M.R.O. 14—10,000—21-4-22.

MADRAS RECORD OFFICE.

Government of Madras.

Revenue DEPARTMENT.

G.O. No. 134 Press
Mis.

267-268

Dated 18 6 1861.

Not to be folded or roughly handled

Proceedings of the Madras Government, Revenue Department,
18th January 1861.

No. 267. Read the following Proceedings of the Board of Revenue, dated 10th December 1860, No. 5,790 :—

Read the following letter from H. NELSON, Esq., Chairman of the Chamber of Commerce, to J. D. SIM, Esq., Secretary to the Board of Revenue, Fort Saint George, dated Madras, 3rd December 1860.

SIR,

1. I am directed by the Chamber of Commerce to acknowledge receipt of Proceedings of the Board No. 5,113, dated 5th November 1860, intimating that by a recent decision of the Supreme Government all "letters of cover" for the purpose of Insurance be stamped as if they were Policies of Insurance, the value of the stamp being allowed on the production of the Policy to which the letter relates.

2. I am requested to submit that the course here determined on will probably be productive of great inconvenience to all persons engaged in Mercantile business, and to Insurance Offices ; and further that the stamping of letters of cover appears to the Chamber to be unnecessary for the protection of the Revenue.

3. The inconvenience alluded to will arise—

(1.) From the delay of double stamping. Promptness in effecting insurance, and in obtaining evidence that the Insurance is complete, is essential to all Mercantile operations.

(2) Between the times of the issue of the letter of cover and the completed Policy there may be a change.

(I.) Of the amount insured. This is often a mere estimate in the letter of cover, to be corrected when the shipment is complete, and the amount and value of it correctly ascertained. There is also frequently what is termed "short interest," that is, a smaller quantity of goods shipped than was first intended.

(II.) Of the nature of the goods, the letter covering "produce" or "interest" generally, the Policy specifying the nature of the goods particularized. This will affect the value of the stamp, according to the rate of premium, which varies with the quality of the merchandize. Extra premia are also frequently paid for deviations in the voyage, which would also affect the stamp duty. These differences in the duty will make it impossible to comply with the rule for obtaining a refund.

(3.) The time allowed for the production of the Policy viz., one month, is insufficient. Many vessels loading on this coast have required double this time to complete their cargoes, and there is additional delay in receiving advices by post. Three months should be allowed for this purpose, if the present order of the Supreme Government be continued.

4. As to the protection to the Revenue afforded by stamping letters of cover, the Chamber submits that as it is admitted that these documents are merely initiatory of the Insurance, and in this respect analogous to "shipping orders," which have been declared free of stamp duty, they should also be unstamped for the like reason. The letter of cover must in any case be supplemented by a stamped Policy, even if the vessel be lost immediately after its issue, and before a Policy can be written. It is in fact the practice in such cases to issue the Policy *after* the loss has taken place ; and a Suit at law will compel the party, so granting a letter of cover, to complete his contract by the delivery of a stamped Policy. And if it be said, that in the event of no loss, the duty will be evaded by the Policy being withheld, I would urge that neither shipper nor insurer will be satisfied to confide his interests, longer than is absolutely necessary, to any document of a nature less inclusive or complete than a stamped Policy.

5. It appears therefore to this Chamber that as Government requires the value of only one Stamp *ad valorem* to be paid on any one insurance, such payment will be secured although "letters of cover" be entirely unstamped.

The Chamber would further observe that whatever may be the *law* in England respecting letters of cover, the actual practice is to use what are at Llyod's termed "slips," and these paper bear no stamp.

6. I am desired to request that you will forward this letter to Government, with the view to its being transmitted to the Government of India.

Ordered that the above letter be submitted for the consideration of Government with reference to their Proceedings, No. 1,983, Revenue Department, dated 29th October 1860.

(A true Extract and Copy.)

(Signed) W. HUDLESTON, *Acting Secretary.*

Ordered that the following letter be despatched.

No. 268. From J. D. BOURDILLON, Esq., Secretary to the Government of Fort Saint George, to the Secretary to the Government of India, dated 18th January 1861, No. 134:—

SIR,

With reference to the Endorsement of the Government of India, No. 2,242 of 1860, I am directed to forward to you the accompanying copy of the Proceedings* of the Board of Revenue giving cover to a letter from the Chamber of Commerce on the subject of "Letters of Cover."

*No. 5,790, *dated* 10*th December* 1860.

No 134 Revl Dept

To Chief Sec. Govt 31 Jan 1861

From J. D. Bourdillon Esqr.
Secy to the Govt of Fort Saint George

To

The Secretary to the Govt of India

Sir.

With reference to the Endorsement of the Govt of India etc No 2242 of 1860 I am directed to forward to you the accompanying copy of the Proceedings* of the Board of Revl giving cover to a letter from the Chamber of Commerce on the subject of "Letters of Cover"

J D B

Fort St. Geo. 18th January 1861

* No 5790 dated 10th Dec/60.

D the Endorsement is without date

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(3)

To

The Lord Mayor

"Letters of Cover" for the purpose of insurance being stamped as if they were Policies of Insurance.

10th June 1815

29th Oct. 1860 No. 450-453

Revenue 1861 Departt.
Pro: of Govt. for January.

No. 134.

To The Secretary to the
Govt. of India.

Dated 18th January 1861.

From the Secy. to the Govt. of
India dated 11th Feby. 61 No. 487.
in Pro: 27th Feby. No. 456.

Forwarding Board's
Proceedings giving cover to a
letter from the Chamber of
Commerce on the subject of
"Letters of Cover."

No. 267 & 268.