

Britain allow the amount paid for life assurance to be deducted from the income.

That such a tax is exceptionally unjust, is evident from its violating every principle, or rule of taxation. The fundamental rule laid down by Adam Smith, and approved by all the authorities on economic science, is: "That the subjects of a State ought to contribute towards the support of the government as nearly as possible in proportion to their respective abilities; that is in proportion to the *revenue* which they enjoy under the protection of the State." It is a recognized rule also that, taxation should bear some relation to the value of the services for the provision of which taxes are levied. As regards Adam Smith's rule, it is manifest that, the "revenue," which an insurance company enjoys, is not the money it receives from its policyholders, but its "revenue" is the net profit it has left after all its obligations are paid, and all contingent obligations fully provided for. The common system of putting a tax on the premium income of a company is comparable to putting a tax upon the cash received over the counter of a store, on the ground that such cash represents the store-keeper's "revenue." It does no such thing, such cash represents only what customers pay in exchange for purchased goods. So, the premium income of an insurance company represents what policyholders pay under a contract with the company to pay in consideration thereof a specific sum to them or their heirs. If then a municipality derives a portion of its revenue from an income tax levied on all citizens and all corporate bodies within its limits, it must confine its impost on insurance companies strictly to a tax on their net, their real profits. Any tax which goes beyond that mark, a tax that is levied on premiums, is no tax in the proper sense, but is an act of iniquitous confiscation of trust funds that are held by the taxed company.

The scientific, the equitable adjustment of taxation to the value or cost of the services rendered for which such taxation is supposed to be a recompense, presents a well recognized difficulty. It may be frankly admitted that such an adjustment is impossible. But, it is manifest that, when *no services* are rendered by the municipality to the person it has taxed; there is a serious injustice done. Now, in taxing the premiums of an insurance company, there is an impost levied on the funds of many persons at a distance, to whom the municipality renders no services whatever. The premium income of a life insurance company is usually drawn from policyholders scattered over a very wide area, in all the larger companies they are spread over the whole country and part of the United States. If, then, the policy of a person who is situated hundreds of miles distant from the head office, is one entitling to a share in the profits, the tax on the company's revenue decreases those profits and proportionately decreases the amount distributable to the distant policyholder;

he therefore is taxed by a municipality with which he has no connections, which renders him no service, in whose government he has no interest, and over its affairs not a shadow of control. To state such a situation as is created by taxing an insurance company on its premium income, is to give a formula defining a state of tyranny most repulsive to freemen and lovers of free institutions.

We have referred above more directly to life insurance companies, but the argument applies equally to fire insurance companies. Their premiums are neither gross nor net profits, nor any indicators of what the year's profits will be. Those monies are held liable to contingent claims which may absorb their whole amount, or more.

Municipal representatives would do well to consider what taxes they can levy with equity, with honesty, with prudence. If they will consider these questions as deliberately as they do any serious business proposition regarding their own affairs, they cannot avoid the conviction, that the taxation of insurance companies on the basis of their premium income, or, any basis other than their actually realized net profits, is a violation of justice, and wholly contrary to the sound equities of municipal taxation.

#### INTERNATIONAL CONGRESS OF ACTUARIES.

The above Congress was opened in New York, on 31st ult., by Mr. Cortelyou, Secretary of Commerce and Labour, who was delegated by President Roosevelt to deliver the opening address. The President sent a letter regretting his inability to be present. The terms in which Mr. Cortelyou welcomed the delegates were most felicitous. After extending a cordial greeting "on behalf of the government and people of the United States, and the Actuarial Society of America, he proceeded to treat the question of insurance historically.

"While insurance may have been known to the ancients, its principal development has been during late years through the exigencies of modern commerce. In the beginnings of mercantile dealings men were unable financially, as individuals, to bear great losses. They learned that in the division of risks among large numbers personal losses would be small. From his mutual practice in respect to losses that would otherwise have fallen heavily upon each, came insurance on commercial lines, and, as has been well said, to-day no prudent person engages in any large business enterprise, dealing either in building, transportation, or manufacture, who does not seek shelter under a policy of insurance. It originated probably in the insurance of ships; it has been carried to almost every industry subject to losses through the act of man or the elements.

"Annuities are of great antiquity. Life insurance, so called, was a mere wager between one man and another until the first permanent life company was organized. This, I am informed, was the Amicable Society, which lasted something over 161 years, after which its business was taken over by another office. The oldest life company was established in 1756, and