

may rise to \$450,000,000 yearly. The increase will come from the Transvaal which promises to yield \$150,000,000 annually, which will put that country ahead of all others as a source of gold supply. This has an important bearing upon the financial conditions of the Transvaal. If this supply of gold meets expectation, there is a good prospect of the debt due by the Transvaal to Great Britain being reduced, if not liquidated.

The Klondyke is regarded as having seen its best days, so also Rossland, Colorado and Australia are on the down grade as gold producers. Now the mines are showing signs of exhaustion low grade ores are being worked which, at one time, were deemed practically valueless. Of the world's total gold supply in 1904, 56.5 per cent. came from the British Empire, and if the Transvaal yields as anticipated the percentage will rise to 58.9 per cent. The prospect is favourable for future monetary conditions.

**Unjust  
Income Tax.**

One of the difficulties attendant upon the levying of an income tax upon insurance companies is the uncertainty which exists as to what was the exact net income of a company in a certain year. A case in point has arisen in London, England, where an insurance company was informed that the extent of its liability to income tax was arrived at as follows:

|                                |           |
|--------------------------------|-----------|
| Receipts . . . . .             | \$135,660 |
| Claims paid and outstanding .. | \$34,850  |
| Expenses charged . . . . .     | 46,020    |

80,879

Balance . . . . . \$54,790

This balance was stated by the Income Tax Surveyor to be the amount of the company's taxable income, as, "no deductions are authorized in respect of unexpired risks, reserves for bad or doubtful debts, depreciation of furniture, preliminary expenses." How can a sum of money received by an insurance company be treated as net income when some of the charges against it have not been paid, or provided for? Is it not obvious that, if the income tax is computed on gross income receipts before all the charges against the income are deducted, it is a tax levied upon a certain portion of the company's disbursements, or obligations? When a sum of money is paid to a store-keeper for goods which he undertakes to deliver when called for is such money a part of his income? This is analogous to an insurance company receiving premiums in advance which involve future contingent risk obligations and future expenses.

The letters passed between the general manager of the insurance company and the income tax official are published in the "Insurance Observer," and the manager very justly remarks, "I submit that the action of the income-tax authorities in demand-

ing practically 5 per cent. of the gross balance of any year's operations without deducting anything for unearned premiums, or for the expenses incidental to the running off of risks is a most serious matter for all insurance companies issuing annual contract policies." We may add it is a serious matter for the powers of income taxation to be in the hands of officials of any kind who have not the technical, or business knowledge requisite for the task of fixing equitably the basis of such a tax.

**Winnipeg's  
High Mortality  
Rate.**

An eminent authority, after making a scientific examination of Winnipeg's water supply, reports that the prevalence of typhoid in that city was owing to the water being polluted, and the local sanitation defective. A new city, growing as fast as Winnipeg, is in a difficult position in these matters, as it is impossible for provision to be made so far a head of population as to meet the expanded and expanding requirements. The city authorities, who have not been neglectful, may be relied upon to do all in their power to improve the water supply and establish a better sewerage system.

**THE FIRE RECORD OF 1904.**

In this issue we publish a table showing the fire insurance business in Canada for the year 1904.

The record last year is a most disastrous one. The extent of the calamities was greatly enlarged owing to the amount of fire insurance effected in 1904, having been so much larger than in previous years. The total net cash received for premiums amounted to \$13,174,819 against \$11,384,762 in 1903. The losses incurred were \$14,195,884. If then to this estimate of losses be added 30 per cent. of the premiums for expenses, we get a total disbursement last year, of \$18,148,329, with a premium income of \$13,174,819, that is, the companies went through all the work and the anxieties of the business last year with the result of sacrificing their entire premium income and about 5 millions of dollars besides.

On looking down the list of losses and the schedule of percentages of the ratio of losses to premiums the first prominent feature to excite attention is the general prevalence of the disastrous conditions of 1904. Twenty-three companies had losses exceeding premiums. The rate of losses paid per cent. of premiums received last year was 107.12.

Not one fire company in the list came near having a margin for profit and for reserves. Yet not a single one hesitated or failed to pay all established claims in the ordinary course.

The conflagration at Toronto, which is mainly responsible for the disastrous record of 1904, came at a specially inopportune time, if such a phrase may be allowed when such events have no opportune time. But that event occurred when the companies were just beginning to recover from the disasters of a succession