

TAXATION OF LIFE ASSURANCE COMPANIES IN CANADA.

Method and Scope of Taxation—Taxes Unwarrantable.

By T. Bradshaw.

I.

[The following is the first part of an instructive paper presented by Mr. T. Bradshaw, managing director of the Imperial Life Assurance Company of Canada to the International Conference on State and Local Taxation at Toronto last week.]

Life assurance companies in Canada pay taxes in some form or other to the Dominion Government, to the Provincial Governments, and to certain municipalities. The bulk of these taxes are paid to the Provincial Governments. The method and scope of such taxation may be thus briefly stated:—

(a) Dominion Taxes.—These are for part of the expenses of the Insurance Department, which maintains a supervision of the companies. For the year ended 31st March, 1906, the last year for which official figures are available, the total expenses of the Department amounted to \$18,045. Of this amount the life companies were assessed \$10,448.

(b) Provincial Taxes.—Ontario, Manitoba, Saskatchewan and Alberta impose a tax of 1 per cent. on the gross premium income. In addition to such tax, each company has to pay a license fee, in Ontario, of \$150. British Columbia imposes a tax of 1 per cent. on the gross premium income and on the interest derived from investments in the Province. Quebec imposes a tax of 1¼ per cent. on the gross premium income. Nova Scotia, New Brunswick and Prince Edward Island levy an annual tax or license fee. In Nova Scotia, the amount varies with the capital of the company; in New Brunswick, it is \$250, and a tax of \$2 for each agent; in Prince Edward Island, it is \$225.

(c) Municipal Taxes.—The Revenue Acts of Ontario, Manitoba, Saskatchewan and Alberta specifically exempt the companies from municipal taxation. Notwithstanding such exemption, certain municipalities in the Western Provinces claim the right to impose license fees upon agents and companies. Some municipalities in Quebec, New Brunswick, Nova Scotia, Prince Edward Island and British Columbia exact annual license fees.

Considering the subject with special reference to this Province—Ontario—we find that for three years 1905-6 and 7, the taxes and fees imposed upon the companies amounted to no less than \$291,320. I trust to be able to show conclusively in the course of my remarks that practically any tax imposed upon a life company is unwarrantable, but before doing so allow me to point out how unreasonably high the rate of taxation in respect to life companies is, as compared with the rates of other corporations. The following schedule gives the taxes collected by the Province under the Supplementary Revenue Act for the same three years, 1905, 1906 and 1907:—

Taxes Paid to Ontario—1905, 1906, 1907.

Life Insurance Companies	\$270,119.87
Fire Insurance Companies	126,025.71
Miscellaneous Insurance Companies	18,306.53
Loan Companies	74,046.90
Banks	186,855.34
Trust Companies	20,475.00
Street Railways	26,113.03
*Railways	958,942.79
Gas & Electric Light Companies.....	28,442.54
Parlor Car Companies	5,467.34
Telephone Companies	20,067.58
Telegraph Companies	3,901.72
Express Companies	15,175.00
Natural Gas Companies	7,592.73

Total \$1,762,132.08

* While the revenue from railway companies, in the three years amounted to \$958,942.79, the Ontario Treasury paid in Railway Subsidies, in the period, no less than \$396,582.04, thus reducing their net contribution to \$562,360.75.

(To be Continued.)

GROWTH OF LIFE INSURANCE IN JAPAN.

The inauguration of the life insurance business in Japan dates back to 1880, and its growth during the subsequent years was slow. At the end of 1887 the total amount of contracts in force was only Yen 3,000,000. A Yen is equivalent to fifty cents. Since 1893, however, people began to appreciate the benefits to be derived from life insurance, and at the end of 1897 the amounts of contracts in

force had increased to 122,000,000 Yen. In the few years following 1900, a considerable boom in life insurance business was started. During the progress of the Russo-Japanese war all the companies assumed an attitude of precaution, and business became dull. With the return of peace and the industrial boom in 1906, the life insurance companies assumed a more active policy. This, further augmented by the establishment of several new companies, has resulted in the rapid expansion of contracts. At the end of 1905, the total amount in force was 230,000,000 Yen, which has increased to 410,000,000 at the end of June last.

