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STATE COMPENSATION IN ONTARIO.

The Board administering the state workmen's compensation scheme in the province of Ontario, which was brought into force on January 1st, 1915, have just issued their first annual report. At the time of writing, THE CHRONICLE has not had the advantage of perusing a copy of this document, but assuming that the summaries in the Toronto daily newspapers present the facts correctly, several interesting suggestions and deductions present themselves.

The figures reported show that the assessments collected during 1915 amounted to \$1,539,493, of which \$1,186,222 was distributed for accidents or set aside for outstanding claims and \$395,026 carried forward as surplus. Apparently, expenses have been defrayed out of the grant made by the Provincial Government for the purpose. The reports of accidents made to the Board numbered 17,033, compensation being paid in 9,829 cases.

A HIGH LOSS RATIO.

It will be observed that the first year loss ratio was decidedly high—about 77 per cent. In view of the known facts regarding the accumulative character of workmen's compensation claims, this suggests that the existing assessments are by no means too large. The Board, however, has not dealt with the workmen with any startling generosity, having been assisted in this line of action by a rule of not paying compensation unless an injury disables a man for at least seven days. With the insurance companies transacting this class of business, this latter practice, even when allowed by the legislation under which they are working, is practically a dead letter. If the compensation for the short period is not paid directly, the equivalent is paid in a medical fee. The Board have only paid, on an average, one claim in two; the average of claims paid by the insurance companies is eight or nine out of ten, and they actually paid this average in Ontario under the old, antiquated law. The compensation paid by the Board per claim received works out at under \$70. This low figure

suggests, besides the want of generosity in dealing with workmen, that the Board is falling into the universal mistake in workmen's compensation business and valuing its outstanding claims at too low a figure. It was the practise of the insurance companies, under the old Ontario Act, which naturally did not require so large a provision for outstanding claims as the present one, to average their outstanding claims of which no particulars were to hand at \$75 each. It hardly seems the part of wisdom to take in outstanding claims under the present Act at only this figure, let alone less. In any case, the published experience of the Board shows that they have either placed themselves in a position to compel workmen to accept grossly inadequate settlements for their claims, or they have decidedly underestimated their outstanding liabilities.

PROPOSED REDUCTION IN RATES.

It has been the experience of insurance companies who have transacted workmen's compensation business for many years that if first-year claims only had to be paid, they could transact business with rates 25 per cent. of those which experience has proved to be necessary. Accidents, appearing slight at the time of happening, have a faculty of producing expensive results six, or twelve months or even longer after their happening. The Ontario Board, undeterred by the facts of experience and by the possibility of at present unknown losses, gaily announces that "there will be a considerable reduction in workmen's compensation rates brought into effect for the present year in a number of classes of industries." Such rashness can only be explained on the assumption that the Board desires to "keep in" with the manufacturers by giving them apparently cheap insurance. The manufacturers, however, are by no means in an enviable position. Some of them may quite easily find that the assessment system works both ways and that in two or three years' time, their rates will be increased not merely to the level from which they are now to be reduced but to distinctly higher levels in order to cope with increasing losses. The real beauty of the assessment system is that the assessment payer never knows where he is from year to year, as probably enough the Ontario manufacturer will in due course discover for himself. One year's experience is utterly inadequate as a basis for the reduction of rates in any sound system of workmen's compensation insurance.

Great Britain's revenue in the last fiscal year before the war, that ending March 31, 1914, was \$991 millions; for the current fiscal year, the revenue is estimated at \$2,545 millions.

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Germany's proposed new war taxation of \$120 millions per annum will not begin to meet the interest on her war loans to date, which calls for \$315 millions per annum.