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## WHAT STATE INSURANCE MEANS.

A serious responsibility is being assumed by those who are pushing forward the new scheme of Government organisation and administration of workmen's compensation insurance in the province of Ontario. Supposing that the scheme is eventually put into operation, these are some of the things that State insurance in this guise means:

1. It means the opening up of another field for political patronage, and probably eventually the creation of a new political machine. Whatever discretion the Government may exercise in the choice of those at the head of the administration of the new Act, it is pretty certain that the rank and file appointments will form another happy hunting ground for political patronage, political pressure and political pull to exercise in. Political appointees will not be free to resist exorbitant claims coming within their administrative powers because of political or outside influence. Probably the best that can be expected is the cynical attitude of "warm sympathy and cold justice."

2. It means the penalizing of the careful employer. He is compelled to cover his liabilities for workmen's compensation in a particular way. Not only so, but he is compelled to act as co-insurer to his competitor whose accidents may be proportionately four or five times as expensive as his own. He is not allowed to take advantage of his own enterprise and care for his workmen by obtaining his protection in some other approved way than through the State fund. This constitutes a gross and unwarrantable interference with individual liberty and enterprise.

3. It means (a) extravagance of cost through inefficient administration, and (b) multiplication of claims. Apart from the fact that appointments to the administration of this Act are likely to be of a political character, it is probable also they will be given to people of mediocre energy and ability—for the simple reason that no one else under present-day circumstances will as a general rule enter Government service. Mediocre administration means extravagant administration and wasteful administration. The effect of the drawing of compensation from a state fund will be to multiply claims and to lengthen the period of incapacity. Under the German system of workmen's compensation, the average period of disability for certain injuries has increased four-fold. Malingering will become a fine art; people will enjoy the luxury of doing nothing and living at the apparent expense of the State.

4. Ontario will become a happy hunting-ground of the weakling, the dishonest workman, the fake claimant and the malingerer. There is nothing in the suggested law which will have any inducement whatever to keep the self-reliant or thrifty wage-earner within the province, if other opportunities present themselves elsewhere. On the other hand, it will be an easy matter, as experience elsewhere shows, for an "accident" involving costly compensation to be the ostensible reason for an injury which really had its beginnings in a diseased condition. Insurance companies have spent much money in defeating the methods of fakers who migrate from place to place, and a system of listing them up has been effective in reducing this waste. A State system of administration will not be able to do this because of political pressure.

5. It means the discouragement of manufacturing enterprise and of the increased use of modern safety appliances. The manufacturer of enterprise and high character will be grouped with risks possessing "characteristics which cannot be referred to actuarial standards." (S. H. Wolfe). The effect of this will be to make the careful manufacturer less careful. Money which he had been accustomed to spending on improved safety appliances will under the new Act have to go to pay (though indirectly) for the accidents of his careless competitor. In the long run the most successful manufacturer will be penalised through the mere fact of his survival. It is certain from universal experience that the tendency of rates in the various groups for a number of years will be upwards in order to cope with the increased expense caused by the increasing appreciation on the part of workmen of the possibilities of compensation. The man who has a lot of heavy claims in the first two years of the Act's operations, and then goes into bankruptcy will have the continued cost of his claims paid for him by his more capable and careful competitor who continues in business. The Act is so admirably fair!

6. An enormous expenditure in law costs will be necessary before the new Act is properly "defined." Had the Province followed a Workmen's Compensation Act elsewhere which has been brought up to a high standard of perfection through vast expenditures in legal proceedings (as the English Act has been), all this expenditure could be avoided.

These are some only of the things that State insurance means, as it is put forward in the province of Ontario. How do the Ontario people like the prospects?