

Taxation of Life Premiums

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The people on this continent would be carrying \$500,000,000 (five hundred millions) more life insurance if the taxes now levied on premiums were applied to that purpose. This statement exhibits in a startling way the extent to which this extortion has gone. It is greater in this Province than in any of the other provinces, and in only a few of the United States is it as large as in Quebec.

There is no excuse possible for such unjust taxation and none is attempted save the need of revenue.

It is a taxation on thrift and one could quite as easily justify the taxation of savings bank deposits as the taxation of life insurance premiums.

It is not done in Britain nor in Continental Europe anywhere. Indeed the very reverse is true, for in the Mother land the portion of a man's income paid for premiums is exempt from the income tax. In Germany, as every one knows the Government fosters insurance in many ways.

It can only exist here because the policy holders are ignorant that the taxation is so heavy and that it comes out of their pockets.

The total amount of this tax in the Province of Quebec last year was \$128,000, the greater part of which sum should have gone into the surplus of the various companies to be redistributed to the policy holders as dividends or profits which it is estimated it would increase by 15 per cent.

The only justification of any tax on life insurance is that the cost of supervision has to be met. This cost last year was \$9,400.

A small straight tax on the companies, as such, proportioned to their size, would easily provide this.

The tax is a discriminatory one relieving the man who does not think enough of his family to provide for their welfare by insurance, and relieving also the members of assessment or fraternal societies.

The tax is contrary to all sound principles of taxation, and as the Committee on Insurance Law of the American Bar Association recently said "It is just as dishonest for a State to lay unholy hands on trust funds as for individuals to do it."

When policy holders generally learn that they are paying an unjust tax indirectly there will be such protests that no government could disregard them. Surely it is the duty of insurance men aided by the financial and daily press to inform the yet uninformed policy holders.

ST. LAWRENCE & CHICAGO NAV. CO.

Directors of the St. Lawrence & Chicago Navigation Company, in declaring a dividend for the year of 8 per cent., despite the loss of the flagship of the fleet, the James Carruthers, conveys an intimation that the company has had a very successful season.

It is said that but for the wreck of the Carruthers the dividend declared would have been very much larger. At the time of the wreck it was pointed out that as far as the cost of the Carruthers was concerned, it was covered by \$275,000 insurance on the vessel and the company's own insurance fund of over \$100,000. The company paid 8 per cent. in 1912, 5 in 1911, and 3 in 1910.

Security Offerings

Grand Trunk Railway is considering insurance of \$10,000,000 new debenture stock carrying interest at 4%.

A. E. Ames and Company have been awarded a block of \$32,476 Town of Cornwall, Ontario, 6 per cent. debentures.

Stockholders of the Washington Water Power Company of Spokane, have authorized an increase in capitalization of \$5,000,000, raising the total issue from \$15,000,000 to \$20,000,000.

Speaking of his recent flotation of £1,500,000 land mortgage bonds, which were handled through Lloyds Bank, Sir William MacKenzie said that the underwriting had been done in a couple of hours, and when the issue was given to the public 80 per cent. was taken up without delay. The issue is for a ten-year period bearing 5 per cent. and selling at 95.

Including Sir William's two previous flotations this year in London, he has secured altogether from that market in 1913 at relatively low rates \$19,000,000.

An issue will shortly be made by Prince Albert, Saskatchewan of £200,000 in five per cent. debentures bearing £100 each, at 90.

It was announced in London that the Port of London was issuing £1,000,000 four per cent. bonds at 92.

It is understood that the Mount Royal Hotel Co. owners of the southeast corner of Windsor and St. Catherine streets, have secured authority to issue \$90,000 in six per cent. bonds, to finance the erection of a two-storey store and office building on that site. The bonds will be taken up privately at about 90.

The Uruguayan Government has arranged a loan of \$10,000,000 with a London and Paris syndicate. The Government intends to create a tobacco monopoly.

\$3,600,000 Province of Alberta 10 year 4½ per cent. bonds have been purchased by N. W. Harris & Son, of New York, Boston and Chicago, and are being offered to the public at a price to yield 5 per cent. In Canada the offering is being made by N. W. Harris & Son, Montreal.

The Calgary Power Company today offers £156,400 5 per cent. mortgage bonds at 90.

In a prospectus published this week in London inviting subscriptions of £150,000 further preference capital Messrs. Mappin and Webb, the well-known Sheffield cutlery firm, state that important interests have been acquired in Canada in which direction they consider there is scope for further development.