

of its Canadian business. Believing that the success of the Company depends in a great measure upon its agents, the management of the Northern exercises special care in the selection of its representatives, and aims to afford them the best possible service and facilities.

The Casualty department under the management of Mr. A. Hurry, an expert in that line of business, who has spent all his life in the service of the Northern, is making excellent progress in Canada.

The well known firm of Messrs. Dale & Co. are general agents for Canada of the Marine branch.

On the first of this year the Royal Scottish Insurance Co. Ltd. of Glasgow, commenced the transaction of fire insurance in Canada. This Company is owned, and its contracts are guaranteed by the Northern, its management for Canada is also in the hands of Mr. Geo. E. Moberly. We understand excellent connections have already been formed in the leading centres of the Dominion from whom most satisfactory business is being received.

#### **Farm Loans by Life Insurance Companies**

By reason of their large investment in farm mortgages, life insurance companies are no doubt giving close scrutiny to conditions in this field. The Chronicle has frequently advocated in the past the advisability of Life Insurance Companies following a conservative policy, when loaning money on farm mortgages, and we still adhere to the opinion, that those companies recording the smallest percentage of farm mortgages are adopting the wisest course. It must be borne in mind that life insurance funds should be regarded as sacred, and in their investment a high rate of interest should not be considered the first inducement. The appended abstract from an article written by Mr. Slaughter associated with a firm that has specialized in farm loans is of interest:—

##### *Inflated Land Values.*

There are many forces working contemporaneously just now to cause further inflation in land values. With the value of money about one-third of normal, farmers require more working capital. With the same security they must borrow more money and in order to do so have to stretch loan values. The same is true with respect to personal as well as real property. In the live stock regions the commission companies and bankers are confronted by the same problems, that of inflated loan values. Such loans, however, are on short term paper and can be readjusted from time to time when the period of deflation begins. But farm loans for a term of years are not so well prepared to meet material changes in value of securities.

There is just now a turn in the tide of investment capital from land securities to bonds. Governments, railroads, industrial corporations of various kinds are offering extremely high prices for money. In fact record breaking prices are being offered. A security in the form of a bond is so convenient to handle, as compared with the cumbersome farm mortgage, that other things being equal, where the rate is even approximately the same, capital will turn from the mortgage to the bond. This will increase the percentage of foreclosures on mortgages because the borrower in default will have more difficulty in finding money available to relieve himself when pressed by the lender. After the percentage of foreclosure begins to increase fear will take hold of lenders and less leniency will be shown to borrowers and there will be less chance to work out a case in default.

These conditions are well known to the wide awake mortgage men but regardless of how anxious they are to return to more conservative methods, they are on expenses and at least some business must be done to meet current expenses. The old mortgage companies are looking on rather than seeking business, knowing that a turning point must be reached sooner or later. The same is true of the substantial farmer. He believes it better to hold what he has rather than buy more land at present prices. The buyer who contracts for land on a basis of 35 cent dollars will have difficulty in paying for it later on with 100 cent dollars. The same will of course apply to the mortgage made on the present inflated loan values.

#### **DEATH OF MR. J. R. MACDONALD**

The death occurred on the 20th instant of Mr. J. R. Macdonald, for the past two years joint manager of the Mount Royal Assurance Company, Montreal. Mr. Macdonald had been connected with the Company for the past twelve years, and had a good knowledge of fire insurance, gained principally in the service of various British Companies, before his connection with the Mount Royal. Mr. Macdonald's health had been poor for some time. He was born in Glasgow, Scotland in 1859.

#### **Rigid Rules Promulgated for Fraternal**

The new Canadian fraternal insurance act provides that such concerns may be licensed only if they can show 100 per cent. of solvency as of December 31, 1918, or that new business is being written on an adequate rate basis. License issued in case all the business of a fraternal is not on a solvent basis shall not continue beyond March 1, 1925, by which time all fraternal must have set their houses in order. Because of this the Modern Woodmen has stopped writing business in Canada.