
This is one of a number of related investigations that the National Bureau of Economic Research is sponsoring in the field of urban real estate finance. The findings reported deal primarily with the activities of life insurance companies in the non-farm real estate mortgage field and are based on general sources, special tabulations, and questionnaire data supplied by the insurance companies, and a one percent sample of all urban mortgage loans made by them from 1920 through 1946.

The book is divided into six chapters. In these chapters, the author discusses (1) the role of the insurance company as an investor in the urban mortgage market, (2) the legal framework for life insurance company lending, (3) how various companies are organized and how they conduct their mortgage lending activities, (4) the urban mortgage market, (5) lending costs and returns on insurance company loans in 1945, 1946, and 1947, and (6) urban mortgage loan experience in the 1920–46 period.

In 1948, life insurance companies accounted for only 18.6 percent of the $57.8 billion of mortgage debt in the Nation. By classes, this broke down to 14.8 percent of the $33.4 billion in mortgage loans on one–four family dwellings, 25.2 percent of the $19.3 billion in multifamily residential and commercial mortgage loans, and 19.2 percent of the $5.1 billion in farm mortgage debt. Professor Saulnier's analysis of the loan experience of life insurance companies shows that losses from urban mortgage foreclosures during the 1920–46 period averaged slightly more than 10 percent of the amount loaned. The greatest losses were experienced during the depression years on the larger loans made on one to four family dwellings and on loans with low loan-to-value ratios.

This is a worthwhile piece of research. Its chief weakness lies in the fact that the author makes little or no attempt to use the findings he reports as a basis for policy recommendations.

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