

TAXING LIFE INSURANCE COMPANIES.

Were judgment to be based on the proceedings of State Legislatures in the United States and of some Provincial Legislatures in the Dominion we should conclude that the business of life insurance was of such a character as to call for restraint. A recent motion was made in the Quebec Legislature looking to the enhancement of the tax on life assurance companies.

The statement was made that the life companies in the United States pay taxes as high as 4 per cent. as against 1 per cent. in the Province of Quebec.

We have before us an official schedule of the taxes and other charges imposed by different State Legislatures on all classes of insurance companies in the United States. Out of over 50 of such States we find several have no insurance tax, 4 charge 1 per cent., 6 charge 1½ p.c., 18 charge 2 p.c., 8 charge 2½ per cent. One State imposes a tax of quarter of 1 p.c. on value of policies, another charges 2 p.c. on the first year's premiums, and one-tenth of 1 p.c. on renewals, a third places a tax of 1 to 1½ mills on each \$1 of risks written.

We do not find a single case of a 4 p.c. tax being charged on life insurance companies as was stated to be the general rule in the United States by a member of the Quebec Legislature. The taxing of insurance companies means, taxing insurance and taxing insurance involves the taxation of those who prudentially seek to protect themselves from disaster by insuring their property, or protect their dependents from poverty, or dire distress by providing a fund to be available for them in case of bereavement. Such a form of taxation is antagonistic to the public interest which is promoted and enhanced by prudential practices, it is contrary to the true function of Government, which is, not merely the protection of the people by the strong arm of power, but the fostering all institutions and influences that tend to equalize unavoidable burdens and to shield from misfortune. Insurance, both fire and life, furnishes the available and sure means of doing this for all classes, and, therefore, to the extent of its influence as a safeguard against misfortune is a public benefactor, and deserving of all the encouragement which can be given to it by the Government. Germany recognizes the services rendered to the State by influences that tend to develop prudential habits by giving direct aid to certain forms of life and accident insurance.

Whatever adds to the efficiency, the economic value, the personal independence of the people, whatever protects them from financial distress, adds to the strength of a nation.

Fire, life, accident companies, by the very nature of their business, render these inestimable services to the community. To tax that business is most anomalous, as much so as it would be to tax a soldier for serving in his country's defence.

Every tax imposed on an insurance company en-

hances the cost of insurance. It is a tax on prudence, on foresight, on self-respect, on honorable regard for business stability and credit. It is an obstruction to the development of a form of enterprise which is one of the brightest features in civilization, a feature which, as it expands and and broadens out, will remove from society the burden and the scandal of pauperism.

With singular inconsistency the legislator who is desirous of taxing life insurance in this province asked: "Why not follow the example of New Zealand and give a chance to poor people to insure their lives, and, at the same time, the Government could get a much larger revenue." Now, the taxing of life insurance is calculated to hinder poor people insuring their lives, nor is it helpful to that end for the Government getting a large revenue from operating life insurance as a State enterprise. So far as "poor people" are concerned there are companies conducting industrial life insurance which afford admirable facilities for wage earners and others of small income securing life insurance proportionate to their means.

The proposal to get revenue out of life insurance companies is so singularly ill-advised we trust it will be withdrawn.

LIFE ASSURANCE BUSINESS IN CANADA, 1905.

Following a custom maintained by THE CHRONICLE for many years we publish in this issue a table of the life assurance business in Canada for 1905 compared with 1904 and 1903. The table is not complete as the returns of several companies have not yet been received. The totals, therefore, are not available for last year's business. The returns for 1905 of "Net Premiums Received" of 32 of the Canadian companies show an increase of \$4,634,000 over previous year, so that it is almost certain the complete returns will give the total net premiums of the Canadian companies in 1905, to have been close upon 17 millions. The same 32 Canadian companies show an increase in "Amount of Policies New and Taken up" in 1905, over 1904 of over 20 millions of dollars.

Three British companies enlarged their net premiums in 1905, by \$57,512 and the "Amount of Policies New and Taken up" by \$718,962.

Four American companies advanced their premiums by \$173,074, but those do not include the largest companies.

Taking the statistics so far presented they give grounds for anticipating that, when the returns are complete, the year 1905 will show a greater enlargement of life business in Canada than any year on record.

In congratulating the companies on their prosperity last year we have pleasure in thanking those who furnished their figures in time for this issue, presuming that the delay in other cases has been caused by the pressure of new business.