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## Legislation Affecting Insurance Companies' Investments

**M**ORATORIUM *Laws of the Western Provinces — Summary of Recent Legislation in Manitoba, Saskatchewan and Alberta—Unfair Tax of Life Insurance Premiums—Good Word for Finance Minister.*

**T**HAT all the Canadian life insurance companies hold a very much larger proportion of Dominion securities than is required by the act passed during the session of 1916, was the opinion expressed by Mr. E. M. Saunders, treasurer of the Canada Life Assurance Company, in a carefully prepared and instructive address at the Toronto Insurance Institute last night. Mr. Saunders is well known as a financial authority with extensive experience, both in Eastern and Western Canada. He first dealt with the classes of securities in which life insurance companies may invest, and outlined the Dominion government's legislation, which had affected insurance companies' investments. He pointed out that the seed grain liens, which have been frequently discussed in *The Monetary Times*, had caused losses to a number of mortgagees in connection with lands coming back on their hands, from the sale of which it will be impossible to realize enough to take care of their own claims and of these government liens.

In dealing with provincial legislation, Mr. Saunders said that of the provinces of Eastern Canada, Ontario only had passed legislation affecting insurance companies' investments. The moratorium act of that province had been found sufficient to protect borrowers from improper treatment by inconsiderate lenders.

Dealing with the Western provinces, Mr. Saunders stated that in this most active loaning field in Canada have been enacted, since the war commenced, more moratorium laws than in all the rest of the Dominion. Mr. Saunders continued:—

These laws, we think, as a general rule, were passed more for the benefit of the urban than rural population, and especially to protect those who had accumulated heavy liabilities, more particularly in connection with speculation in real estate. The result of the enactment of this legislation has been the postponing of the evil day, and in many cases will result in the borrowers losing everything.

### Manitoba.

The first Moratorium Act in Manitoba was passed shortly after the outbreak of war, and provided that on mortgages, contracts, etc., dated prior to the first of August, 1914, no action could be taken through the court for the enforcement of any of the covenants in mortgages or contracts until interest, taxes, fire premiums, etc., had become due and were in arrears for one year from due date. When a mortgage is in arrears for one

year proceedings may be taken in the ordinary way, but by an amendment of this act, passed in the session of 1916, if the mortgagor makes payment subsequently of sufficient to pay the arrears so that none of them will be more than a year in default, the proceedings are stayed.

It has been found that this legislation is only taken advantage of, as a rule, by the undesirable class of borrowers, with the result that loaning corporations which have been careful in the selection of their customers have not suffered seriously through the passing of this Moratorium Act. There is no doubt, however, that the passing of this bill had a tendency to divert outside capital from investment in the province.

War Relief Act.—This act was passed in April, 1915, for the protection of persons who enlisted for active service, and prevents action being taken against them or their wives or dependents for the enforcement of the payment of debts or obligations until one year after peace has been declared. An amendment was passed to this act in 1916 that in the case of a mortgage where the property was rented the mortgagee could enter into possession and collect the rent. In the event of the property being occupied by the family of the mortgagor no action could be taken unless it could be proved that the rental value was more than \$900 per annum, and if the party to be benefited is actually overseas the limit is \$2,000.

This act has proved more injurious to investors than the Moratorium Act, and has been used as an instrument for the perpetration of fraud in a number of cases. Some people have given second mortgages to soldiers on active service, and in this way obtained the benefit of the relief afforded by the act. By another amendment, passed in the session of 1916, this relief was denied unless the person to be relieved had obtained his equity in the land prior to the commencement of proceedings.

After the first War Relief Act was passed some farms were abandoned and taxes and other charges accumulated against the properties, and the mortgagees had no right either to keep the properties leased or to work them.

Seed Grain Act.—This act has already been referred to under the heading of Federal Legislation. This act provided for the securing of advances on account of seed grain or fodder by liens against all crops grown on the property and against the land, these liens taking priority over existing encumbrances. This destroyed the value