

TAXING LIFE INSURANCE COMPANIES.**A MIS-STATEMENT CORRECTED REGARDING STATE LIFE INSURANCE IN NEW ZEALAND.**

A member of the Quebec Legislature recently pleaded in favour of taxing life insurance companies.

He is desirous of this class of business being undertaken by the Government. In support of this proposal he referred to the case of New Zealand in which Colony the Government conducts both fire, life and accident insurance. He contended that, life insurance might be provided by the State, especially for the poorer class of insurers, at lower rates than those charged by life companies because, he declared, under this system there would be no taxes to pay out of the premiums. He adduced the case of New Zealand as an illustration of a life insurance system being conducted economically because no taxes had to be paid on the life business.

The whole of this story about New Zealand as stated in the Quebec Legislature was pure imagination. Mr. W. P. Reeves, High Commissioner of New Zealand in England, has an article in "State Insurance in New Zealand," in the "North American Review." In this most interesting, instructive and suggestive paper the High Commissioner says:

"The institution, the life insurance department is, for taxing purposes treated as though it were a private corporation. *It pays land tax and income tax*, and in this way contributes £9,000 (\$45,000) a year to the revenue."

The High Commissioner also states that:

"All three offices, fire, life and accident, *compete on equal terms* in the open market with private companies engaged in insurance."

These two authoritative statements published by an eminent official of the New Zealand Government completely demonstrative that, those made in the Quebec Legislative Assembly respecting New Zealand were without foundation.

The two companies who are most successful in competing with the Government Life Department are, the Australian Mutual Provident and the National, whose business for several past years has increased faster than that of the Government. This fact, and the explanation that the New Zealand Life Department "competes on equal terms with private companies," destroy the theory that any advantage whatever is derived by the public life insurance being conducted by the State.

It is deplorable that statements having no foundation should have been made in the Quebec Legislature.

MONTREAL CLEARING HOUSE.—Total for week ending March 1, 1906—Clearings, \$29,282,207; corresponding week 1905, \$24,590,148; corresponding week 1904, \$17,417,057.

REPORT OF THE COMMITTEE OF THE NEW YORK STATE LEGISLATURE ON LIFE INSURANCE.

RECOMMENDATIONS; PROVISION FOR GIVING POLICY-HOLDERS CONTROL OF THE ELECTION OF DIRECTORS; INCORPORATION OF NEW ASSESSMENT COMPANIES TO BE PROHIBITED; STOCKS OR BONDS OF OTHER THAN PUBLIC OR MUNICIPAL CORPORATIONS NOT TO BE ALLOWED AS INVESTMENTS; RESTRAINT OF SYNDICATE TRANSACTIONS FOR PURCHASE AND SALE OF SECURITIES; OFFICIALS TO BE FORBIDDEN HAVING ANY PECUNIARY INTEREST IN ANY INVESTMENT TRANSACTION OF THE COMPANY EXCEPT IN CASE OF A LOAN ON HIS POLICY; EXTENT OF NEW BUSINESS TO BE LIMITED; CONTRIBUTIONS TO POLITICAL OBJECTS FORBIDDEN; REGULATIONS RE SURRENDER VALUES; SURPLUSES, DEFERRED DIVIDENDS, ETC., ETC.

The Committee of the Legislature of the State of New York, which was appointed last year to investigate proceedings, the methods, the conditions of the corporations conducting life insurance business in the State of New York have issued their report. The document embraces the evidence given by the witnesses who were examined, an extended review of their testimony and the recommendations of the committee in regard to the legislation they deem to be desirable for regulating the business of life insurance.

A section is devoted to comments on the manner in which the functions of the State Superintendent of Insurance has discharged his duties. The reports of this official are censured as having failed to bring out an exhibit of the conditions which were exposed before the Investigation Committee.

RECOMMENDATIONS RE MUTUALIZATION.

The committee recommends that permission be given to form mutual corporations without capital stock to transact the business of life insurance and cognate purposes provided 500 persons have subscribed for \$1,000,000 of insurance on their own lives and have paid one full annual premium thereon, and further that, the same deposits be made with the State Insurance Department as are required of stock corporations formed for similar purposes.

The committee advises that in future no assessment companies be incorporated and foreign ones not now doing business in the State, be not allowed to enter. In respect to "so-called mutual companies" the committee declares that:

"Policy-holders have had little, or no voice in the management. Entrenched behind proxies easily collected by subservient agents, and running for long periods unless expressly revoked, the officers of these companies have occupied unassailable positions and been able to exercise despotic power. Ownership of the entire stock of an un-mixed stock corporation scarcely could give a tenure more secure.

The most fertile source of evils in administration has been the irresponsibility of official power. It is of the first importance that officers should realize their direct responsibility to those they represent and should rely for continuance in office upon