

is the home of the world's first regular life companies; it is the domicile of more well-established offices than are to-day transacting business on this continent; the majority of its companies were organized and had been doing business for many years before insurance became general on this side of the Atlantic. Of 83 offices now doing an active business in England, 53 were organized more than half a century ago, and seven of them are more than one hundred years old. The business in England has been of gradual and steady growth and has been very conservatively and economically conducted with complete freedom from governmental control of the details of the business.

The character of the business of the British offices, which now have in force over a billion pounds sterling of outstanding assurance, protected by assets valued at more than three hundred million pounds, has been so generally conducted with a singular devotion to the interests of the policy-holders that one naturally inquires what part governmental regulation has played there in fostering the development of the business and protecting the interests of the insured. The insurance company in Great Britain pays income tax upon interest on investments only, as do individuals or companies who do not carry on the business of life insurance. The stamp duty on policies ranges from 3d. for a policy up to £25, to 10d. for £1,000. The aggregate revenue to the Government obtained in 1905 from life policy stamps, was over £76,000.

It is interesting also to note the attitude of the British Government towards life insurance over a century ago, and since maintained. Under the Income Tax law of 1798, incomes were exempted from taxation to the extent of the premiums paid on life insurance. The Government thus recognized that life insurance should not only be exempt from taxation, but as a means of diminishing public burdens, it should in all respects receive the generous consideration of the State. The principle laid down in 1798 has remained the law in Great Britain since that time. The Scottish and English courts have held that mutual life insurance companies were not trading companies or commercial undertakings, and should not be taxed as such.

By the Income Tax Act, 1853, a deduction is allowed to every-one, when declaring his income for taxation purposes, of the premiums paid for life insurance or deferred annuities on his life, or the life of his wife. The premiums to be allowed must have been paid in the year for which the claim for deduction is made and the total amount must not exceed one-sixth of the claimant's net personal income from every source for the year. This abatement was only allowed when the insurance was effected in a British insurance company existing in 1844, or registered under the Joint Stock Companies' Act, but by The Finance Act, 1904, Sec. 9, this exemption was extended to insurance "effected in or with any insurance company legally established in any British possession."

That the Imperial Government has arranged to

go still farther and remove all discrimination in connection with the exemption is gathered from a London publication, the *Commercial World*, of September 15, 1906, an extract from which says:—

"It seems desirable to point out that under the new Finance Act, after the 1st of October, life policy-holders in all companies legally carrying on business in Great Britain, without distinction of nationality, will be able to claim the aforesaid deduction of their premiums from the income tax assessment." Some idea of the value of this enactment to policy-holders in Great Britain may be obtained from the fact that in the year 1903-4 the life insurance premiums from which abatements were allowed amounted in the aggregate to over £8,000,000.

CONDITIONS IN CANADA AND THE UNITED STATES.

Taxation in Canada and the United States is somewhat of a contrast to that in the Motherland, and one is led to wonder why there is so great a difference in a question of such public importance. The exactions from policy-holders of the life companies alone on this continent in taxes, licenses, fees and fines of a sum of over \$9,000,000 in 1905, is in marked contrast to the treatment of the policy-holders in Great Britain, who not only do not contribute additional taxes through their premiums, but by the abatement allowed, when declaring income, of about £8,000,000 (\$40,000,000) the government practically refunds to policy-holders £400,000 (\$2,000,000). If a tax of only 1 p.c. were imposed on British companies (which rate is below the average of taxes on this side of the Atlantic) the British policy-holder would have to pay nearly two million dollars. In comparing with the American system of taxation, the British policy-holder is therefore saved nearly four million dollars per annum.

DOMINION OF CANADA.

There is no Dominion taxation on income of insurance companies. The expenses of the Insurance Department at Ottawa is assessed on the different companies operating with a Dominion charter in the ratio that their premiums collected in Canada bears to the total premiums paid in Canada to all the companies. The total expenses of this department for 1905, were \$18,045.06, which, when divided among the companies is a very small item in the amount of taxes paid—the assessment of a company meaning only about 1½ cents for each \$1,000 policy. It has always been considered fair that the companies, i.e., the policy-holders, should, through taxation, meet the cost of the maintenance of the Government Insurance Department, but it has also been contended that in as much as insurance is for the benefit of the State as a whole, the cost of supervision might properly be levied on all citizens, and not merely on those insured.

ONTARIO.

In Ontario, some years ago, local taxation by municipalities was the burden the companies were under, and decisions by the courts in the province