

### GOVERNMENT INSPECTION OF LOAN AND BUILDING SOCIETIES.

It has been proposed that the Ontario Government should appoint an Inspector of Building Societies. Although the managers of these Companies have no reason to feel alarm at public inspection being given to their affairs—they are used to it, for their business is one peculiarly open to public inspection. They have, however, serious grounds for protesting against the reflection upon them which is cast by the proposal to put them under charge of a Government Inspector. The supposed analogy between them and the Insurance Companies is not reasonable. The loan and mortgage companies are the intermediaries between those who have money to lend, and those who are borrowers, much in the same sense as are the chartered banks. Their business is now conducted with a degree of publicity which is not generally known by those who desire their affairs to be inspected by a Government official, nor are the difficulties of an efficient inspection generally understood. It is a remarkable tribute to the great ability and honor of the managers of our building and loan societies that in the past thirty years only one has created a public scandal, and that on a very small scale, or done ought to discredit these organizations. A full detailed statement of the accounts of each company has to be furnished and credit these organizations. A full detailed statement of the accounts of each company has to be furnished annually to the Minister of Finance, which must be signed by the principal officers, and certified before a Commissioner. These statements are published yearly by both the Federal Government and by the Ontario Government. Besides this publicity, these companies issue statements to their shareholders prior to, or after each annual meeting, and these statements show that the books and securities of each company have been examined and audited. The loans made by every company on real estate are registered in a book which is constantly open to public inspection, so that any person, whether interested or not in a company, can keep track of the business it is transacting. In the ordinary routine of their business the members and clerks of legal fraternity are inspecting what loans have been made by these societies every day, as well as what mortgages have been discharged. There is no business done in Canada done with such publicity as that of the loan and building societies. The auditing of the accounts of each of the leading ones occupies the time of two more or less expert accountants from one to six hours every week. For a new officer to thoroughly inspect one of the larger building societies, if he began without previous knowledge, would occupy him the whole of his time for the whole year. One of the Companies has over 10,000 mortgages on its books, a large number of which instalments have been paid. How many of these could an Inspector examine in a week? Before he was half through even

one Company's mortgages those examined would have been very materially changed. Having no official statistics relating to the point we can only give an estimate of all the companies based upon knowledge of a few; from this we believe the number of mortgages held by the building and loan companies to be from 100,000 to 150,000 in Ontario. The annual inspection of these, and of the business associated with new loans, renewals, writing off instalments, collecting interest, watching their insurance, etc., etc., would require a very large staff of officials, whose inspection would be of no value unless a large staff of experienced accountants were associated with a number of expert valuers and lawyers. The loan companies have nothing to fear from inspection by a Government officer. But they may reasonably complain of the interference it would cause with their office routine, and the great waste of the time of their officials which it would necessitate. In most of the Companies an Inspector would need the constant assistance of the regular staff. As only two of these companies have defaulted since Confederation, there seems to be no reason why they should be reflected upon, as they are, by a proposal to have their affairs inspected, and it is a physical impossibility for an inspection of their affairs to be conducted so thoroughly and so efficiently as to be of any value.

### THE WATERLOO MUTUAL FIRE INSURANCE COMPANY.

The Thirty-Fifth Annual Meeting of the Waterloo Mutual Fire Insurance Company was held at Waterloo on the 22nd January. A copy of the Directors' Report submitted to the shareholders will be found in this issue. The periodic monthly returns of fire losses in Canada that are specially compiled for, and published in this journal, have been sufficient to prevent anticipations of the year 1897 having a bright record. The Waterloo Mutual claims to have had a better year than some of its neighbours and rivals. The Company issued 13,298 policies in 1897, as compared with 12,751 in 1896, 11,694 in 1895, and 8,839 in 1893. The increase of 547 policies is evidence of the business having been actively pushed last year. The total policies in force now number 27,244, the average of each policy being \$1,024. The Waterloo Mutual avoids putting "too many eggs in one basket," hence, though it is liable, like all companies, to serious losses by a local conflagration, no single risk can cause a heavy loss. The total net losses in 1897 were \$125,323. This is \$7,972 more than the losses in 1896, but as the Company in 1897 was carrying a very much larger number of risks last year than in 1896, it was to be expected that the losses would also be increased along with the volume of business. We note that Bills Receivable and Unpaid instalments were each reduced last year, and the unadjusted losses stood at \$2,567, as compared with \$4,911 at close of 1896. The total assets amount