

ANOTHER WAY TO REDUCE COST OF FIRE INSURANCE.

One way to reduce the cost of fire insurance is to reduce the fire rate, the number of preventable losses that occur daily, for which the whole body of those who carry fire insurance policies have the pleasure of paying.

Another way to reduce the cost of fire insurance, to which not so much attention is being paid as it deserves, is to lighten the burden of taxation now imposed upon the companies, and paid through them by policyholders. This taxation is altogether out of proportion to taxation imposed upon other business, and has a definite result in fire insurance premiums being higher than they would be were this taxation abolished or even reduced to a standard that comparatively would be a fair one.

TAXATION UPON GROSS INCOME.

No other business than insurance is taxed upon its gross income. Whether that income results in a profit or not, the taxes have to be paid. A conflagration may at any time—and sometimes does—involve fire insurance companies in a year's losses aggregating or exceeding their premium income. No matter, taxation upon gross premium income has to be paid just the same.

In Canada, there is only one province, Prince Edward Island, which does not impose a tax of one per cent. or more upon the fire companies' gross income.

In seven provinces this tax is one per cent.; in British Columbia it is even two per cent.

Beyond this tax upon gross income, the companies are compelled to pay a host of other taxes—registration fees, licenses, municipal taxes and the like.

So that in some of the Canadian provinces the fire companies have to pay away three per cent. or over of their gross premium incomes in taxation.

That is to say, of every hundred dollars paid in premiums to the companies, three dollars or more have to be ear-marked for paying taxes.

Is this reasonable?

The only reason for it is that the taxing authorities, provincial and municipal, find the taxes easy to collect.

The higher the rate of taxation a fire insurance company is compelled to pay, the higher correspondingly the rates of premium it must charge.

Reduced taxation of fire insurance companies means a lower cost of fire insurance.

The Bank of British North America announces the closing of the following branches on the dates mentioned: Burdett, Alberta, 14th December; Bella Coola, B.C., 31st December; Victoria, James Bay, 31st December. Any drafts or bills held for collection by these offices will be accounted for by the Bow Island, Alberta; Vancouver, B.C., and Victoria, B.C., branches respectively.

THE DOMINION GOVERNMENT'S INVESTMENTS.

With reference to the position of the Dominion Government's finances it is pointed out by a Toronto correspondent that for the four months since July 31, 1914, there has been an increase of over \$30,000,000 in the "investments" of the Canadian Treasury, apart from sinking fund investments. Even at the end of August the total of these "other investments" stood at \$87,670,000, whereas at the end of November they had risen to \$118,130,000. It is one of the mysteries of Canadian Government finance what this increase of investments represents. The Finance Department, in its monthly statement, sheds no light on the matter. There are two possible forms in which the money could have been invested—loans to railway companies which are engaged in completing construction work, and loans to the chartered banks on securities lodged by them.

LOANS TO RAILWAYS.

At the end of August the Government returns showed that certain banks had deposited \$750,000 as securities for loans from the Government. Since August these particulars have been cut out from the statement, and there is naturally much speculation as to the amount of the bank loans. The returns of the banks themselves, however, give no indication of extraordinarily large loans from the Government, and some of our experts do not believe that the banks have leaned so very extensively on the Government in this way. Consequently in the absence of authentic or specific information on the subject, there is a disposition to believe that the Government's investments have been represented largely by loans to the newer railway systems for construction purposes.

The important point in connection therewith is that the Government has found the funds for making these investments through largely expanding the total of its issues of inconvertible paper money. There was a further increase of \$15,000,000 in these issues in November. The total expansion since the beginning of the war is now roundly \$52,000,000.

BANK OF VANCOUVER SUSPENDS PAYMENT.

Announcement was made at a late hour on Monday night by the directors of the Bank of Vancouver that they had been obliged to suspend payment. The directors are confident that the depositors will be paid in full. Deposits at the time of the Bank's suspension are reported as about \$380,000.

In connection with the difficulties of this Bank, it is of interest to note that two of the directors elected at the annual meeting last March were Alvo von Alvensleben, the German financier whose Vancouver affairs have lately caused a good deal of talk and who is supposed to have had extensive dealings with the Dominion Trust Company, and Dr. Grunert, a German banker, and for some time a director of the Rhenish Credit Bank of Mannheim.

It is stated that some days before the Bank lost its clearing house privileges recently, the committee of bankers which investigated its position advised that a curator be appointed. The committee was careful to state that there was no irregularity in connection with the bank's affairs, but advised liquidation on the ground that its limited capital and lack of business precluded any chance of a profitable existence.