

LIABILITY INSURANCE IN GREAT BRITAIN: NO MONEY IN IT.

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The broad results of Employers' Liability Insurance business in the United Kingdom for 1911, the totals for that year and for the four complete years since the Workmen's Compensation Act, 1906, came into force—namely, 1908-1911—are as follows:—

TARIFF COMPANIES.

	1911.		1908-11.	
	£	p. c.	£	p. c.
Claims	1,485,473	66.12	5,400,914	65.70
Commission	312,302	13.91	1,102,047	13.40
Expenses	483,534	21.53	1,819,697	22.13
	2,281,309	101.56	8,322,658	101.23
Loss	35,132	1.56	101,231	1.23
Earned premiums	2,246,177	100.00	8,221,427	100.00

NON-TARIFF COMPANIES.

	1911.		1908-11.	
	£	p. c.	£	p. c.
Claims	382,062	75.01	1,737,621	75.37
Commission	72,437	14.23	344,694	14.95
Expenses	117,502	23.06	553,923	24.03
	572,001	112.30	2,636,238	114.35
Loss	62,630	12.30	331,102	14.35
Earned premiums	509,371	100.00	2,305,136	100.00

TOTAL.

	1911.		1908-11.	
	£	p. c.	£	p. c.
Claims	1,867,535	67.77	7,138,535	67.81
Commission	384,739	13.96	1,446,741	13.75
Expenses	601,036	21.81	2,373,620	22.55
	2,853,310	103.54	10,958,896	104.11
Loss	97,762	3.54	432,333	4.11
Earned premiums	2,755,548	100.00	10,526,563	100.00

It is satisfactory to find an improvement in the experience of the Tariff Companies as compared with the trading in 1910; yet even with a reduction in the ratio of claims to premiums there remains an adverse balance, and their total loss for the four years is increased by over £35,000. Last year's result is not strictly comparable with that of 1910, being largely affected by a change in the offices comprised in the tariff.

The non-tariff companies have again been unfortunate, although less so than in the preceding year. The percentage to premiums of the loss on trading is lower than that for the period 1908-1910, but the accumulated loss of £268,472 down to December, 1910, has now grown to over £331,000.

COST TO COMPANIES £432,000.

It is more difficult to see when this continued misfortune is to end than to imagine the ultimate result if rates be not substantially increased. The Tariff Offices have already taken the matter in hand and the business of 1912 should show considerable improvement, but up to the end of 1911 the postponement of reform in this direction has cost the companies taken as a whole over £432,000. One is tempted to ask why the British employer of labour has been given, at the expense of shareholders, so substantial a bonus with which to assuage the calamities of industrial victims. When there is laid upon

a manufacturing industry the burden of a fixed scale of compensation to injured workers, that burden will ultimately be borne by the purchaser of the goods produced. But under the system which has operated during the past few years the section of the community whose income is derived from the profits of insurance undertakings has been hit in two ways—firstly, by any indirect charge whereby the manufacturer may have recouped himself for his outlay for workmen's compensation insurance; and secondly, by a reduction in the profits or the financial strength of the insurance companies in which they hold shares. Like any other form of trading, insurance is conducted by proprietary companies with a view to profit and not from philanthropic motives. Workmen's compensation insurance is a form of protection indispensable to the employer of labour. He must and will have it, the alternative being for him to carry his own risk and take the chance of disaster. Hence there would seem to be nothing but miscalculation or competition to prevent insurance companies from charging and receiving premiums adequate to cover claims and working expenses and yield a margin of profit as remuneration for the risk of capital. In view of the ability available for the correct assessment of the risks underwritten and the amount of experience which by this time must have been accumulated, miscalculation is hardly a tenable theory to account for the results. But competition, unfortunately, may be assumed to be responsible for a great deal of the existing trouble. That it accounts to some extent for the fact that a number of Offices have remained outside the Tariff is obvious: that it accounts for the maintenance of Tariff rates at an unremunerative figure is less obvious except on the theory that the companies may have preferred to keep down rates, in order to exclude competitors from the field.

AN INDEX TO UNSATISFACTORY CONDITIONS.

We are disposed to regard workmen's compensation business as an index of an unsatisfactory condition at present obtaining in British insurance. The intensity of competition is forcing all forms of insurance protection upon a public not unlimited in extent and by no means unlimited in resources. The cost of obtaining and retaining business is constantly increasing. If report be true, small armies of Inspectors and Superintendents of Agents are scouring the country, spurring agents to fresh efforts and not merely putting forth strenuous endeavours to obtain new policyholders, but engaged in a constant struggle to retain old connections. Almost every scrap of business is eagerly contested and the fight grows ever keener. Amalgamation has reduced the number and increased the magnitude of the individual combatants.

Workmen's compensation business has been a potent factor in producing existing conditions. Thirty-five years ago employers' liability insurance was non-existent. A few companies transacted personal accident insurance on conservative lines, but the Fire and Life Offices held aloof. The Employers' Liability Act, 1880, opened a new field of activity. Subsequently, the first Workmen's Compensation Act, that of 1897, tempted certain Life Offices to embark in a business which by reason of its annuity features seemed to offer a field for the scientific assessment of premiums. A decade later the Workmen's Compensation Act now in force in-