

**Hamilton's
Fire Losses,
1897.**

The fire losses in Hamilton last year amounted to \$6,689. This sum is reported by the chief of the fire department as double the average of the past ten years. The improvements of the city's fire protection service suggested by the Fire Underwriters' Association seem not to be approved by the citizens, as they have twice defeated a by-law for building another man. This is a short-sighted policy, as the immunity from serious fires in recent years is no guarantee whatever against future ones. We trust Hamilton will be spared a conflagration, but if one occurs the absence of an adequate water supply may involve losses far in excess of what protection would cost. The experience last year, when the losses were double the annual average for many years, ought to teach more prudence.

THE TAXATION OF LIFE INSURANCE POLICIES

When the insurance historian of the future shall chronicle the salient features of the business he may with propriety refer to the present as the period of obstructive legislation in the United States. The tendency toward "paternal" control and regulation by the state governments of about every interest in the community, individual and corporate, and born of populistic ideas, has steadily increased during the past half dozen years and seems to have reached its most striking development in statutory interference with the insurance companies of all classes. Among the laws enacted and sought to be enacted by the legislatures are

SO-CALLED ANTI-TRUST LAWS,

interfering with the simplest forms of association by the companies to secure uniform practices along safe lines; valued policy laws, by which the right of private contract is attacked; high taxes on premiums for the benefit of State treasuries, and special taxes for the maintenance of fire departments; interference with reinsurance contracts, and a dozen other forms of special legislation both burdensome and obstructive, all justified by the communistic plea that the insurance companies are grasping corporations preying upon the common people.

The latest form of interference with the interests connected with life insurance is an attempt in two or three States to tax paid up and surrender values of policies, in the hands of the holders, as personal property. The most notable of these attempts was inaugurated last spring by the board of tax commissioners of Indiana, which assumed the authority to declare life policies of the kind above mentioned to be personal property, and to order the assessors in the various counties to enter them upon the tax list.

TAXING LIFE POLICIES ILLEGAL.

This movement was resisted by several prominent policy-holders, chief of whom was John H. Holliday, of Indianapolis, who instituted injunction proceed-

ings in the Circuit Court at Indianapolis to restrain the tax commissioners from causing his policies to be listed by the assessor. The case was fought stubbornly on both sides, with the result that the Court decided against the tax commissioners, on the ground that they possessed no adequate authority, in the absence of a law of the legislature, to add life insurance policies to the tax list. The case was then taken to the Supreme Court of the State, again ably argued, and recently decided against the appellants, the commissioners. The Supreme Court held that the supreme authority to specify the subjects of taxation resided, under the constitution, in the legislature of the State, and, therefore, the action of the commissioners was *ultra vires* and powerless. It was practically conceded by the Court that in the exercise of its powers to declare the subjects of taxation the State legislature was competent to include life insurance policies among the personal property interests to be taxed, though, as a matter of public policy, Justice McCabe, who wrote the opinion of the Court, indicated his disapproval of any attempt by the legislature to exercise its powers in the direction referred to. After referring to the fact that since the present State constitution of Indiana was adopted, forty years ago, no attempt had ever been made before by anybody to tax life insurance policies, Justice McCabe said:—

Up to that time no attempt has been made, so far as we are advised, by any civilized government, either by legislative, executive or administrative action, to select and treat life insurance policies as property, which ought to be taxed and to subject them to taxation.

It is probable that courts of equity would, under most "civilized governments," decide, as we believe the Pennsylvania courts substantially decided some years ago in an indirect issue involving the principle of life policy taxation, that such treatment of a provision made by the provider for a family for its future comfort and support would be against public policy. The

NEXT MOVE TO TAX LIFE POLICIES

will, it is said, soon be made in Indiana, upon the recommendation of the Governor of the State, to induce the legislature to amend the present tax law so as to include life insurance policies as specific subjects of taxation. Some of our contemporaries, familiar with the situation, express a fear that the legislature will be prevailed upon to pass the bill to be introduced, while others think the policy-holders, who constitute a large voting power, will effectually hinder a majority of the members of the legislative body from committing such an act of injustice to their constituents. A bill similar to the one here referred to was introduced a few weeks ago in the Georgia legislature and came near passing, but, according to the latest accounts, has finally been defeated. Certainly it would seem that, great as are the vagaries of legislation on insurance in the States, it would be difficult

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