INTENSIFYING UNJUST TAXATION.

The effect of Hon. W. T. White's proposal to put a new one per cent. tax upon the net premiums of fire and other insurance companies, except life and marine, is to intensify, particularly in case of the fire companies, a system of grossly unfair taxation. While all the regularly licensed fire companies are to be compelled to provide for this new burden, in addition to provincial and municipal taxes of various kinds, license fees, etc., already too heavy, the foreign companies transacting an underground business here without fee or license, let or hindrance, are to escape scot-free. The effect of the new legislation is in fact to give a preference to those unlicensed companies. Being responsible for no taxes they can afford to cut rates below those which the companies who are responsible for paying heavy taxation, already amounting in some provinces to over three per cent. of their net premiums, have to make.

It is impossible to justify this differentiation between licensed and unlicensed companies on any basis of equity. The simple fact is that the differentiation is only maintained owing to the gross selfishness of manufacturing interests who are always yelling for more protection for themselves at the expense of other people, but haven't the remotest notion that other folk have something of a claim to fair treatment. These people are at the present time patronising unlicensed companies, who pay not a cent. of taxation in Canada, and maintain no Canadian plant. Premiums paid to them are simply sent clean out of the country. And the people who are doing this are not unknown as prating loudly about their patriotism.

The matter is a serious one. For months past economic authorities have been telling us that it is an economic as well as a patriotic duty to become more self-sustaining, to support Canadian industries, employ Canadian labour and so on. At the same time, a defect in legislation is allowed to continue—and is strenuously supported in some quarters—by which the pouring of Canadian funds over the border to companies unlicensed in Canada is directly encouraged. Fire insurance concerns employing not a penny of funds in Canada, employing not a single Canadian clerk, paying not a cent in taxation—whether local, provincial or federal—and maintaining no office in the Dominion are not only allowed but encouraged by Act of Parliament to compete on grossly unfair terms with institutions which have large funds invested in Canada, employ hundreds of Canadians in their service, pay out thousands of dollars in taxation and maintain in all the leading business centres, fine buildings. The thing would be ridiculous if it were not so serious.

We suggest to Mr. White that he can very effectively raise a substantial amount of funds towards his war financing by taxing the unlicensed insurance companies, making those who place their insurance in these companies responsible for the tax. Those who patronise unlicensed insurance companies at the present time are performing an unpatriotic action and doing Canada economic harm. They are trying to escape paying their share of the cost of the war and the sooner they are got after the better.

NORTHERN LIFE'S HEAVY EXPENSES.

The annual statement of the Northern Life of London, Ont., contains some features which suggest that the business is not on so satisfactory a footing as might be desired. Last year's new business written, including renewals and other additions, amounted to $2,142,869, and the total insurance in force at December 31 last, was brought up to $10,393,268. As the amount in force at December 31, 1913 was $10,046,104, the increase in amount in force last year was only $347,164—less than four per cent. on the figures of 1913, and a saving of only about 16 per cent. on the new business written last year.

The Company's published statement for 1914 is very meagre in details. It is not possible from it to arrive at an idea of last year's expenditure. However, the figures for 1913 in the Government Blue Book throw some light on the underlying causes of the extraordinarily small proportion of new business saved. In 1913, the net amount received by the Company from first year premiums was $63,326, and first-year commissions paid amounted to $58,799 or over 90 per cent. of the first-year premiums. In the same year, 1913, the net renewal premiums were $272,155 and renewal commissions only $9,651. The facts indicate that the Company pays for its new business on a brokerage basis and pays very little for renewals. It is hardly surprising under those circumstances that the Company during 1914 should show such a small gain in insurance in force in proportion to new business done. The system of renumeration of agents on a brokerage basis is a direct encouragement to an agent merely to get as much new business as he can and not care a hang about it once he has received his first-year commission. From the agent's point of view the arrangement is admirable; for the Company it is a pretty poor bargain. Persistent policyholders can hardly be expected unless agents are paid to help them persist.

The Northern Life's expenses in 1913 were $131,340 on a net premium income of $338,482. This is nearly 40 p.c.—surely too heavy an expense ratio for a Company which has been transacting business since 1896.

Salem, Mass., which the mill mutuals will long remember for its conflagration of last July, one day recently handed in a couple of fires with $250,000 and $230,000 losses respectively. Salem is evidently bent on keeping up its reputation.

* * * *

Statistics showing the volume of fire premiums in Manhattan and the Bronx during the last six months and 12 months, compiled by a New York contemporary, shows the Home of New York leading in point of volume, its premiums in this district for the last six months of 1914 being $523,859, and for the entire year, $1,066,685. The Liverpool & London & Globe occupies second position ($444,213, $1,037,788).