

ECONOMIC VALUE OF LIFE INSURANCE

Agents Are Necessary to Supply the Need of the People
—Value of Policy in Business

"Life insurance bears the relationship to thrift that the modern utilization of by-products, largely wasted in former years, bears to many of our leading manufacturing enterprises of to-day. Small sums accumulated periodically, which would otherwise be wasted, are made to total a substantial sum." This was a remark used by Professor S. S. Hueber, Wharton School of Finance, in an address at Philadelphia.

He further said: "The community absolutely needs life insurance, and life insurance, if its beneficent influence is to be spread far and wide among United States and Canadian households, absolutely needs the agent. All voluntary schemes of life insurance, whether governmental or private, which eliminated the solicitor, have proved practical failures, and have demonstrated beyond a doubt that life insurance is of such a nature that, although a necessity of life, it must nevertheless be sold, and sold tactfully and persuasively."

Family as a Business.

"It has always seemed incomprehensible that an institution which so vitally affects the well-being of nearly every individual should have been so late in forming a part of our educational system as regards both the public and the practitioner. The subject has been practically neglected by our economists, and the thousands upon thousands of students taking economics in our colleges and high schools, and who later become leaders in the community, are given a mere smattering in the subject.

"As a protector of the family, the very corner-stone of society, life insurance has no substitute. It furnishes the only certain method of capitalizing the value of the income producer for the benefit of the family, and in this respect is a universal duty, a religious obligation, and a beneficiary's right. The care of his family is a man's greatest and most important business. The family should be established and run as a business and on a sound business basis. It should be protected against needless bankruptcy. The death or disability of the head of this business should not involve its impairment or dissolution any more than the death of the head of a bank, railroad, or store. Every corporation and firm represents capitalized earning capacity and good-will. Why, then, when men and women are about to organize the business called a family, should there not be a capitalization in the form of a life insurance policy of the only real value behind the business?

Insurance an Economic Bridge.

"Life insurance is becoming a great conservator of business as regards the protection of the valuable lives in the business as well as its credit foundation. I believe that life insurance will eventually prove the economic means wherewith to bridge that ever-widening gap between capital and labor. Bankers are also rapidly awakening to the fact that he who carries adequate life insurance, even though it be only family insurance, has by that act stamped himself as a well-balanced and calculating individual as contrasted with one disposed to run the gauntlet of a gamble."

WINNIPEG MAY MARKET LOAN

The city of Winnipeg may market a loan in the near future. This city has not sold any bonds for some time. Mayor Waugh (who will become chairman of the Greater Winnipeg Water Board at the end of the year) and the city treasurer, are visiting Montreal and other eastern points in connection with the loan.

Sir George Paish says England must raise \$25,000,000 daily for the war, and that her power to do so is problematical. Of this sum he says \$5,000,000 can be created by selling securities abroad; \$7,500,000 through proposed taxation and about \$7,500,000 out of savings of the people, leaving \$5,000,000 to be raised. He suggests that the wealthy class borrow up to \$1,500,000,000 to lend to the government.

BUSINESS INSURANCE PREMIUMS AND TAX

They Can Be Treated as Rest and Added to Capital, Says
Taxation Officer

How are the premiums paid on business insurance policies to be treated in connection with the business profits war tax act? This is one of the many interesting points which have been raised regarding the new tax. While the finance department at Ottawa cannot be expected to answer hypothetical questions as to the operation of the act, in this case, at the request of *The Monetary Times*, Mr. R. W. Breadner, taxation officer, has given the following ruling:—
Premium Paid is Asset.

"The premium paid on such a policy would be an asset and, therefore, could not be deducted as an expense from gross profits. At the commencement of the accounting period following the period in which the premium was paid, the amount could be treated as rest and be added to capital for the purpose of the business profits war tax act."

This ruling is the result of a conference between the insurance and finance departments, Ottawa.
Insurance Superintendent's View.

Mr. G. D. Finlayson, discussing the point with *The Monetary Times*, said:—

"While I think, as a general principle, every allowance should be made in schemes of taxation for insurance in favor of one's dependents, I think that business insurance as ordinarily practised partakes more of the nature of an ordinary financial transaction and the philanthropic side of insurance is almost entirely lost. Business insurance may really be regarded as a form of investment or sinking fund, and if the principle of exemption of premiums payable on such insurance were recognized, it would be possible for a company to escape taxation simply by effecting a sufficiently large amount of insurance.

"My view, therefore, would be that so far as the business profits war tax act is concerned, it would be impracticable to allow these premiums to be deducted from the profits."

CLEARING HOUSE RETURNS

The following are the bank clearing house returns for weeks ended June 29th, 1916, and June 30th, 1915, with changes:—

	Week ended June 29, '16.	Week ended June 30, '15.	Changes.
Montreal	\$ 71,143,677	\$33,185,967	+ \$37,957,710
Toronto	56,320,154	28,196,295	+ 28,123,859
Winnipeg	32,421,876	12,678,611	+ 19,743,265
Vancouver	5,940,942	4,392,508	+ 1,548,434
Ottawa	4,919,402	2,625,950	+ 2,293,452
Calgary	3,873,052	3,123,568	+ 749,484
Hamilton	3,871,494	2,241,661	+ 1,629,833
Quebec	3,408,215	2,354,067	+ 1,054,148
Edmonton	1,762,083	1,391,942	+ 370,141
Halifax	2,033,374	1,330,156	+ 703,218
London	1,669,053	1,234,930	+ 434,123
Regina	1,781,077	887,973	+ 893,104
St. John	1,664,080	1,030,146	+ 624,934
Victoria	1,384,645	1,032,874	+ 351,771
Saskatoon	970,507	523,910	+ 446,597
Moose Jaw	794,961	560,681	+ 234,280
Brandon	496,165	306,653	+ 189,512
Brantford	544,066	358,782	+ 185,284
Fort William	470,524	294,828	+ 175,696
Lethbridge	426,311	207,194	+ 219,117
Medicine Hat	298,914	156,251	+ 142,663
New Westminster	305,712	184,766	+ 120,946
Peterboro	503,415	300,440	+ 202,975
Totals	\$197,003,699	\$98,609,153*	+ \$98,394,546
Sherbrooke	454,590		
Berlin	560,967		

*Five days only.

Sir Edgar Bowring, head of the British steamship firm bearing his name, has landed in New York, en route to Canada, in connection with marine matters.