

solid basis of fact upon which to issue the policy and settle a claim. The property to be insured exists, and damage thereto can be assessed and made good. In the second case companies are asked to insure and make good what does not and never did exist—namely, profits that might have been made during a certain period following a fire. It is true that in all probability the profits insured would have been made; but there are, in nearly all business undertakings, possibilities against such profits being made, irrespective of the happening of a fire or not.

The three conditions which govern the making of profits are chiefly:—(1) Cost of Production; (2) The amount of Fixed Charges the business has to bear; (3) Output, or Turnover. Each factor must necessarily be carefully appraised if anything like a satisfactory basis of settlement is to be arrived at.



AN INSURANCE TAXATION CASE.

The decision of the Ohio Supreme Court that the collection of taxes on insurance premiums is illegal comes like the first ray of sunshine after long continued rain, says the Insurance Herald. The insurance companies have not yet had time to realize what it may mean. The case will undoubtedly be carried to the Supreme Court of the United States for final adjudication, but the students of insurance law will now get busy all over the country. Without seeing the full text of this Ohio decision it is impossible to determine whether it can be applied in other states and in the meantime all classes of insurance corporations are on the *qui vive*. Even if this decision is sustained in the United States Supreme Court it does not mean that the insurance companies will at once be entirely relieved from paying taxes, as any state can easily amend its own laws, and make the payment of a tax a requisite of doing business within its borders. In other words violation may be made a matter for police enforcement under penalties prescribed. Nevertheless the Ohio decision is encouraging for by this a precedent is established, that cannot fail to have weight with legal lights in other states.



SAID THE VICE-PRESIDENT OF THE CANADIAN NORTHERN LATELY, in British Columbia:

"When I return East I will recommend to the company that engineers be placed in the field at once to locate the line to the Pacific Coast. We have 3,000 miles of line in operation, and 2,000 more miles financed, and when we commence building our line to the Coast we expect to maintain our record of building a mile a day, although we may have to do a little less on some of the more difficult sections."

Our London Letter.

INSURANCE MATTERS MUCH TO THE FORE.

Various Legislation Pending—Consequential Loss Insurance Meets with General Favour—Personal Accident Companies may Form Tariff Association—Shipping Interests Dubious as to International Shipowners' Union—An Aeroplane Company Formed—Special Correspondence of THE CHRONICLE.

Mr. Winston Churchill's speech at Newcastle-on-Tyne lately was a corroboration of the references made in this column recently to the intentions of the Government with regard to fire insurance legislation during the coming Session. Having in mind possibly the suspicion and anxiety with which the future financial plans of one of his cabinet colleagues are being regarded in the city, the President of the Board of Trade made it quite clear that this legislation is not being undertaken in any spirit of antagonism to insurance interests. He was good enough, indeed, to pay a handsome tribute to the part which insurance now plays in our life—it is, he said, an essential element in our civilization—and, so far as Mr. Churchill outlined the Cabinet's proposals there is nothing to which exception can be taken. The question of calling upon new companies, other than life, to fall into line which the latter by depositing £20,000 with the Government before commencing business, I referred to last week, and it is certain that proposals of this description will meet with a smooth passage through the Legislature. The question of "P. P. I." policies while admittedly calling for action is a little more complicated, and the Board of Trade will be compelled to steer carefully, if they do not wish to restrict quite legitimate businesses in "honour policies" and bring the whole commercial world buzzing about their ears. Parliamentary bills are not usually distinguished by elasticity; but in any case the difficulty of differentiation between legitimate and illegitimate policies of this kind ought not to be insuperable. Altogether the Session promises some useful legislation on insurance matters which should have good results in helping to weed out "the irresponsible, wild-cat and predatory bodies that prowl around," (to use Mr. Churchill's vigorous and picturesque language), and in stimulating public confidence in the British offices of high and acknowledged standing.

The Prospects of State Insurance.

Mr. Lloyd George has been giving assurances this week that in any legislation, which may be undertaken in the coming Session, dealing with schemes for state insurance, nothing will be done to prejudice the interests of the friendly societies. The assurance, while welcome, appears a little