

FULL PROTECTION.

Another problem was how to meet the need of the employer, and still more the need of the employees, for full protection in case of a disaster or catastrophe causing the death of many employees and the permanent disability of many other employees. For example, suppose an employer whose total resources were not over \$30,000, and who was carrying a workmen's compensation policy having a total limit of \$10,000, should have a fire occur at his plant, killing and injuring many employees, whose aggregate death and disability benefits were \$50,000. There would be available but \$40,000 to pay these benefits of \$50,000, a deficiency of \$50,000. What better argument could there be for State insurance covering the entire liability of employers? But there is no reason why a liability insurance company should not cover the entire liability of employers under a proper system of reinsurance. The liability insurance companies are accordingly urging that the workmen's compensation laws of every State require liability insurance companies to cover the entire liability of employers. They have also formed a reinsurance bureau to distribute the shock of any disaster or catastrophe and thus prevent any maiming blow falling upon the companies. This situation will make it necessary for agents and brokers to inquire very carefully, before placing insurance, as to whether the company assuming the risk has made proper arrangements to ensure its safety and solvency.

EMPLOYER'S INSOLVENCY.

A further problem is how to protect the injured employee, or in case of death, his heirs, should the employer be or become insolvent. The liability insurance companies have urged that the workmen's compensation laws shall make the insurance company liable to pay compensation even though the employer be insolvent. Under this arrangement workmen's compensation policies will not be merely contracts of indemnity; instead, they will insure the solvency of employers so far as the payment of workmen's compensation benefits is concerned. The beneficiaries under workmen's compensation acts may be further protected by making the claim for compensation a preferred claim, and by requiring the employer to give a bond in the discretion of the court, after an injury or death shall have occurred, for the payment of the deferred benefits. If compulsory insurance were the rule, the beneficiaries would, of course, be absolutely protected against the insolvency of employers.

SCHEDULE RATING OF RISKS.

A most difficult problem that must be solved by the liability insurance companies is the schedule rating of risks, according to their merits or demerits from the standpoint of equipment for accident prevention, rating up for poor equipment and rating down for good equipment. The problem is in its nature similar to that which confronts the fire insurance companies, but its solution is probably much more difficult. For it is not necessary alone to inquire whether a given risk is properly equipped for the prevention of accidents, but it is necessary also to inquire what is the discipline in the given plant and what measures are provided to induce employees to use the safety devices which have been supplied. But difficult as the problem is, it

must be solved. The necessities of the situation require its solution. An immediate incentive must be supplied employers to equip their plants with safety devices and to establish conditions that will make for the prevention of accidents. An employer who can see an immediate financial gain produced by a reduction in rate granted because of the installation of safety devices will be the more ready to make the improvements recommended. It must not be supposed that liability insurance companies have failed to differentiate between risks and make due allowance for differences in quality existing among them. This has been done in the past, however, largely upon the experience had upon the risk. The need now is to work out a thoroughly scientific system of schedule rating.

The foundation upon which schedule rating must rest is, of course, inspections. The inspector of the future will have two functions—first, to show the insured what measures he should adopt for the prevention of accidents, and second, to gather data which will enable a proper rate to be determined.

The foregoing demonstrates beyond the possibility of dispute that the liability insurance companies are responsive to the needs of the situation in a notable degree and are working out the new problems which have arisen with fidelity and skill. There is nothing in the situation which requires the establishment of State insurance. If the community will trust the companies and aid them, not hinder them, far better systems can be worked out by private enterprise than is possible by State insurance, subject as it always will be to political control and influences.

Legal Decisions

THE A. O. U. W.

Toronto Judge Grants Interim Injunction Restraining Order from Putting into Effect New Rates—Subordinate Lodges should have been Consulted—Text of Judgment.

Holding that the proposed increase in rates should have been submitted for consideration to the subordinate lodges previous to the Grand Lodge meeting in Guelph last summer, Mr. Justice Riddell, of Toronto, has granted an injunction, until the trial of the action, restraining the Ancient Order of United Workmen from putting into effect the advanced rates. His Lordship's decision is an interim one, unless the nine applicants for the injunction and the members of the Grand Lodge involved consent to a motion for judgment, in which event the applicants get judgment.

The text of Mr. Justice Riddell's decision is as follows:—"Were it the case of an incorporated company and were it certain that the proper number of votes would be secured to carry the amendment, the Court might not, probably would not, interfere," says the Judge. "I do not lose sight of the principle laid down in many cases, that the Court will not interfere unless and until all the domestic remedies are exhausted. There are many provisions for appeal in the constitution of this order, but none of an appeal from the action of the Grand Lodge itself, and that is what the plaintiffs complain of."

"I cannot entirely disregard the consideration of evil effects upon the order which may result from this