

BRITISH COMPENSATION EXPERIENCE IMPROVING.

The broad results of workmen's compensation insurance within the United Kingdom for the year 1914 are set forth in a table prepared by the "Post Magazine" of London. The figures are segregated as to tariff and non-tariff companies, there being 34 of the former and 19 of the latter. The "Post Magazine" says:—No adjustment such as the inclusion of any other companies' figures might necessitate is likely materially to affect the view of the operations here presented and the grand totals given below may be taken to represent the approximate outcome of the business for the seven complete years during which the present Workmen's Compensation Act (so largely responsible for the immense development) has been in force and separate revenue accounts of employers' liability business in statutory form have been available.

TARIFF COMPANIES.				
	1914		1908-1914	
	Amount.	%.	Amount.	%.
Claims.....	£1,271,290	45.00	£9,454,232	58.22
Commission.....	368,323	13.04	2,173,228	13.38
Expenses.....	613,335	21.71	3,519,481	21.67
	£2,252,957	79.75	£15,146,941	93.27
Profit.....	572,069	20.25	1,092,110	6.73
Earned premiums.	£2,825,026	100.00	£16,239,051	100.00

NON-TARIFF COMPANIES.				
	1914		1908-1914	
	Amount.	%.	Amount.	%.
Claims.....	£530,316	60.78	£3,512,438	69.74
Commission.....	113,830	13.05	725,867	14.41
Expenses.....	143,672	16.47	992,972	19.71
	£787,818	90.30	£5,231,277	103.86
Profit.....	84,675	9.70	194,538	3.86
Earned premiums.	£872,493	100.00	£5,036,739	100.00

TOTALS.					
1914			1908-1914		
	Amount.	%.	Amount.	%.	
Claims.....	£1,801,615	48.73	£12,960,670	60.95	
Commission.....	482,153	13.04	2,899,095	13.63	
Expenses.....	757,007	20.47	4,512,453	21.21	
	£3,040,775	82.24	£20,378,218	95.79	
Profit.....	656,744	17.76	897,572	4.21	
Earned premiums.	£3,697,519	100.00	£21,275,790	100.00	

EFFECT OF WAR CONDITIONS.

It will be seen, says the Post Magazine, that although the year under review included nearly five months under war conditions, the tariff offices secured an increase of £113,130 in earned premiums, while paying and providing for £98,390 less in claims. Against these gains, commission and expenses increased by £58,330, the underwriting margin thus showing a net improvement of £153,180—from £418,889 in 1913 to £572,069 in 1914. The drop of 5½ points in the claim percentage and a small drop in the commission are satisfactory, although against these has to be set a rise of one point in the percentage of management expenses. The net result to the tariff offices is an advance in the percentage of underwriting profit on earned premiums by 4.8 to 20.25. In normal times this might be considered a very promising feature, but just at the moment when the business seems to have been brought to a condition which would give the companies an opportunity to recuperate they are faced with the probability on the one hand, of reduced

income, owing to diminished business in many trades, and, on the other, of a higher claim ratio, consequent on a lower standard of activity and alertness among the workmen who are left to carry on ordinary industries while the younger and more able-bodied are serving with the forces.

It is pleasing to note that on this occasion every one of the tariff offices has made a profit, and in the case of some of the largest this has assumed proportions which they will not expect to see repeated for some time to come. It would be too much to hope for that workmen's compensation insurance should yield 20 per cent. over any number of years. Taking the grand total, however, of their results for the years 1908 to 1914 inclusive, the tariff companies have now, as the insuring public have had throughout, reason to view the outcome with complacency. Out of nearly £16,250,000 sterling paid in premiums they have returned nearly £9,500,000 in claims or about 58¼ per cent.; commission and working expenses have absorbed not quite £5,750,000 or 35 per cent. and the companies have made a profit of something over a million or 6¾ per cent., which is quite a reasonable figure from the point of view either of themselves or their clients.

NON-TARIFF EXPERIENCE.

The non-tariff offices have gained £30,007 in earned premiums in the past year, while paying and providing for almost exactly the same amount of claims as in 1913; commission and management expenses together show a net growth of £4,335, and there is an increase of over £25,000 in the underwriting profit. This time only two of the offices whose figures are tabulated disclose a loss, and in relation to premiums the aggregate claims represent a percentage two points lower; commissions are down one, and management expenses up half a point, a profit margin of 9.70 per cent. comparing finally with the previous one of 7.02. Even yet, however, the non-tariff offices as a whole have not caught up their losses, and at the present rate would require at least two years of normal working, each rather more profitable than 1914, to clear off the debit balance on their account. Out of a total earned premium income from 1908 to 1914 of over £5,000,000 they have accounted for over £3,500,000, or 69¾ per cent. in claims; commission and expenses have cost nearly £1,750,000, or 34 per cent., and nearly £200,000, or about 3¾ per cent. has so far been lost.

In the seven years tariff and non-tariff offices together have collected £21,250,000 in premiums, paid nearly £13,000,000, or 61 per cent., in claims, and nearly £7,500,000, or 34¾ per cent. in commission and expenses, retaining a net profit of less than £900,000, or under 4¼ per cent. Even if the immediate outlook were brighter this is not an extravagant reward for the toil and struggle and risk of the period covered, especially as the work done is supposed to have been based on the costly experience collected under the previous act. The improved claim ratios seem to indicate that the companies have now mastered the problem of estimating for outstanding claims; but they will only retain this advantage if conditions remain normal, unless they are quick to notice any tendency for the cost of claim settlements to increase. However, as this is a feature which is rather expected under present circumstances, it may be assumed that it will be firmly handled.