

INSURANCE WAR TAXES.

In drafting his new Budget, the Minister of Finance has the opportunity to remedy an unfortunate condition of affairs created last year, when the war tax of one per cent. upon the net premiums of fire and other insurance companies, with the exception of life and marine, was made to apply only to the licensed insurance companies and unlicensed insurance escaped scot-free.

The matter is not merely one of interest to the licensed insurance companies; it is of importance to the whole body of taxpayers. To the licensed companies, the imposition of the war tax on the lines indicated merely intensified an existing injustice, whereby companies which pay thousands of dollars annually in Canadian taxation of one kind and another—provincial and local as well as Dominion—license fees, etc., have invested very large amounts of funds in Canada, and employ hundreds of Canadians in their service, thereby contributing substantially to the economic up-building of the Dominion, are exposed to the unfair competition of companies which never pay a cent in Canadian taxes, have no Canadian investments and maintain no Canadian plant. The licensed companies have had to put up with this kind of thing for a good many years, and despite its obvious unfairness, to all appearances they will have to continue putting up with it.

To the public, however, this matter comes with a fresh importance at this time. Those who patronise unlicensed insurance in Canada at present are performing an essentially unpatriotic and economically harmful action. They are also in the position of avoiding the payment of their fair share of war taxation. At a time when every cent is wanted to build up Canadian finance, they pour funds over the border into the hands of unlicensed companies, some of whom, it is quite possible, have enemy sympathies or affiliations with enemy countries.

A year ago, Sir Thomas White, while apparently sympathetic towards the imposition of war taxation in connection with unlicensed insurance did not see his way clear to action. At the present time, we cannot ourselves see any objection to the making of the insured liable for the payment of war tax where unlicensed insurance is concerned. Neither would the collection of the tax be a matter of difficulty. Under the Insurance Act of 1910, every person insuring property in Canada in unlicensed companies is required under penalty to "make a return to the Superintendent giving the location and a brief description of the property insured, the amount of the insurance, and whether insured in Lloyds, or in some similar association, or in mutuals, reciprocal, or other class of insurers, such return to be made by delivering or mailing it in a registered letter, addressed to the Super-

intendent not later than the first day of March in each year for the year ending on the preceding thirty-first day of December." It would be a simple matter, either by amendment of this subsection of the Insurance Act or otherwise, to require an additional return of the amount of premiums paid and the payment of a one per cent. war tax thereupon. In view of the fact that at December 31st, 1914 the amount of this unlicensed insurance in force was \$219,743,335, it is evident that a very fair amount of additional revenue could be secured from this source. Why shouldn't the Dominion Government have it?

BRITISH INSURANCE POSITION AT CLOSE OF 1915.

In reviewing the British insurance position at the close of 1915, the Insurance Observer expresses the opinion that in regard to the life companies, it will probably be found, when the annual reports have been completed, that managerial worries have been mainly confined to the problems arising from extra mortality and low Stock Exchange quotations—problems which everybody can see are purely temporary. When the war comes to an end the payments on account of death claims will again become normal, or nearly so, and prices will undoubtedly rise. Provided Germany is finally crushed, policyholders are not likely to suffer any greater inconveniences than those which may arise from the suspension of bonuses, or the payment of reduced bonuses for a time.

In regard to fire and accident companies, while adjustments of securities to existing values will in most cases make a big inroad on the profit and loss balance, and income tax will also make a considerable hole in the year's profits, on the other hand many things have been working in their favor. It is certain, says the Observer, that the aggregate amount earned by the companies' investments was larger in 1915 than it was in the previous twelve months; and it will also probably be discovered, when statements are rendered, that the demand for insurance protection was also greater; or, at all events, was well maintained. Owing to the war, much business has, of course, been lost by fire and accident companies operating in districts within the arena of the great contest, but there has, on the other hand, been increased industrial activity in other parts of the world and there is fortunately no reason to believe that the more important companies have suffered from any shortage or premium income. The British fire offices, it is thought, have had a satisfactory year's underwriting, and that in spite of the activities of enemy agents in Great Britain, fires from which source, says the Observer, will cost the offices some hundreds of thousands of pounds sterling.

Unlike Germany, which still apparently dreads to produce a programme of increased taxation, the British people's complaint is that the Government is not yet sufficiently severe in its new imposts.—London Cable.