

TAXES PAID BY LIFE INSURANCE COMPANIES IN CANADA.

While the subject of excessive taxation is a matter of frequent discussion among life insurance officials and agents, it seems that the actual extent of this taxation in Canada is not generally known. With the object of ascertaining this, THE CHRONICLE has compiled and publishes herewith the figures of the taxes paid by the Dominion-licensed life companies during the years 1914 and 1915 upon their Canadian business only. The returns are in the main compiled from the Dominion Government blue-book. However, the blue-book does not distinguish between Canadian taxation and foreign taxation in the case of those Canadian life companies doing business abroad and the courtesy of several of the larger Canadian companies has been availed of in order to obtain the exact figures of their Canadian taxation.

The Dominion-licensed life companies operating in the Canadian field—Canadian, British and American—paid in Canadian taxation in 1914 \$544,879 and in 1915, \$909,126. The amount paid by the companies in the two years is thus \$1,454,005, equal to 1.69 per cent. of their premium income during that period. The two-year figures probably give a better idea than those of either 1914 or 1915 of the existing real incidence of Canadian taxation upon the life companies, since following a dispute with the Ontario Government the Canadian and British companies did not pay their Ontario taxes on premiums due in 1914 until 1915. It will be in recollection that the companies felt compelled to contest the validity of the Ontario legislation raising the tax on their Ontario premiums from 1 per cent. to 1¾ per cent. But the Courts decided against them, and prior to this decision being given, the companies were outflanked by the provincial treasurer, who persuaded the legislature to impose a new direct tax of \$30,000 upon the companies, subject to reduction at the provincial treasurer's discretion. We understand that the companies actually pay under this legislation a tax of 1¾ per cent. of their premium Ontario incomes.

THE TAXES ON PREMIUM INCOMES.

It is the tax on premium incomes imposed by the provinces that mainly accounts for the present excessive scale of the taxation upon the life companies. This tax is imposed by seven of the nine provinces. In three, British Columbia, Alberta and Saskatchewan, it is 1 per cent.; in two, Quebec and Ontario, 1¾ per cent.; in Nova Scotia, 1¼

per cent., and in Manitoba, from 1 to 2 per cent., according to the size of the income. The idea of this taxation was first copied by Ontario from the United States in 1899. That it has since spread so widely in Canada is simply due, in the last resort, to the fact that policyholders of the companies have not been educated to an appreciation of the fact that it is their money which is thus confiscated by the provinces, and not the possessions of some financial octopus. When Ontario in 1914 was enlarging its tax on premium incomes the fraternal were exempted. Why? On the plea that their members were usually drawn from a poorer class of society than those who take out policies in the old line companies and that to tax them would be unfair. Granted that this would be the case, why then were not the companies transacting industrial insurance and taking insurance protection to the very poorest who cannot afford to belong to fraternal, also exempted? Most probably, for the very good reason that industrial policyholders were unlikely to raise the "holler" that would have been raised by the members of fraternal societies had they been taxed.

When policyholders in old-line companies have been educated by company managements up to the point of raising a loud "holler" over this confiscation of their savings by the provinces, there will be some chance of these taxation demands decreasing. There has been endless discussion of this subject in recent years, but so far, practical action following discussion has been mainly conspicuous by its absence. While that is the case, matters can be expected to show no improvement. But it should not be a difficult matter to devise practical ways and means of persevering education of the policyholders in this important matter, through the agents and by means of pithy, pointed literature.

Elizur Wright wrote, many years ago:—"There seems in regard to insurance companies of all kinds, no valid reason why every person who is in any way connected with them should not be taxed for the support of the government, according to his ability, as an individual, and any tax on the company, after that, is in fact taxing him beyond his share, and if he is a policyholder, exacting a penalty on his prudence." That is what the Canadian provinces are doing—exactng a penalty on the prudence of those who carry life insurance.

TAXES OF DOMINION LICENSED LIFE COMPANIES IN CANADA.

(CANADIAN BUSINESS ONLY)

(Compiled by The Chronicle.)

	Canadian Premiums, 1914	Canadian Premiums, 1915	Canadian Taxation, 1914	Canadian Taxation, 1915	Per- centage Taxation to Premiums, 1914	Per- centage Taxation to Premiums, 1915	2 Years' Premiums, 1914-15	2 Years' Taxation, 1914-15	Per- centage Taxation to Pre- miums, 1914-15
	\$	\$	\$	\$			\$	\$	
Canadian Companies.	26,038,226	28,562,277	286,636	610,843	1.10	2.14	54,600,503	897,479	1.64
British Companies.	1,907,830	2,071,592	30,437	45,643	1.59	2.20	3,979,422	76,080	1.91
American Companies.	13,139,844	14,488,783	227,806	252,640	1.73	1.75	27,628,627	480,446	1.74
	41,085,900	45,122,652	544,879	909,126	1.30	2.01	86,208,552	1,454,005	1.69