

EMPLOYERS' LIABILITY PROBLEMS.

Like the poor, the problems of employers' liability are always with us, and the difficulties surrounding this branch of insurance appear to be as much in evidence on the other side of the Atlantic as on this. The London Economist, surveying the operations of the British companies during recent years, finds that since the tariff was formed a few years ago, the history of employers' liability insurance has been one of rising rates and a narrowing market. "Losses have been so numerous," observes the London journal, "that conservative offices do not want fresh business, and are not tempted to cut the tariff; rates have gone shooting up in a way that would seem incredible in any other branch of insurance, and the non-tariff offices which have competed actively at cut rates have mostly burnt their fingers in the attempt to beat the tariff."

As reasons why, in spite of the constant rise in rates, the companies have not been able to make a steady, reasonable profit, the London authority has some interesting suggestions to make. It gives first place to the "unquestionable increase in malingering." A workman, who in the days before compensation would make light of an injury for fear of losing his job, is, under present circumstances, if he be unscrupulous, not above taking the opposite attitude and making the most of his injury in order to have a spell of half-pay without work. In this respect and in the fact that the courts have grown more sympathetic to the claims set up by workmen, English experience would seem to be very similar to that of the State insurance organisations in Germany, if the account of these matters by Dr. Friedensburg, which he published a year ago, be correct. Human nature is apparently the same on either side of the North Sea, when it is a case of obtaining—or trying to obtain—something for nothing.

So far as British business is concerned, statistics show that very few of the large composite insurance offices are adopting a competitive policy in regard to this particular branch of their operations, but are content to go slowly with the business that comes to them through their ordinary connections. In the circumstances, it is, perhaps, not surprising to hear that a large volume of workmen's compensation business is now being undertaken at Lloyds. What Lloyds will make of it remains to be seen, that is if, with their policy of secrecy continuing in force, any facts regarding them will ever be seen. But we imagine that the London Review has fairly diagnosed the likely consequences of this departure, when it says:—"The new organizations formed may be successful at the start, but sooner or later trouble will ensue if the risks are not rated up to their proper standard." If they are rated up—why go to Lloyds?

REASONS WHY U. S. BANK EXAMINATIONS ARE DEFECTIVE.

A pungent criticism of various aspects of the present system of bank examination in the United States is contributed by Giles L. Wilson, National Bank Examiner for Georgia and South Carolina. In the opinion of this authority, "fully one-fourth of all examinations as now conducted have weak spots in them, perhaps even a greater percentage." As the principal reason for this condition of affairs, he adduces the system under which the bank examiners are paid:—"The average examination occupies one day of hard work of from eight to twelve hours. If all the details are gone into as thoroughly as they should be it would, in numerous instances, require two days. Why does the examiner not give two days to it? Because he is paid, not for the amount of work he does nor the amount of time he devotes to the examination, but a certain fee for each completed examination."

In consequence of this condition of affairs, the examiner has to hurry through an examination in order to commence the earning of another fee, since his pay depends upon the number of banks he can examine, and not upon the efficiency of his work. "A capable and conscientious examiner will do thorough work," says Mr. Wilson, "in most cases, under the present conditions, but even the best examiners will at times 'cut corners' that the examination may be completed in a period commensurate with the amount of the fee to be received."

This examiner also advocates a reasonable resemblance between the different national banks in regard to their forms of books and accounts. At present, practically every bank has a different method of arriving at the same facts:—"With the officers of the banks familiar with their own particular way of keeping records, these variations do not make any difference, but to the examiner there is a world of difference. He must be more or less conversant and familiar with all forms and be prepared to change systems as rapidly as he begins separate examinations. This works a hardship on him and frequently causes him to lose valuable time."

The purport of the inspection of the banks in the United States presumably is to protect the depositor. It seems that the system is a good deal lacking.

The decline of two points in the Department of Labour's index number of wholesale prices for July, after a continuous rise for twelve months, was followed in August by another drop, the index number standing at 133.4 as compared with 134.8 the previous month. Last year, however, at this date it stood at only 127.2. The decline during August was due chiefly to decreases in prices of grains and fodders, fruits and vegetables, with slight increases in dairy products, fish, metals, and coal. These index numbers are percentages of the average prices of some 250 articles during the decade 1890-1899.