The rate at which life insurance in Japan has been advancing from its inception will be seen from the following figures furnished by Mr. W. T. R. Preston, Canadian Trade Commissioner in Japan:—

	Amount of Contracts. Yen.	Amount of Reserve Fund. Yen.	Premiums Collected. Yen.
1882	890,000	24,000	26,000
1887	1,985,000	150,000	66,000
1892	17,511,000	893,000	575,000
1897	122,240,000	5,061,000	3,836,000
1900	195,286,000	12,943,000	7,047,000
1902	181,651,000	16,937,000	6,588,000
1903	206,873,000	19,695,000	7,508,000
1904	213,376,000	22,328,000	8,054,000
1905	232,013,000	25,445,000	8,733,000
1906	275,769,000	30,466,000	10,582,000
1907	361,911,000	37,528,000	13,760,000

During the first six months of this year the amount of new policies reached Yen 41,700,000. The total amount of policies issued to the end of June amounted to Yen 410,887,000. The net increase during every quinquennial period is shown herewith:—

	Net Increase. Yen.	Yearly Average. Yen.
1883-87	1,095,300	219,060
1888-92	15,316,100	3,102,220
1893-97	104,747,919	20,949,584
1898-02	59,401,796	11,810,359
1903-07	180,260,102	36,012,020
1908 (1st half)	41,700,966	83,401,912

ANGELIC MUST BE THE IDEAL ADJUSTER.

He Must Golf, Be a Sherlock Holmes, and Know of Everything from Pills to Pianos.

An ideal adjuster is partly born and partly made by experience, but no experience can make a successful adjuster unless birth has done its part. This is the opinion of Mr. A. F. Dean, assistant manager of the Springfield Fire and Marine Insurance Company. The ideal adjuster, he adds, needs not only to be honest, but to look honest. He should inspire confidence by his tact, address, and personal magnetism. He ought to be familiar with insurance law, commercial usage, and human nature. He needs a Sherlock Holmes nose for directing and tracking fraud to its lair, and at the same time, a nose equally sensitive to the aroma of honesty—a nose that will lead him unerringly along the path that lies between the boundaries of optimism and pessimism. He must know much of the nature and values of all classes of property. He ought to be a skilful accountant, and enough of a builder to make a detailed estimate of the cost of replacing a vanished building. He ought to have a fair knowledge of literature and art, know books, pictures, music and musical instruments.

He ought to be a family man and a ladies' man, in the best sense of the term. He ought to be a connoisseur in pots, kettles, and dish-pans, cook stoves, pianos, photograph albums, Little Liver Pills, Radway's Ready Relief, and all the long category of alliterative cure-alls, sewing machines, silverware, bedding, books, bicycles, bonnets, and wearing apparel, without regard to age, sex, or condition, from baby-lines and ladies' lingerie to hob-nailed shoes, golfing suits, St. Patrick's Day regalia, and liver pads.

He ought to be able to recognize at their true value pictures of every school, including the boarding school. He ought to be an expert in all "objects of bigotry and virtue," with their endless variety and range in value, from the plaster casts and chromes in the humble home of the farmer or mechanic to the priceless art treasures in the palace of the plutocrat. He ought to be prepared to deal with all these things, hallowed by prejudice or associations, bruised, battered, torn, water-soaked, smoked or reduced to an ash heap, knowingly, sympathetically, reverently and unflinchingly. The annals of statecraft furnish no more shining examples of diplomacy than could be told of the every-day experience of the fire adjuster.

If friction in the adjustment of fire losses exists, it is because the man who can be and do these things—the ideal adjuster—does not grow on every bush.