legal tender quality in them, such as gold certificates and silver certificates." These are not notes at all, but certificates of the deposit of actual money which can be had on presenting them. In reserves they stand for the money deposited and not for the credit of the banks. A bank holding its own notes and the notes of other banks as a reserve would be a new anomaly in currency and in banking. It would be like a man presenting his own notes and the notes of others as a security for loans. It might be safe, but it would depend upon the credit of the borrower and would not be real security.

The notion that bank notes are money and a proper reserve for the security of deposits is fostered by the United States false system of bank circulation."

TAXING INSURANCE COMPANIES

In the last issue of THE CHRONICLE reference was made to the proposal of the Quebec Government to increase the tax on life insurance companies, and reasons were stated showing the undesirability of imposing taxes on the business of life assurance. In the early part of this week a number of managers representing the companies operating in this province went to Quebec where they interviewed the Premier and Provincial Treasurer to whom they made strong pleas against the propos d taxation.

The Canadian companies were represented by Mr. David Burke, Royal-Victoria, Mr. F. G. Cope, and A. B. Wood, Sun Life of Canada; Mr. Allan, Mutual Life of Canada; Mr. Simpson, North American; Edward Schmidt, Canada Life, and W. T Stewart, Excelsior.

The British companies were represented by Mr. B. Hal Brown, London & Lancashire; Mr. W. Mackay, Royal, and Mr. McGoun, Standard.

The American companies were represented by Mr. Christmas, Ætna; Mr. Johnson, New York Life; Mr. Parkins, Travelers; Mr. Daly, Provident Savings, and Mr. A. G. B. Claxton, advocate, the Metropolitan.

They were courteously received, and it is believed that their arguments made a favourable impression on the Premier.

They presented the following memorandum embracing the salient points of the argument against the proposed tax.

That the imposition of any tax upon premiums of life insurance is unjust, particularly upon existing contracts;

The tax levied upon premiums must ultimately be borne by the policy-holders and not by the company. Such a tax is a burden upon the provident discriminating against them and discouraging the provision which would relieve the State from caring for the improvident.

The business of life insurance is already excessively taxed and discriminated against in the Province of Quebec, compared with other financial institutions. The amount of taxes on life companies in 1905 was $55,000) fifty-five thousand dollars), an amount three times greater than that paid six years ago. A large percentage of the premium approximately 82½ per cent. is not the property of the company except in the capacity of a trustee under the Insurance Act, and must not only be held sacredly for the policy-holder, but improved at the rate of interest fixed by Government and returned to them. The balance of premium, viz., 17½ per cent., being the loading must suffice for initial and other expenses of management. To levy a tax upon the reserve is equivalent to taxing for an equal amount the deposits in an ordinary Savings Bank or other financial institution.

The tax as proposed is excessive as compared with that imposed by any other province or State on the Continent and would provoke reciprocal taxation against Canadian companies doing business in the United States.

It should be borne in mind that the Dominion Government requires the reserves to be held in approved securities, formrly these were on the assumption that a 4½ p.c. rate of interest would be realized upon investments, this basis was reduced to a 3½ rate taking effect January 1, 1900, compelling the companies to put up a much larger amount to the credit of policies issued prior to that date, although no higher premium can be from the insured. Additional taxation imposed by the Provincial Government introduces a most dangerous principle.

If the Government imposes this tax the companies must recoup themselves by either collecting the tax from the insured with the premiums; or when the dividends or profits are divided the amounts of the excess taxation must be deducted from those who are policy-holders in the Province of Quebec.

Messrs. Hal Brown, David Burke, Mr. Christmas and other members of the delegation spoke pointedly and strongly on the subject urging the Government not to impose taxation, which would have the effect of discouraging life assurance and be an unjust discrimination against a class of business which does an invaluable service to the community.

We have always deprecated the imposition of taxes on the business of insurance whether provincial, civic or otherwise. That is to say apart from the payment of the ordinary taxes which fall upon citizens generally.

The business of life insurance is conducted on a scientific basis, and the rates charged are regulated by tables prepared by the most eminent actuaries based on experience embracing a long period of years, no provision being made for such taxation as that proposed.