

TAXES PAID BY FIRE COMPANIES IN CANADA.

The taxes paid by the Dominion-licensed fire companies upon their Canadian fire business only during 1916 reached an aggregate of \$1,037,359, a proportion of 3.74 per cent. to premium income. This total shows the great increase of \$320,000 upon the amount paid in 1915, which was \$717,273, a proportion of 2.71 per cent. of net premiums, and is considerably more than double the amount paid during 1914, when the total of taxation was \$496,298, a percentage to net premiums of 1.80.

The extraordinary strides lately made by taxation will be appreciated from the following comparison of increases in net premium income and taxation last year:—In 1916 the Canadian companies increased their net premiums by \$258,800; nearly \$44,000, 17 per cent. of this increase, was absorbed by the year's increase in taxation. The British companies increased last year their net fire premium income in Canada by \$690,000; over \$108,000, 16 per cent., was absorbed by increased taxation. The United States and French companies increased their Canadian net fire premium income in 1916 by \$365,000; no less than \$168,000 of this increase, 46 per cent., went in enlarged taxation.

HOW THE BURDEN IS SHARED.

Naturally, the British companies, which in 1916 received over one-half the net fire premiums paid in Canada to Dominion-licensed companies, disbursed last year the largest amount in taxation. Their share of the 1916 total of \$1,037,359 was \$458,548, a proportion of 3.21 per cent. to their 1916 premium income. In 1915, these companies paid in taxation an amount of \$350,252, a proportion of 2.58 per cent. to the year's premium income. Compared with 1914, when the companies paid up \$230,078 in taxation, a proportion of 1.68 per cent., the taxation upon the British companies last year was practically doubled.

The extraordinary increase in the taxation reported by the United States and French companies is possibly due to some payments of 1915 taxation having been deferred until 1916. However that may be, the taxation paid by these companies in 1916 is over two and one-half times what it was in 1914—\$391,246 last year, against \$222,904 in 1915, and \$148,551 in 1914. The 1916 proportion of taxation to premium income, fully 4½ per cent., is the highest ratio yet reported by any class of companies, and is three-quarters of one per cent.

above the general average reported by all companies. It compares with 2.08 per cent. in 1915 and 1.69 per cent. in 1914.

The Canadian companies also show a high proportion of taxation. Their Canadian taxes last year were \$187,565, a proportion of 3.89 to net premium income, as against \$144,117 and 3.16 per cent. in the preceding year, and \$117,669 and 2.34 per cent. in 1914.

REASONS FOR THE RISE.

A good deal of the extraordinarily heavy increase in the taxation of the fire companies during the last two years is due, of course, to war taxation. There is a Dominion war tax of one per cent. upon insurance premiums other than life, and possibly also, some of the companies had to pay up last year under the business profits tax. In view of the immense commitments being entered into by the Dominion on account of the war, it is probable enough that some of this war taxation, which it was at first thought would be temporary, will be continued in force for a prolonged period. The remainder of the advance is accounted for by the increasing exactions of the provinces and municipalities, whose taxation represents the main bulk of that paid by the companies. As the summary of this taxation published in last week's CHRONICLE shows, these impositions by the provinces and municipalities are being constantly increased, and one enlargement of taxation merely leads to another. The position in this matter is rapidly becoming a very serious one for the companies, and equally so for their policyholders, by whom ultimately these taxes are paid. Taxation is indeed getting upon such a scale as seriously to impair the prospects of new companies entering the Canadian field.

Incidentally, the present figures show the idle character of the argument which has been lately put forward by upholders of the unlicensed insurance (without taxation) privilege, that taxes are really quite a trifling matter, not worth consideration in any argument as to the right or justice of companies being allowed to transact business in Canada practically without taxation, while others are taxed extraordinarily heavily. The average Canadian manufacturer or merchant would scarcely regard a tax of 3.74 per cent. upon his turnover (and premium income of insurance companies corresponds fairly closely to turnover of manufacturer or merchant) as a negligible matter.

TAXES OF DOMINION-LICENSED FIRE COMPANIES

(CANADIAN FIRE BUSINESS ONLY.)

(Compiled by THE CHRONICLE.)

Companies by Classes.	1916			1915			1914		
	Canadian Net Premium Income	Canadian Taxes Paid	% Taxes to Prem. Income	Canadian Net Premium Income	Canadian Taxes Paid	% Taxes to Prem. Income	Canadian Net Premium Income	Canadian Taxes Paid	% Taxes to Prem. Income
Canadian Companies ...	\$ 4,817,876	\$ 187,565	3.89	\$ 4,559,076	\$ 144,117	3.16	\$ 5,016,654	\$ 117,669	2.34
British Companies ...	14,294,803	458,548	3.21	13,609,360	350,252	2.58	13,710,908	230,078	1.68
U. S. and French Co's..	8,671,173	391,246	4.51	8,306,397	222,904	2.68	8,771,599	148,551	1.69
Totals and Averages..	27,783,852	1,037,359	3.74	26,474,833	717,273	2.71	27,499,161	496,298	1.80