

OFFICIAL ORGAN OF THE INSURANCE FEDERATION OF BRITISH COLUMBIA

Third Annual Report of Workmen's Compensation

Provincial Report Shows Large Addition of Employers.— Few Accidents Last Year Resulted in Lower Assessment Rates.—Estimated that 110,000 Workmen Were Covered by Board, Involving Payroll of \$130,000,000.

The third annual report of Workmen's Compensation Board of the Province of British Columbia for the year ending December 31st, 1919, is just off the press of the King's Printer, and is an interesting document of the operations of this Board and its increasing activities.

With regard to the general activities of the Board the report says:

Over 500 new names were added to the list of employers during 1919. A marked increase in the industrial activity of the Province is shown by the fact that, although the rates and assessments were less than in either of the preceding years, the amount collected by the Board was 18 per cent. greater than during the second year. The amount paid on account of claims was also proportionately greater.

Notwithstanding the increased volume of business, the percentage of expense charged to employers was only 4.781 per cent. of the amount collected from them, being slightly less than the ratio of expense during either of the previous years. Of every \$100 collected from the employer, \$95.21 goes directly to the workmen or their dependents without any expense whatever to them. This is only possible by reason of the Act providing for the administration of the Accident Fund by a Board appointed for that purpose and to the exclusion of all intermediaries who might otherwise desire to make a profit out of the misery and distress of injured workmen.

It was again not necessary to charge the full basic rate of assessment in any of the classes, and in no class was a higher rate charged during the past year than one-half of the basic rate.

In a considerable number of classes it was found sufficient to collect the basic rate on only one-quarter of each employer's pay-roll. Among the industries from which this low rate was collected may be mentioned all work of municipalities, machine shops, foundries and iron working generally, ship-building, all work of general construction, fishing and canning, and the manufacture of explosives.

For example, take an industry with a basic rate of 2 per cent. If two assessments were made throughout the year, the cost to that industry would be on two-fourths of its pay-roll or one-half the basic rate—that is, 1 per cent. on the total pay-roll or 2 per cent. on half of the pay-roll.

By reason of legislation passed in 1918 provision was made for the payment of compensation to men injured in the various departments of Dominion Government work.

Three classes were created during 1919, as follows:

Class 17—Retail deliveries.

Class 18—The Great Northern Railway Company and its subsidiary companies were transferred from Class 8 and now constitute this class.

Class 19—Dominion Government employees.

The effect of class division is that all industries in that particular class carry only the losses that occur in that class. If the accidents are reduced in number and severity in a class, there is automatically a lessening on the drain on the funds in that particular class. The fewer accidents there are in a class the lower the cost to the employers therein.

In all cases where pensions have been awarded to dependents of workmen who have been killed, or pensions awarded to workmen whose injuries have resulted in permanent disability, the present value of the pensions for their expected term has been placed in reserve and the funds invested in Government securities in accordance with the requirements of the "Trustee Act," as is required by the

"Workmen's Compensation Act." By this means the entire present and future cost of all accidents which happen in any years is borne by the employers who were engaged in industry in each of the several classes in that year. No burden therefore is thrown on the employers in future years on account of past accidents.

After three years' operation of the Act the reserves amount to \$1,233,111.11. This amount includes an item of \$15,000 per year (now amounting to \$45,000) which has been set aside as a catastrophe reserve to protect against a possible catastrophe that may occur and which may not be attributable to or be a proper charge against any single class of industry.

The amount of the whole reserve may be expected to increase yearly until such time as the expiration of pensions occur as frequently as pensions are awarded. The investments are therefore made in as long-term bonds as are available for purchase. The funds of the reserve have to date been invested at a rate to yield an average of 5.85 per cent.

It is estimated that during the year 110,000 workmen were covered, with a pay-roll of \$130,000,000.

The condition of the several class funds as at December 31st, 1919, covering the three years of operation, which the Act has been in force, shows that there are altogether 19 classes contributing to the various funds. The total amount received from employers for the three years was \$3,393,723, of which there was paid back to the various class funds \$11,431. The amount paid out was \$1,740,919, and the reserve, being the present value of pensions, amounted to \$1,481,989, leaving a credit balance to the various class funds of \$160,283.

Of these classes the lumbering and logging industries contributed the most, receiving \$949,273, paying out \$612,082, and placing to reserve \$377,623. Building and construction, including shipbuilding, came second. \$479,692 was received from employers, \$256,518 was paid out and \$141,954 was placed to reserve. Coal mining is in third place, with \$468,431 received from employers, \$205,482 paid out in claims and \$274,519 placed to reserve for pensions account.

The operations for the year ending December 31st, 1919, show that, for the 19 classes of industry under which the Workmen's Compensation is grouped, balance as at the end of the previous year was \$206,716. The amount received from employers for 1919 was \$1,356,643. The compensation paid out was \$769,012. The amount transferred to reserve account was \$634,065, leaving a balance to the various class funds of \$160,283. The lumber industry still lead the list with \$439,557 received from employers, paying out in compensation \$277,945 and transferring to reserve \$204,230. Building and construction, including shipbuilding, continued in second place with \$213,434 received from employers, paying out \$126,093 for compensation and transferring to reserve account \$62,838. The Canadian Pacific Railway and Consolidated Mining & Smelting Company group supplanted the coal mining group for third place with \$142,553 received from employers, \$50,797 paid out in compensation and \$140,633 transferred to reserve account.

Statement of Condition of Accident Fund on December 31st, 1919, Covering 1919.

RECEIPTS

Cash on hand, January 1st, 1919—

To credit of classes	\$ 206,716.67
To credit of medical aid	8,274.84
Available for pensions	15,582.97
	<hr/> \$ 230,574.48