

# MAINE STATE LEGISLATURE

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# FIFTY-THIRD LEGISLATURE.

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HOUSE.

No. 113.

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## STATE OF MAINE.

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The undersigned, members of the Committee on Ways and Means, to which was referred bill "An Act providing for taxation of railroad and insurance companies," held a session for the hearing of all interested therein, on the 18th day of February instant, at which six members of the Committee were present, and at all their subsequent meetings to consider that subject, six members of the Committee were in attendance. In respect to so much of the said bill as relates to the taxation of insurance companies, the Committee found itself equally divided in opinion. The undersigned, however, although not a majority of those present and acting on the subject, obtained the consent of a majority that they might report their individual opinions to the House, and accordingly they proceed to do so.

As to so much of the said bill as relates to taxation of the business of insurance companies operating in this State, we desire to say that we have been impressed by the truth and force of the objections to such a measure, urged in the numerous remonstrances referred to the Committee. The reasons therein contained have been corroborated by the statistics brought to our notice by the State Insurance Commissioner, Hon. Joshua Nye, and by other gentlemen of acknowledged experience and ability, and of unimpeached character for integrity, in all the departments of insurance. It appeared that Maine has but one stock insurance company of any kind, of her own creation, and that one is now before the Legislature for a reduction of its chartered capital from \$200,000 to \$100,000, the difference having been sunk in disastrous risks.

The bill, it will be borne in mind, proceeds upon the principle of taxing *gross* receipts, which, in our opinion, would simply work gross injustice, looking at the results of the business in Maine for a series of years past. But if that principle were abandoned, and the proposition were to tax *net* receipts, the case, from the evidence we have, would not be much changed. Although it is not safe to infer the profitableness or unprofitableness of insurance in Maine from an exhibit of results for a single year or two, yet we cannot ignore such data as we have. Looking at the report of the State Commissioner for 1872, Mr. Paine, we find the gross receipts by foreign insurance companies at work in Maine for 1872, set down by him at

	\$699,171 83
If we deduct, say 25 per cent. for expenses of same,	174,792 96
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There will remain the sum of,	\$524,378 87
Subtract the amount of losses paid that year,	378,185 19
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And the <i>net</i> receipts appear but,	\$146,193 68

Insurance Commissioner Nye, gives us, for the year 1873, the following figures :

Gross receipts for fire risks of foreign companies in Maine,	\$848,623 70
Deduct, as before, say 25 per cent., for expenses,	212,105 92
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There remains,	\$636,517 78
Subtract the amount of losses paid for 1873,	539,542 10
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And the <i>net</i> receipts for that year were,	\$76,975 68
The proposed tax, on this showing, would	
give for the year 1872,	\$1,461 93
and for the year 1873,	769 75

A sum hardly sufficient, we think, to warrant a reversal of the recent and repeated legislative decision that to tax insurance business in any mode is inexpedient.

As far as the bill applies to life insurance, we would observe that a large proportion of the companies engaged in that business in this State are purely mutual companies, and we believe it has never been the policy of Maine to tax the business of *mutual* insurance companies of any kind. If a tax were to be imposed on life premiums, it would be found to rest at last on the holders of the policies, that meritorious class of our citizens who look to a policy

of life insurance as the best if not the only provision their limited means enable them to make for wife or kindred,—an instance of the savings of the laborious farmer or artisan which should be fostered and encouraged, rather than made costly or more difficult by the addition of the proposed tax.

But it is so generally admitted that such taxation is erroneous in principle, that argument on the subject has come to be deemed superfluous. And we accordingly find that such leading States as New York, Massachusetts, Connecticut, Indiana, Iowa and Missouri, if they ever countenanced such a tax, have ceased to retain it upon their statute books.

Without attempting, therefore, to state all the reasons that enter into a decision of the question before us, we are constrained to adhere to our united conviction that the bill, so far as it relates to insurance companies, *ought not to pass*.

All which is respectfully submitted.

J. H. WILLIAMS,  
W. F. MILLIKEN,  
WM. MCGILVERY.

STATE OF MAINE.

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HOUSE OF REPRESENTATIVES, }  
February 28, 1874. }

Report of Committee on Ways and Means, presented by Mr.  
WILLIAMS, and on his motion ordered printed.

S. J. CHADBOURNE, *Clerk.*