etc.

Fifth.—The tax was not contemplated by the life companies licensed to transact business; and which, acting under such Government authority, issued contracts that they are compelled to carry out.

Sixth.—Premiums consist of two main elements, the reserve and the loading. These, speaking broadly, stand in the relationship of $82\frac{1}{2}$ p.c. and $17\frac{1}{2}$ p.c., respectively. The former constitutes deposits as truly as though such were placed with a bank, and it is most unjust to levy and enforce payment of a tax upon such amounts which accidentally find their way into the custody of a life insurance company, while in other corporations such amounts are immune.

Seventh.—The loading is the margin for expense, and it only should be taxed. The amount of $1\frac{3}{4}$ p.c. of the gross premiums would mean nearly 10 p.c. of the loading on a participating policy, while on a non-participating policy it would amount to about 20 p.c. of the loading. It will thus be seen that the tax is next to prohibitive; and would cause failure in any other branch of financial enterprise which anticipated and provided for the payment of its obligations upon a margin which the keenest competition has reduced to a minimum.

Eighth.—Reduction in the expense ratio claims the most serious consideration, and rightly so, in order that life insurance may continue to be furnished at as low a cost as possible to the insurer. The imposition of inequitable taxation tends to defeat this object.

Ninth.—The tax of $1\frac{3}{4}$ p.c., as presently imposed, is borne by the policy-holders, the effect of which must be to increase the premiums of the non-participating policy-holder, and decrease the profits of the participating policy-holder. If the premium rates are not increased the participating policy-holder bears the burden.

Tenth.—The Government should not collect a tax from a licensed company upon an amount which it only receives in theory, as is the case with a first premium for life insurance. The medical fee, the agents' commission, as well as other expenses, have to be borne; so that in fact the com-

pany really retains very little, if any part, of the first year's premium, and yet a tax is levied on the full premium.

Eleventh.—The life companies do not object to being taxed, but they contend that owing to an apparent misapprehension of the principles of insurance, the Government has levied a tax which is inequitable, unjust and altogether out of proportion to what is levied upon the business of other financial institutions.

Twelfth.—The life insurance companies respectfully request the opportunity of presenting a carefully considered memorial to the Honourable Premier, yourself, and the members of Cabinet in Quebec at as early a date as convenient to you after the opening of the session.

The discussion of the various articles and the questions raised were taken part in by Mr. T. B. Macaulay, Mr. A. McN. Shaw, Mr. A. G. B. Claxton, Mr. B. Hal Brown, Mr. A. McDougald, and others of the delegation.

The deputation was accorded extreme courtesy by the ministers and their request to further memorialize the Government was cordially concurred in. The Premier stated that it was evident the taxation as at present levied bore too heavily upon life companies, and following certain adjustments respecting subsidies, the whole basis of taxation would be revised, with a view to satisfying, as far as possible, those who bore taxation in the Province.

MONTREAL INSURANCE INSTITUTE.

MR. J. E. E. DICKSON READS PAPER ON SAN FRANCISCO.

At the usual monthly meeting held in the rooms of the Montreal Insurance Institute, on the 19th inst. a large audience were present to listen to a very carefully prepared paper on the San Francisco disaster, read by Mr. J. E. E. Dickson, manager for Canada, of the Law Union & Crown Insurance Company. The lecturer having spent some time at San Francisco shortly after the disaster, was well qualified to deal with his subject. He illustrated the subject with some excellent lime-light views, showing ruins and the fissures made in the streets by the earthquake. He said:

"Insurance men felt that it was a critical time for the good name of fire insurance, and every man who had his company's interest at heart knew that he was face to face with a condition of affairs where it would be impossible to do exact justice, but that nevertheless the companies should have some say as to what was fair and right, and not leave that question entirely to the policy-holders and the newspapers. The intelligent, sober-minded representative who desired to treat the public