

his loss as much as if the formal legal title were in him. (Millville Ins. Co. v. Wilgus, S. C. Pa. Jan. 1879.)

These last two decisions, from such high authority, although American courts, so completely answers the question submitted to us that further comment is unnecessary. The vendee has a valid, legal, and recoverable insurable interest in his building, though he has an unfilled purchase contract for his title.

### TAXING INSURANCE COMPANIES.

The remark of old Polonius to the Prince of Denmark—"Still harping on my daughter"—may be adapted to ourselves regarding above subject, as our readers are well aware that we have struck the same note time and again, and yet it would seem that the public remain in that state of total blindness which is applied to those who *will* not see.

Taxation of insurance companies by municipalities may at first sight appear to the citizens a capital way of raising a revenue, the argument being two-fold, viz. : (1) that as the companies derive a certain income out of said municipalities it is only fair that the former should contribute to the support of the latter; and, (2) that by such contribution the citizens will be relieved of a burden that would otherwise rest on themselves. We have on several occasions endeavored to show the fallacy of this argument, and have pointed out that fire insurance is as much a branch of trade as dry goods for example, and is quite as necessary in those days as any other article of commerce, yet we venture to predict that, should any municipality propose to levy a special tax upon dry goods merchants, the members of that municipality would be considered only fit for a lunatic asylum, though for our part we cannot see the difference between dry goods and fire insurance from a mercantile standpoint.

There are certain people who talk at random about the erroneous profits of fire insurance companies, but if these self-constituted judges are cross-examined as to figures their boasted knowledge turns out to be the grossest ignorance. In the words of a former barrister in a celebrated case: "would it surprise" those gentlemen "to hear" that, so far from enormous profits, the British companies, as a whole, have made a loss on their Canadian fire business during the nine years ending with 1883 of \$1,373,424! This certainly includes the large fire of St. John, N.B., but those extraordinary conflagrations have to be accounted for, and it is precisely here where the general public show their folly regarding fire underwriting, when they demand security against said conflagrations and yet grumble at rates which are fixed to enable the formation of a reserve which will give such security. The old argument that this or that particular city can never suffer as St. John has suffered has been worn threadbare. Boston made the same remark about itself immediately after the Chicago fire, and St. John believed itself to be equally secure even after the double warning.

Now, regarding the second point in favor of taxing insurance companies for the support of municipalities, it is equally as erroneous as the first, for sooner or later such tax will be indirectly borne by the insured—those who are not insured escaping—so that the tax is an outrage from an equitable point of view, whatever it may be legally.

This subject of taxation of insurance companies has come before us prominently of late in connection with two important cities, viz., Halifax and Quebec. In both these places the authorities have "outheroded Herod" in their unjust mode of taxing the companies by fixing a stated amount of \$200 and \$500 respectively that each company has to pay, so that the percentage of the tax to the premium income is necessarily very high for a company doing a small business, and is correspondingly low for those whose incomes are very large. In Halifax we understand the tax has been paid under protest, the companies being desirous of testing the legality of the charge, which is all very well as far as it goes, but it would seem the offices anticipate the case being decided against them, for the rates on certain mercantile risks have been raised ten per cent. to meet the said tax which is a very proper and praiseworthy method of "putting the saddle on the right horse," but in the first place such does not adjust the charge equitably, for this reason, that whereas the aforesaid tax of \$200 is only 1 per cent. on the income of \$20,000 it is 10 per cent on an income of \$2,000, so that while the company with the latter, by the advance in rates, only just covers the outlay incumbent upon the tax, the company rejoicing in the former revenue absolutely makes an increase in its premium income by the tax of 9 per cent! In the second place, however, from what we can gather, the said advance of ten per cent. is merely nominal, for while tariff risks are thus raised, we hear that risks outside the tariff are lowered, so as to leave the premiums paid by the public exactly where they were!—Can a greater satire upon fire underwriting than this be quoted?

Turning to Quebec we hear that when the new water works are complete the city authorities will demand a reduction in rates or impose an additional tax. Now, as the rates in the Ancient Capital have already been reduced *in anticipation* of the improved water service, this demand should be answered by the companies in a manner worthy of the impudence which inspires it. Quebec, as its record shows, has a large balance to its debit in the books of the fire insurance companies, and, should it continue in its extortions, may live to learn the truth of the saying that "it is the last straw which breaks the camel's back."

Special taxation of insurance companies, whether for the purpose of supporting the expenses of fire brigades or to help to defray expenses of any municipality, is wrong in principle and unfair in its application. It is wrong in principle because the insurance rates are based independent of such taxation, and it is unfair in its application because, by increasing the rates to meet the tax, the insured pay the whole of same, while the uninsured contributes nothing.

### CO-OPERATIVE BILL.

We have given much time and attention to this matter during the present month, but are unfortunately not able to give the results to our readers in this issue, as we have not yet received replies to a number of letters written by us. We think it better to have all the facts in one number, and intend, therefore, to devote considerable space to this question early next month.

### THE LIFE ASSOCIATION OF CANADA.

Inquiries have been made of us as to whether this company is solvent and able to pay all its claims in full. It is so most decidedly. Policy-holders need not have the slightest hesitation in paying their premiums, for their claims are absolutely secured by the capital of the company. It is true that it has decided to withdraw from business, but, by the law of the Dominion, every policy-holder is entitled to the full reserve on his policy as calculated by the Superintendent of Insurance on the Government standard; unless he himself consents to surrender his policy for a smaller amount the Company is bound to pay him this amount before it can withdraw from business.