

MORTGAGES AND A MORATORIUM.

The moratorium legislation passed by the Dominion Parliament at its recent emergency session was a purely precautionary measure, designed to be brought into use only on an occasion of grave national necessity and there are no indications that those powers will be used by the Government in the immediate future. There appears, however, some possibility of restricted moratoria in various provinces. Special sessions of the legislatures of Manitoba and Saskatchewan have been called for this month, and there is talk also of the Ontario house meeting at an early date. In each case it is suggested that some action will be taken designed to afford relief to persons who have obligations on real estate to meet—in other words a partial moratorium is expected to be declared. It is to be hoped that the government and legislators concerned will look at this question in all its aspects before they take action. The supposed necessity of a moratorium in regard to mortgages has been much agitated in certain quarters. Doubtless there are some cases at the present time where mortgagees, through no fault of their own, have been placed in a very difficult situation, where relief from the strict terms of the mortgage deed is practically a necessity, unless they are to have exceedingly heavy losses. A moratorium covering these cases would relieve the situation, but it should not be overlooked that this measure of relief to individuals might have grave results in other directions. The numerous mortgage institutions throughout Canada have secured many millions of capital in Great Britain, particularly in Scotland. They have secured this capital by the issue of debentures at rates of interest very favorable to the companies, owing to the high esteem in which both these institutions and the securities they issue have been held. If any step is taken by provincial legislatures which would make it even possible that these securities or the companies issuing them should be damaged, then a heavy blow will have been struck at Canadian credit in Great Britain, and the legislatures will find that the remedy which they have insisted in applying is worse than the disease they tried to cure.

It is highly improbable that at the present time the well-established mortgage companies will be likely to take any action which would bear harshly upon borrowers of good standing, who with a little leniency shown them would be able to redeem their obligations. It would be unwise for the companies to do so since they would acquire a reputation for harsh dealings which it would take a very long time to live down. Moreover, the companies are not likely to be very anxious to load themselves up with properties which would be almost unrealisable at present and possibly for a long time to come. But they have their own obligations to their debenture holders abroad to meet, and it is certain that any coercive

legislative action, such as the declaration of a moratorium, which might possibly have the effect of placing the companies in temporary difficulties would, through them, have lamentable results on the confidence of investors abroad. Under such circumstances, doubtless the companies would find themselves held up by mortgagees who could afford to pay, but who would take advantage of the moratorium to defer the liquidation of their obligations.

Shylock tactics are much more likely to be pursued by the private lender than by mortgage companies who have a reputation to maintain. The whole question needs to be dealt with by the provincial legislators with great discretion, so that not only can cases of genuine hardship be relieved but also the prestige of Canadian credit abroad maintained. A court of appeal sitting privately and considering individual cases on their merits, with a view to relief where evidence shows it to be wise, would be far more efficacious and less dangerous than any moratorium.

BRITISH PREMIUMS FOR WAR RISKS.

Apparently there has been a certain amount of criticism in England, by those who have no expert knowledge of the business, of the extra life premiums for war risks imposed by the British companies. Mr. Geoffrey Marks, chairman of the Life Offices' Association, defends the companies in a letter to *The Times* and gives the following explanation of the position:—“(1) The only statistics available for guidance—viz., those of the Franco-German and South African campaigns—show that the extra premiums charged (*i.e.*, £7 7s. per cent. for new policies and £5 5s. per cent. in respect of those already in existence) err, if anything, on the side of generosity to the British policyholder. I may also point out in this connection that the offices are charging in the case of combatants in the armies of our Allies an extra premium of £10 10s. per cent.; (2) Almost every life assurance office grants policies in time of peace which cover all war risks during the currency of the policy, at a nominal addition to the ordinary premium. It is unfortunate that some military and naval officers should not have taken advantage of these terms, but for this the offices clearly cannot be blamed; (3) Those responsible for the management of life assurance offices have to consider not only the interests of one class of their policyholders, but those of the general body. It would be obviously unfair to the large majority of policyholders if extra hazardous risks were accepted at the ordinary premium. Naval and military officers engaged in active service must be classed as hazardous risks, and can no more be accepted at the ordinary premium than publicans or unhealthy lives.” “It is naturally disappointing to those officers who during peace have not availed themselves of the liberal terms allowed by the offices to be called upon in time of war to pay these heavy extras,” adds Mr. Geoffrey Marks. “It must, however, be pointed out, in fairness to the offices, that extras were fixed only after the most careful consideration, and while the offices regret intensely the necessity for imposing them, they are obliged to take a cautious view of their responsibilities and to act accordingly.”