

HOW THE PREMIUM TAX AFFECTS POLICYHOLDERS.

There are many thousands of persons who carry life insurance to the end that under no circumstances will their families be left entirely helpless, and dependent upon public charity. These men should be favored by the State, or should at least receive just treatment. On the contrary, the State reaches forth its hand and demands a part of every life insurance premium which these men pay. True, the insured himself does not always realize that the tax which the State thus levies upon his premiums comes from his own pocket; and yet, but for that tax, the cost of that man's insurance would be less; or he could carry a larger amount of protection for the money that he is able to pay. In paying these premiums the insured taxes himself voluntarily to the end that his wife and little ones may never become a public charge; then comes in the State and levies a tax upon that tax which he has thus voluntarily assumed, taking away each year a part of the premium which he has paid. Not only is the insured thus taxed upon a tax, but he is taxed with the rest of the community to help provide for the widow and orphans of other men, who were less provident than he and who neglected in their lifetime to make this sure provision for their dependent ones.

TOLERATED THROUGH IGNORANCE.

The tax upon life insurance premiums is manifestly unjust, but is tolerated for the simple reason that the millions of policyholders, not having to pay the tax directly, fail to realize that they are paying it in fact. The British Government permits every man to deduct from his personal income, upon which he must pay an income tax, the amount of premiums paid by him in that year for life insurance.

If our legislatures would inform themselves as to the nature of a life insurance premium, and of the dividend or refund made to policyholders, there would be very few laws imposing a tax on life insurance premiums. The future cost of life insurance cannot be precisely determined in advance. To be on the safe side—to the end that there may never be a deficit in the funds for the payment of widows and orphans, the premium is necessarily fixed at an amount somewhat larger than the actual cost is likely to be. At the end of each year, when the actual cost has been ascertained, so much of the premium as was in excess of that cost is returned to the policyholder in the form of a so-called "dividend"—more properly termed a refund.

This refund may be made at the end of each year, or, in the case of deferred distribution policies, at the end of the dividend period specified in the policy. In either case, the dividend is nothing more or less than a refund to the policyholder of the amount paid in by him in excess of actual cost of protection.

INDIRECT TAXATION.

The policyholder does not readily see the injustice of this premium tax, as already stated, because it is not paid directly by him; but it is as certain as the multiplication table, that his dividends, or refunds, cannot be so great as they would be were this tax not levied.

Many legislators and many policyholders think of life insurance companies as rich corporations which are making great profits yearly for the "stockholders" out of the premiums paid by policyholders. In mutual life insurance there is not a dollar of actual profit for anybody from any source. Could the future cost of life insurance be exactly determined in advance, a premium just sufficient to cover that cost would be collected—no more and no less—and there would be no dividends, or refunds. Everything that increases the actual cost of life insurance, leaves just so much less to be refunded to the insured from the premiums paid by him to cover that cost. Every dollar of taxes paid by the Company leaves just so much less to be returned in dividends.—*Mutual Interests.*

UNDERWRITERS' CAMPAIGN AGAINST SKYSCRAPERS.

New York Board Wants Extreme Height Limited to 150 Feet—Present Skyscrapers are only Fairly-Efficient in Fire Restrictive Construction—A Harrowing Picture.

The New York Board of Fire Underwriters is starting out on a campaign against the skyscraper. Two of its representatives, Messrs. Ira H. Woolson and F. J. T. Stewart, have appealed to President McAneny, of the Borough of Manhattan, and chairman of the Heights Building Committee, to use his powers toward limiting the height of further new buildings in the city to 125 feet—except that buildings subdivided by numerous partitions such as office buildings and the like might be allowed as high as 150 feet. Among the reasons given for this restriction are that the fire department even with its best apparatus and high pressure water system cannot possibly combat successfully from the street with a fire which occurs 100 feet or more above the street level. Besides, a strict classification of most of the New York high buildings would rate them as only of fairly efficient fire restrictive construction. The effect of a fire in a very high building whose inmates cannot be reached by the fire department is made the subject of a harrowing picture by Messrs. Woolson and Stewart in their communication to the Borough Commissioner. They say:

The possibilities of a fearful holocaust in the burning of such a building are apparent. The condition of several hundred or more persons caught in the upper stories, with several floors below them belching flame and smoke at every crack and opening, is not pleasant to contemplate. Even though the building were constructed in the best manner possible, with inclosed elevators and stairways or smoke proof towers, the danger to life would still be very great. Suppose that the elevator boys quit operating their cars, either from fear or because the shafts were filled with smoke and untenable, either condition might easily occur. The occupants would then have to depend on the inclosed stairways as their only means of escape. Think of this mass of frightened humanity fleeing for their lives down narrow stairways from the twentieth or fortieth story! The physical effort involved in such a flight would be very great. The chances are that many would be overcome by physical or nervous exhaustion and their helpless bodies would block the passage for those behind. Panic would then result, with all its attendant horrors. Fire or smoke might easily be added to this frightful condition if the building were not of the highest grade construction. We do not think this forecast is overdrawn or chimerical. We believe the conditions stated are well founded possibilities which have been greatly underestimated.