

BRITISH COMPENSATION EXPERIENCE.

Mr. William T. W. Wells, of Edinburgh, a well-known English authority on workmen's compensation insurance, has lately made a study of the cost of workmen's compensation insurance in Great Britain. Mr. Wells' interesting conclusions, as quoted by the Manchester Policyholder, are as follows:—

"Bearing in mind the various points before mentioned—(a) the steady increase in the 'accident frequency,' (b) the rising percentage of claims to accidents, (c) the probably serious increase within the next few years in the average cost of settlement of claims where the injuries involved are of a serious and more or less permanent nature, (d) the continued wider interpretation of the provisions of the act, and, in addition, (e) the increasing strain upon the human element through the extension of machinery and the general speeding up in commercial work, (f) the probably increased percentage of under-average lives and less skilled workers now employed consequent upon the upheaval in the industrial organization through the war and (g) the required premium reserve for the 'catastrophe hazard,' which is not to be minimized—it is instructive to observe that of the premiums underwritten by the tariff offices during the year 1913, practically 50 per cent. will be required to dispose of all claims reported in that year, and this upon the assumption that the average cost of settlement will not exceed the ascertained average for previous years. It is clear, therefore, that the rates presently charged by the tariff offices do not, as a whole, allow any margin for an increase in the cost of workmen's compensation insurance. Attention may be drawn to the fact that several tariff offices have an indicated loss ratio for the year 1913 of considerably less than 50 per cent., but this favorable feature is readily capable of explanation when it is borne in mind that the offices in question have—through their long-established connections—been able to secure a substantial premium income, the greater percentage of which will be confined to the more non-hazardous risks. The fact that several non-tariff offices have been able to discriminate in their acceptances so as not only to enable them to presumably allow their policyholders a reduction off the rates charged by the tariff offices, but also to secure a probable loss ratio in the year 1913 well under that of not a few of the tariff offices, indicates that the said offices are fully cognizant of the particular classes of trade which are meantime adequately rated by the tariff offices. It is, however, clear that, having regard to the indicated loss ratio of the tariff offices upon the whole business, certain classes of trade are even at the present time inadequately rated."

SUPPOSED INCENDIARY'S SANITY.

Colin Kilner, who was arrested several weeks ago on charges of having set fire to three barns at Chateauguay, P.Q., appeared before Judge St. Cyr in the Enquete Court, Montreal, last week. He had just been discharged from the General Hospital, where he had been confined since his arrest, suffering from severe pains in the head. Judge St. Cyr, before going on with the enquete, committed Kilner to Bordeaux, where he will first be examined as to his sanity.

SOMETHING LIKE AN EXPENSE RATIO.

The Mutual Life and Citizens of Australia, which entered the Canadian field some two years ago, reports for 1914, according to the new blue-book of the Dominion insurance department, a net premium income in Canada last year of \$26,452, and expenses of \$84,194—a ratio of 314 per cent. to the net premium income. New business paid for was \$1,733,802 and lapses were \$1,121,518, the net amount in force at the close of the year being \$889,665. The Company, in addition to writing ordinary business, transacts industrial insurance, the expensiveness of establishing and transacting which is well known, while in addition it started in Canada at a time of business recession and has encountered the worst possible conditions for building up its business, particularly the industrial branch. Even so, we imagine that the home office officials in Sydney, N.S.W., with an expense ratio of 314 per cent. staring them in the face, have before this begun to wonder whether the game of transacting business in the Canadian field is really worth the candle.

A NORTH BRITISH MOVE IN THE UNITED STATES.

It is announced in New York that necessary legal procedures having been taken to shorten the name of the North British and Mercantile Insurance Company of New York (a subsidiary of the North British & Mercantile of Edinburgh), on and after November 1 its affairs will be conducted under the name of the Mercantile Insurance Company of America. The stockholders and directors have also decided to increase the capital of the company to \$1,000,000—a more complete announcement of which will be given to the public at a later date. These changes have been in contemplation for several years, the stockholders and directors going so far in 1913 as to take the necessary steps for an increase in the capital from \$200,000 to \$500,000, but the increase itself was finally postponed.

The company commenced business in 1897 with a capital of \$200,000 and a net surplus of \$100,000 paid up in cash, but the definite policy under which its affairs have been so successfully conducted was inaugurated January 1, 1900. It is believed that a more aggressive policy will be pursued following the new conditions proposed.

WHERE STATE INSURANCE LOGIC LEADS.

Many students are inclined to judge the relative advantages of different forms of insurance administration by abstract reasoning, arguing that a State managed monopoly of insurance must be cheapest, because it will eliminate the waste and expenses of competition. In the abstract this argument is persuasive. But it is of no greater force in regard to compensation insurance than in regard to any other line of insurance, or in regard to insurance than in regard to any other commodity. Therefore, in the abstract, if it be cheaper and better for the State to manage all compensation insurance, then also should it be cheaper and better for it to monopolize all mining, all building, all manufacturing and all agriculture. We must either accept this broad conclusion or reject this abstract argument and rely upon practical experience.—Hon. P. Tecumseh Sherman.