

## ONTARIO'S WORKMEN'S COMPENSATION ACT

### Chairman Price Explains How Assessments are Determined—Experience of Previous Years

The workings of the Workmen's Compensation Act of Ontario and the determination of assessments for the different classes was the subject of an address by Mr. Samuel Price, chairman of the Ontario Workmen's Compensation Board, at the annual convention of the Canadian National Clay Products Association, at Toronto. Mr. Price stated that under the present law the workman or his dependants are compensated in a larger number of cases than under the former law, the underlying principle being that the industry should bear a portion of the loss caused by injury to its workmen just as it must bear the expense of replacing broken machinery.

He continued:—"Among the other advantages of the new law are the speedy and inexpensive mode of payment to the workman; immunity of the employer from litigation and from what might be ruinous liability for damages; and the removal of a prolific cause of friction between workmen and employer.

"The questions to be determined in the allowance of compensation are usually few and simple, and the amount in the great majority of cases is fixed by the act or is merely a matter of computation.

#### Must Notify Board.

"The workman is required to notify the accident promptly to his employer and the employer to notify the board. Reports giving the necessary information for determining the right to and fixing the amount of compensation are required from the workman, from the employer, and from the attending doctor, further inquiry or investigation being made where it seems necessary. In ordinary cases the award is made within a few days after the receipt of the last report and payments go forward promptly, cheques for temporary disability being sent bi-weekly, and pension payments monthly.

"The employer is notified of every award made to any of his workmen and of every payment made for medical aid, and the board is always glad to receive from him any useful suggestion or information concerning the case.

"The industries covered by the new law (omitting railways and other industries under schedule 2) are enumerated in what is called schedule 1 of the act. They are divided now into 34 classes or groups.

"For assessment and compensation purposes each class stands upon its own footing. Each carries its own burden, except only that a small general fund, one per cent. per year, known as the Disaster Reserve, is set aside to assist in meeting any extraordinary call that may arise in any class.

"Separate accounts are kept of all assessments received and all compensation awarded for each of these classes. Any balance at the end of the year, after all credits and charges have been made, is carried forward to the credit or debit of the class. Each of the 34 classes of industry is thus in effect a mutual insurance association of the employers in that class.

#### Governed by Requirements.

"The rates for each class are fixed and the assessments made much in the same way as a municipality levies its taxes. They are governed by the requirements. The assessment is in the form of a rate or percentage on every \$100 of pay-roll. The rates fixed for the year are intended to cover the burden of that year. At the beginning of the year an estimate of his probable pay-roll is obtained from each employer and he is assessed provisionally upon that estimate. At the end of the year the actual amount of pay-roll is obtained and the assessment is adjusted accordingly.

"In fixing the rate the experience for previous years is used as a guide. The amount of compensation and the amount of assessments in the class for the preceding year are ascertained, an estimate being made of the amount still remaining to be paid for accidents which by reason of continuing disability or for lack of reports have not been finally disposed of before the end of the year, and an estimate being also made of the extent to which the actual pay-roll statements received from employers at the end of the year will exceed the estimates given by them at the beginning of the year. In this way the total expenditure and the total income of the class for the year are arrived at as nearly as possible,

and the sufficiency or insufficiency of the rate charged determined.

"If it is seen that the rate charged has produced sufficient money, or if the surplus or deficit is small, the same rate will be continued for the current year. If there is any considerable difference, the rate will be increased or decreased accordingly; and if the difference is large, the rate will also be altered retroactively for the prior year.

"Any surplus to the credit of the class remains in the class funds, and this is also taken into consideration in fixing the rate. Any additional matters, such for instance as medical aid which went into effect the middle of last year, must be provided for by making an estimate of the probable amount of expenditure therefor, and this must be considered in fixing the rate.

"Where there are different lines of industry in the same class, each bearing a separate rate, the experience in each separate line of industry is also considered, and if the situation calls for it the proportionate ratings as between the different lines of industry in the class are altered. As, however, each class in the schedule is an insurance group, all lines of industry in the class must share to some extent the good or ill-fortune of the class as a whole, and the rating for each separate line of industry cannot be made to depend upon the experience in that line of industry alone. The experience of the class as a whole must be considered. This is especially the case where the amount of pay-roll in any line of industry is small. To charge that line of industry with its own cost might leave a very excessive burden on its employers for one year while perhaps relieving them almost wholly from assessment another year. This would destroy the underlying insurance principle which is the basis of the system.

#### Was the Best Estimate.

"The first table of rates fixed for the different classes of industry upon the coming into force of the act in 1915, and before there was any actual experience to go upon, was merely the best estimate that could be made of the requirements with such assistance as could be obtained from other rating schedules. At the end of the first year it was found that a general reduction could be made. This was done in a number of cases retroactively; and the rates for 1916 were made upon the whole considerably lower than the original 1915 rates. The 1917 rates, while making adjustments in a number of cases, were, even with the allowance estimated to be necessary for the new medical aid provisions, only slightly higher upon the whole than the 1916 rates. It is hoped that in general little increase will be required for 1918, even with the full year's medical aid to be provided for as against the half-year's medical aid in 1917.

"For the manufacture of clay products the original rate in 1915 was fixed at 90 cents per \$100 of pay-roll. In 1916 this was reduced to 60 cents. At the end of 1916 it was found that the experience for the class was not as good as had been expected, and the rate was raised retroactively to 90 cents; and a 90 cent rate was also fixed for 1917. It is hoped that this rate may still be sufficient for 1918, but this cannot be definitely settled until the experience for the past year has been fully tabulated.

"Comparing this 90 cent rate with the rates elsewhere, we find that Ohio charges \$1.45; Michigan, \$2.06; New York, \$2.91; Pennsylvania, \$1.31; Illinois, \$2.37; Wisconsin, \$2.32; Indiana, \$2.25; Kentucky, \$1.97; Colorado, \$1.53; Washington, \$1.50; California, \$2.30.

"The way to keep the rate low is to avoid accidents. This will now be a matter of special individual concern to each employer, inasmuch as under the system of merit rating which is to be adopted the employer having a bad accident experience will pay a higher rate of assessment than the employer whose accident experience is good. The adjustment will be made after the accident experience of each employer has been finally ascertained.

#### For Medical Aid.

"It is a gratifying feature of the administration of the Ontario Act that, apart from the contribution for the expenses of the employers' accident prevention associations, practically all the money contributed by employers goes to the workmen or their dependants as compensation or is paid for medical aid. For the year 1917 the total amount contributed by employers toward the expenses of administration will be less than one and one-sixth per cent. of the amount of compensation awarded. During the year awards of compensation amounting approximately to \$2,900,000 involved an