

companies who are carrying on a legitimate fire insurance business and to permit another class to go free is a discrimination that is not fair. I think that the situation is one that should be dealt with from the war standpoint, apart from the general question which arose, and to which the minister alluded as having been dealt with by special legislation some two years ago. I am at a loss to understand why my hon. friend should exclude this class of people who are not licensed in this country, because the Bill provides that foreign companies doing the business in Canada on other lines shall contribute. I did not see any reason why, in dealing with foreign companies doing business in Canada, my hon. friend does not tax these unlicensed companies in the same way that he taxes other foreign companies.

SIR THOMAS WHITE: These insurance companies have no offices in Canada. I do not know that it is urged at all that we could reach them directly. It is suggested that by reason of the fact of not being able to reach them directly the tax should be levied on the premium paid by the insured in Canada.

A SUGGESTION FOR TAXATION.

MR. MACDONALD: In a great many cases these companies do not have offices in Canada, but it is well recognized that these risks can be placed. The hon. member for North Oxford (Mr. Nesbitt) has put the point. We all know where they are. They are really doing business here. The contractors may be in New York, or some other place, but they really insure the manufacturer here against loss by fire just as effectively as any company in Canada could.

It is suggested in this memorandum that those who place insurance with unlicensed companies should be compelled to make returns to the Superintendent of Insurance; and that those returns should be accompanied by a settlement covering the percentage decided upon; and that it should be incumbent upon any one recovering a loss from the company to prove that the taxes and premium had been paid. These are the methods which are suggested by the licensed companies for dealing with this matter. It does seem anomalous that under our system unlicensed companies who take blanket risks in a great many ways should be able to do business free from all restrictions that apply to licensed companies. I am sure the minister appreciates the argument which has been made in favour of taxing these unlicensed companies if they can be taxed. But I understood him to say that the expense involved in collection would do away with whatever money might be derived. I think a tremendous amount of insurance of that kind is being done in Canada, and I should like to know on what ground the minister justifies his not attempting to make these people pay under this measure.

SIR THOMAS WHITE: It would not be possible to do that under this Bill, because we cannot tax directly an insurance company carrying on business in New England, for instance, and having no office in Canada. I do not think it would be within the power of the Dominion Government to impose a direct tax upon a non-Canadian company having no place of business in Canada.

MR. MACDONALD: You could tax the contract.

A SUPPLEMENTARY MEASURE.

SIR THOMAS WHITE: But that would not come under the provisions of this Act. In order to do that we should have to have a supplementary measure of taxation. It might be done, let us say, by an amendment to the Insurance Act, but it could not be done under this measure. Not only that, but as most of these are mutual companies their earnings would not make them liable under the provisions of this Act. My own view is that there is a great deal to be said for the contention of the insurance people, and when the Insurance Act is under revision again this question will have to be considered and dealt with. My predecessor had a great deal of difficulty with it. I am told that there was no question that was more discussed at the session of 1910, deputations coming from various parts of Canada representing business interests. We are imposing a tax upon the business people of Canada under this Bill. It is now suggested that we should impose a further tax, and tax the premiums which people pay to these insurance companies. I think that would be a highly controversial question, and, considering the experiences in this House and the Senate in 1910, I do not think it would be advisable to consider such a tax at the present time.

MR. NESBITT: In 1910, fifteen per cent. was suggested before the committee as a compromise.

SIR THOMAS WHITE: Am I not right in saying that it was a highly controversial question?

MR. NESBITT: It undoubtedly was.

MR. MACDONALD: I understand the minister's attitude, although I can see no reason why a supplementary measure to reach these people should not be introduced. Will not the mutual insurance companies incorporated under provincial charter, and doing business in that way, be reached by this Bill?

SIR THOMAS WHITE: If they make the stipulated profits they are liable, notwithstanding that they are provincial incorporations, but I think the companies my hon. friend has in mind would hardly make the profits to render them liable.

REVISION OF INSURANCE ACT NECESSARY.

The matter was again raised by Mr. F. F. Pardee on April 7, when Sir Thomas White made the following statement:—You cannot get at these companies. This is a tax upon the business profits of companies doing business in Canada. These other companies have no domicile in Canada and therefore it is impossible to apply this Bill to them. The only way would be by a supplementary measure of taxation taxing the premiums paid by the insurers throughout Canada. Most business people throughout Canada will be taxed specially by this measure. To impose another tax upon them would be to impose an additional measure of taxation. My own view is that this matter should be dealt with upon a revision of the Insurance Act. If the contention is sound to-day, and there is much to be said for it, that taxation should be levied upon insurers in Canada, that was true two years ago, it was true five years ago, it was true before the outbreak of the war and it will be true after the war is concluded. That question is not necessarily connected with the question of taxation now any more than it was with the licensing and taxing of companies before this war broke out. We have brought down this measure of taxation and it is not the intention of the Government to bring down an additional measure of taxation this year. I do not propose to bring down an additional Budget. The time to consider it is when the Insurance Act is under revision.

THE LAW OF AVERAGE.

Readers of this magazine may, some of them at least, be puzzled to know how it is possible for a company to continue prosperous that continues month after month to print such a record of death claims and endowments. In many cases a claim is paid after only one or two premiums have been received, leaving an enormous gain for beneficiaries. This month, for instance, we show one payment of \$5,000 where only one premium of \$65.75 had been received. It might seem strange to the uninitiated that such results could be consistent with sound principles. Yet such is the case. The reason is that there are 55,000 policyholders alive and well and paying their premiums with regularity, and on the average these premiums are more than adequate to pay all deaths that occur among them and to produce also a reserve sufficient to meet claims when the amount of them shall exceed the amount of premiums on the older policies. And not only can the Company continue monthly to pay these claims but it can also return in generous dividends the yearly excess of premiums over the amount necessary for claims and reserves. Life insurance is one of the most exact of all the sciences.

—*Mutual Life of Canada.*