

companies, banks, and loan companies combined, although these institutions are making large profits out of their business in the province, and are in business for profit.

*Saskatchewan and Alberta.*—The new provinces of Saskatchewan and Alberta have hardly yet had time to follow the example of the older provinces, and a registration fee of \$5.00 for filing the annual returns, the same as for all joint stock companies, is all that is yet required, but the towns, as they are incorporated, have in a number of cases imposed a license on the insurance company or agent of from \$25 to \$50 from the start.

*British Columbia* exacts a tax of 1 p.c. on gross income from all sources in the province. Not only the premiums but income from investments is also included and no provision is made for reinsurance deductions. Municipal taxes are general in British Columbia. New Westminster, B.C. (7,000 population) for example, imposes a tax of \$100 per annum on agents doing life and accident insurance and also the same fee is payable by a fire insurance agent doing business there.

#### IN THE UNITED STATES.

In the *United States* there is neither uniformity of rate nor method in imposing taxes by States. With few exceptions, each State imposes a direct tax on the gross premiums collected in the State. Six States fix the tax at 1 p.c. of the premiums; six more at 1½ p.c.; sixteen collect 2 p.c.; one charges 2½ p.c.; eight collect 2½ p.c., and one or two exact 3 p.c. A few States impose no tax; in several the tax is based on reserves, on surplus, or on the amount of business transacted. Retaliatory laws are in force in several States. In operation one State taxes insurance companies, say, 1 p.c., but it provides that if other States should tax at a higher rate, companies of the first State, then the latter in turn will tax companies of the second State at the rate imposed on its own companies there.

In Canada the average taxes on the premiums paid by the companies is just under 1 p.c. and in the United States the average is almost twice as high. Taking the companies reporting to the Connecticut Insurance Department, three companies pay over 3 p.c. of all their premium income for the State taxation, outside of their regular taxes on real estate—the highest being 3.43 p.c.; two other companies between 2 and 3 p.c. and nine other companies over 1½ p.c. Nearly 2 p.c. of the entire premiums collected for life insurance in the United States is paid to the different States in the shape of taxes and fees under the State laws. This means that for every \$1,000 paid by the policy-holders as premium, the states require that nearly \$20 shall be handed over to them—first, to pay the cost of their "insurance departments" and the balance to be applied to swell the already over-full coffers of their treasury departments" and the balance to be applied to swell the a legitimate burden, but why the policy-holder should be singled out and be compelled to pay an extra tax in order to defray the running expenses of the State or Provincial Government, it is difficult to conceive.

Mr. Z. M. Host, formerly Insurance Commissioner for Wisconsin, in a letter submitted to the Wisconsin Tax Commission, said in part:—"The taxation of life insurance companies in Wisconsin is peculiar and without method or uniformity. Wisconsin companies are singled out and more oppressive taxes are imposed upon them, than any State in the Union or any country in the world imposes on its own or upon foreign life insurance companies. With premium receipts on business written and in force in this State during 1905 amounting to \$2,429,795.27, the Northwestern Mutual Life Insurance Company paid in taxes to the State of Wisconsin, the sum of \$309,021.12, an amount equal to a gross premium tax of nearly thirteen per cent. On my own policy of \$5,000, carried to the Northwestern, the State annually receives a sufficient amount in taxes to enable me to carry an additional \$1,000 of insurance on the ordinary life plan, and have a balance remaining of \$1.55, or, in other words, were the tax charged direct to the Wisconsin policy-holders, and the law repealed, the annual dividend on my policy would be \$32.24 greater."

#### TAXATION OF FIRE INSURANCE PREMIUMS.

The arguments used against the taxation of life insurance premiums apply in the main to the taxes imposed on fire premiums, and it is usually found that throughout Canada and the United States, where one is taxed, the other is generally put in the same category. Fire insurance has played a prominent part in fostering and encouraging the unprecedented development of our country, and in the future must play even a more important part. The cost of this necessary protection to the citizen has been materially increased by hostile legislation whereby fire companies have been excessively and unfairly taxed and harassed by laws that are oppressive and obstructive. Every dollar thus assessed upon the companies must be paid by those who buy insurance. The companies are not charitable organizations that pay out their capital for the pleasure of it, but those who enjoy the benefits of insurance must pay the cost, whether such cost is occasioned by destructive fires or by unwise legislation. It is the public that pays in any event.

Mr. Greville E. Fryer, of Philadelphia, who has contributed many articles on this subject, says:—"This tax in the various States is about 2 p.c. upon gross premiums of, say, \$160,000,000. This does not include marine premiums, which amount to many millions more, nor to those of the life companies. The tax upon gross premiums is wrong in principle because levied upon a fund the greater part of which must be disbursed by the companies receiving it—a tax upon losses and expenses—for out of this fund these liabilities must be met. The average percentage of taxation to net premiums, after paying losses and expenses, for 17 years, from 1884 to 1900, inclusive, was 30.55 p.c.

It is interesting to note that the experience of Canadian fire insurance companies for 30 years shows that while the income from all sources was \$136,356,808, the losses and disbursements amounted to \$137,499,807, a loss of \$1,142,998.