

FACTORY MUTUALS AND CANADIAN TAXATION.

Mr. John R. Freeman, president of the Manufacturers Mutual of Providence, R.I., recently addressed a circular to the Canadian members of his Company with reference to insurance taxation in the Dominion. Mr. Freeman suggested that the Manufacturers' Mutual would be willing to enter the Dominion formally, instead of as at present transacting an unlicensed business, but that it is deterred through Canadian taxation, which, he claimed, would operate unfairly upon his company, in comparison with the stock companies. The following letter has been addressed by Mr. T. L. Morrissey, Canadian manager of the Union Assurance Society, to the press in reply to Mr. Freeman's argument:—

Sir:—The President of the Manufacturers Mutual Fire Insurance Company of Providence, R.I., Mr. John R. Freeman, submitted to the Canadian members of the Company under date November 14th, 1916, a statement setting forth his views on the question of taxation of insurance companies, and, incidentally, on the difference between mutual insurance and insurance through the medium of joint stock companies.

It is a particularly able exposition of the subject and with his conclusions in the main no intelligent student of insurance economics can find any fault.

There are considerations, however, other than those touched upon in Mr. Freeman's letter which should not be lost sight of if a fair judgment is to be formed; and with a view to putting these considerations before the largest number of those addressed by Mr. Freeman I would ask the courtesy of your columns.

I affirm the principle of mutuality underlies all forms of insurance—stock as well as purely mutual. If this be admitted all Mr. Freeman has said against taxation would apply with equal force in the case of stock companies. But it is a condition, not a theory, by which we are faced, and so long as our law-makers take a different view the question is: should one class of insurance be taxed and the other escape?

Mr. Freeman lays great stress upon the fact that the Mutual Company is not in business for profit. Granted. But let us dig a little below the surface. Who is taxed anyway? Isn't it the man who pays the premium?

As the matter presents itself to me property owners require protection against loss by fire. Some avail themselves of stock companies—Group "A"; others band themselves together in the form of a mutual company—Group "B". If, rightly or wrongly, Group "A" is taxed, why should Group "B" escape? It does not seem to me a sufficient answer to say because the stock companies hope to make a profit. That profit is what the assured pays for the use of the capital instead of providing it himself as he does when he makes the deposit with the Mutual Company.

I venture the opinion that there is no foundation for Mr. Freeman's belief that Canadian stock underwriters entertain now, or ever did, the idea that the United States Factory Mutuals should be prevented from competing for Canadian business. All they ever asked was—"a fair field and no favors."

Let the Mutuals come in, conform to our Canadian laws, and assume full responsibility of citizenship like the rest of us, which involves not only payment of taxes but also subscriptions to Patriotic and Red Cross Funds—yea, even to the extent of fighting and dying for our country—our country, which includes these factories owned by patriotic and loyal Canadians and insured in the unlicensed Mutuals!

That is all we ask the Mutuals to do—to do just what we're doing. And if operating under precisely similar conditions they prove their system so much superior to that of the stock company, why of course they will get all the business.

The stock companies do not object to competition; they only object to unfair competition, and it is most unfair that a class already highly privileged should obtain still further privileges in this matter of insurance.

(Signed) T. L. MORRISSEY.

BOMBARDMENT INSURANCE.

New York state has authorised the transaction of bombardment insurance, which hitherto nervous owners of property have had to place with Lloyds of London. The indications are, says the Weekly Underwriter in commenting upon this development, that the restricted authority of British and other foreign companies in the United States will not allow their managers to undertake bombardment insurance. Some of the American companies are, however, eager for it, not believing that they are taking any extraordinary risk.

ESTABLISHED 1873.

The Standard Bank of CANADA

QUARTERLY DIVIDEND NOTICE No. 106

NOTICE is hereby given that a Dividend at the rate of THIRTEEN PER CENT. PER ANNUM upon the Capital Stock of this Bank has this day been declared for the quarter ending 30th April, 1917, and that the same will be payable at the Head Office in this City, and at its branches on and after Tuesday, the 1st day of May, 1917, to Shareholders of record of 21st April, 1917.

By Order of the Board,

J. S. LOUDON,
Assistant General Manager.

Toronto, March 22nd, 1917.