

WAR TAXATION OF UNLICENSED INSURANCE.

The Minister of Finance will be shortly taking into active consideration the preparation of his Budget for the Dominion's fiscal year, 1918-19. It will be necessary to impose new taxation, distributed equitably as far as possible, in order to keep pace with Canada's enlarged liabilities and expenditures. Some of the lines which will be taken in additional taxation are already known. The Dominion income tax is to be enlarged to an approximate equality of basis with the similar tax in the United States. The Business Profits Tax is to be re-enacted, doubtless with such amendments as past experience and present necessity show to be desirable. It is probable that beyond these and the increase of other existing taxation, new sources of revenue will have to be found. Accordingly we deem it desirable at this time, again to call attention to the question of the taxation for war purposes of the large business of unlicensed fire insurance in Canada.

Taxation of unlicensed insurance is an old story. But at least it can be said that the passage of time and the development of circumstances have only served to strengthen the case for it. Under present circumstances, a host of stock companies, mutuals, inter-insurers and Lloyds transact a large business in Canada—at the end of 1916 their Canadian risks totalled \$262,803,882—without a cent of taxation being secured on account of that business, except that one or two provinces do now collect a one per cent. tax upon the amounts of losses recovered from these unlicensed concerns, a tax which does not amount to an excessively large sum. On the other hand, the Dominion-licensed fire companies in 1914 paid \$496,298 in Canadian taxation upon their Canadian business, equal to 1.80 per cent. of their Canadian net premium income; in 1915, they paid \$717,273 (2.71 p.c.); in 1916, \$1,037,359 (3.74 p.c.). These figures exclude as far as possible, local taxes which the companies pay merely in their capacity as holders of real estate and buildings. It is not intended to suggest that the regularly-licensed companies have a call on public sympathy in regard to this matter of taxation. At this time, taxation is not a matter for sympathy; it is merely the least of the sacrifices which any individual, corporation or community can be called upon to make. But the figures given make it clear that as a result of failure to impose war taxation upon unlicensed insurance, a considerable amount of revenue, easily obtainable, is being lost to the Dominion.

MACHINERY ALREADY IN EXISTENCE.

The machinery for such a war-tax already exists. Under the Insurance Act of 1917 (section 129), every person insuring property in Canada in unlicensed companies is required under penalty to "make a return to the Superintendent giving the location and a brief description of the property insured, the amount of the insurance, and whether insured in Lloyds, or some similar association, or in mutuals, reciprocal, or other class of insurers, such return to be made by delivering or mailing it in a registered letter, addressed to the Superintendent not later than the first day of March in each year for the year ending on the preceding thirty-first day of December." It should not be a difficult matter to require the payment of a tax

when this return is made. Such a tax would, of course, be paid by the insured and not by the insurer. There is no unfairness in this, since under present circumstances the insured in unlicensed companies or other insurance organisations avoids the payment of any Canadian taxation (except the provincial taxation on losses already referred to), and it is at least partly as a consequence of this that he secures a lower rate of premium. No injustice would be done in requiring him to pay a war tax upon the amount of premiums he pays for unlicensed insurance.

This is a matter regarding which suitable representations might well be made to Sir Thomas White, to ensure that the question is given consideration, as the programme of new taxation is evolved. It should, of course, be understood that this suggested war-tax upon unlicensed insurance is not intended as a proposal for the solution of the whole unlicensed insurance problem. That can only be satisfactorily settled by the domicile and supervision in Canada of the now unlicensed organizations, and their taxation, both Dominion and provincial, on the same basis as those companies regularly entered. The present suggestion is merely that an obvious source of new war-taxation should be utilised.

THE PROGRESSIVE AGENT.

As with every other business man, the insurance agent needs to keep abreast of the times. If he is to enlarge his business and strengthen his connections, he must be aware of what is going on in the insurance world at large. One way in which the agent can thus inform himself is by reading an insurance journal, which will keep him posted regarding movements in and developments of the business of insurance. It should be realised that by failure to keep well-informed on current events, the agent is precluded from giving the best service to his clients, prevented from becoming to them an expert adviser on insurance.

A progressive agent not only reads his insurance paper religiously, but he has a little library of insurance books. Every man who is engaged in the business owes it to himself and his clients to keep his mind attuned with the best that is being thought and said in his own line of work. He must brush up against the leaders in his business. He may not be able to do this personally, but he can through the medium of his insurance paper, and other insurance literature. The agent need never fear that any effort spent in this direction will be lost. The public recognizes easily enough the superior service rendered by the local agent who can give sound advice and exercise judgment, who shows that he knows what he is talking about, and that he has really taken the trouble to study his business. The aim of the progressive local insurance man in brief should be to become the expert adviser of his community in matters of insurance, as the lawyer is in matters of law or the doctor in medicine.

FIRE LOSSES FOR 1917.

According to figures compiled by the Commission of Conservation, fire losses in Canada during 1917 totalled \$23,251,604. The number of fires reported totalled 14,092, but over \$15,500,000 of damage resulted from seventy-six fires.