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R. WILSON-SMITH,  
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## ROYAL COMMISSION ON INSURANCE.

While testifying as representative of the Imperial Life Mr. Bradshaw, actuary, gave his views as to the taxation imposed on life companies.

At present the companies pay a tax of 1 p.c. upon the gross premium income. This, Mr. Bradshaw contended, was not only taxing the same money twice, but constituted a tax upon thrift. The income of the insurer is once taxed by the State, and is again taxed after he pays it to the insurance company to provide insurance for his family.

Mr. Bradshaw said that he would favour taxing the dividends to shareholders and also taxing the surplus which was to be divided among the policy-holders.

The provinces and occasionally the municipalities within them exact annual taxes or license fees from the companies. The Province of Quebec, for instance, imposes a straight tax of 1 3/4 p.c. on the company's gross income in the Province and the City of Quebec imposes other rates in addition. Mr. Tilley asked what were the rates charged in the States.

"From one up to three per cent." answered Mr. Bradshaw quickly, "but that is no reason why the intelligent Province of Quebec should be led into imposing a tax upon the thrift."

Mr. Bradshaw discussed several different forms of taxation, arguing ably against any kind of tax which would be a drag on the provident habits or the thrift of the insurer. If all the provinces imposed a uniform tax on insurance companies, the municipalities should not be allowed to tax such companies independently.

In the course of the proceedings an essay by Lt.-Col. Macdonald, actuary, Confederation Life, was read by Mr. Tilley in relation to the expense ratio of life companies. Many American companies were quoted whose expense ratios were from 20 p.c. to 40 p.c. of premium income. Sixteen companies, had expense ratios of from 40 to 84 p.c.

Of these sixteen, five were from 30 to 55 years old. One company which had a premium income of \$1,300,000 had an expense ratio of 45 p.c. The three large New York companies had an expense ratio of 25 p.c. In Great Britain the average was from 5 to 20 p.c., mostly from 10 to 13 p.c.

Commissioner Kent made some caustic remarks regarding the treatments of policy-holders, who, he said, "Are not sat upon by the life companies but worse happens to them." He thought the policy-holders should have 90 p.c. representation on the Board.

The sittings of the Commission were resumed on 20th inst., when it was announced that Messrs. Shepley & Hellmuth counsel respectively for the Dominion and Ontario Governments, had left for England and will not appear before September.

Mr. David Fasken, president Excelsior Life, gave evidence respecting that company.

Mr. Edwin Marshall, general manager of the Excelsior, gave information respecting the company's history and management. He condemned rebating, but admitted that his company had practised it.

Speaking from the actuarial point of view, the witness thought a consulting actuary was sufficient for a young company the need for a special actuary arising later, when the division of profits had to be considered. In 1899 the Excelsior Life changed their premium rates, and again in 1900 to conform to the new 3 1/2 per cent. basis of reserve, and one since that time, bringing it to the standard. The rates were low in the early history of the company, in common with all new life insurance concerns. Mr. Marshall related the story of the causes leading up to the buying of a large portion of the stock in 1898 by several of the directors. This was done because it was ascertained that circulars had been sent out to shareholders of the Excelsior Life asking options on the stock. About this time a bonus of 6 per cent. on the capital stock was