

STATE INSURANCE AND WORKMEN'S COMPENSATION.

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The proposition that Insurance should be a State or Government monopoly, or be carried on in competition with insurance companies, is occupying the minds of many politicians in many countries to-day, and the question, from a practical point of view, in its relation to the future of insurance business, is one that is worthy of the careful attention of all insurance men.

The idea of the State as the universal producer and universal provider of all sorts of commodities is no new one and has filled the minds of visionaries for many years, and it has been put into practice in some States, in railways, in posts and telegraphs, and certain other things, with results about which opinion is widely at variance, but the consideration of which does not come within the scope of this paper.

A GERMAN INVENTION.

The attempts to establish a state monopoly of insurance have in most instances been coupled with a law establishing the principle of workmen's compensation, and the first State to attempt this was the German Empire, in 1884. Since then many countries have set up a workmen's compensation liability, and in the following table I set out some of the principal countries which have enacted workmen's laws, and I divide them into three classes, showing roughly:—

No. 1.—Where there is a State Monopoly:

Austria, 1887; Germany, 1884; Greece, 1901; Hungary, 1907; Luxembourg; Norway, 1894; Russia, 1903; Switzerland, State of Ohio, State of Washington, State of West Virginia, State of Nevada, State of Oregon, State of Wyoming, Province of Ontario.

No. 2.—Where there is a State Insurance Office, but Insurance Companies are permitted to compete:

Holland, 1901; Belgium, 1903; France, 1898; Italy, 1898; Sweden, 1901; State of Victoria (Australia), State of New York, State of California, State of Colorado, State of Maryland, State of Michigan, State of Montana, State of Pennsylvania.

No. 3.—Where the Insurance is left to the Companies entirely:

Denmark, 1898; Great Britain, 1897; Spain, 1900; State of Massachusetts, State of Illinois, State of Minnesota, State of New Jersey, State of Wisconsin, State of Indiana, and various other smaller States.

Of course, it will be understood that when you come to look at the State monopoly or State competition from the point of view of the insurance of the risk these classes would be subdivided again, as great differences exist in their methods of handling the insurance; but for the purposes of this paper the above division shows the countries and the main principle which is adopted in them.

STATE ORGANIZATION.

Now the first question that strikes one on approaching this matter is why so many countries have considered the transaction of insurance by the State in connection with workmen's compensa-

tion, and few have so far carried it to other classes of insurance.

The first answer to this lies probably in the fact that other matters that are subjects of insurance, such as fire, marine, plate-glass, burglary and such like, are not matters created by any particular statute, and the failure to insure only falls on the man who does not insure; whereas workmen's compensation is the creation of a particular statute, and when insurance is not made a State monopoly, or at any rate made compulsory, the failure to insure not only injures the man who fails to insure, but may fall, and in many cases has fallen heavily, on an injured man or his dependents. Moreover, the country that first established workmen's compensation—viz., Germany—simultaneously set up a State organisation to provide for the payment of the benefits, so that in the minds of other countries, who later on came to deal with the question of workmen's compensation, there was always associated therewith in the beginning the idea of State provision and protection.

Now while such a scheme might have a chance of succeeding in a country like Germany, where the individual is ruled and regulated like a piece of machinery, and where any criticism of officialdom is looked upon as high treason—and I am going to suggest later on that it is a failure even there—I venture to think and I hope to show why it will be a hopeless failure in countries of free men, countries whose greatness and prosperity, both for employer and employed, have been brought about by freedom of competition and by individual effort. But we cannot get away from the fact that to-day it is being considered by many States and has already been adopted by some from whom one would have looked for more far-sighted legislation. That being so, we have to look at what were the conditions that have brought this about and what were the arguments that were advanced in favour of this course.

ARGUMENTS IN FAVOR.

Firstly, on the part of the workmen there existed, rightly or wrongly, a profound dissatisfaction with the operation of such insurance as had existed prior to the consideration of workmen's compensation.

In most States there existed, or exists, some sort of liability for certain accidents of employment. This liability was hedged round with all sorts of legal restrictions and only provided for a small percentage of such accidents. The insurance company, having based its rates on the fact that the greater number of accidents did not entail liability, were bound to resist the attempts of the workmen to obtain payment for every accident, and, as there were many speculative lawyers to encourage the workmen to endeavour to establish a hopeless case in a court of law, the insurance company came to be identified in the workmen's mind with a wealthy body who, having no other interest than to make money out of their misfortune, endeavoured by their wealth to deprive them of what they considered their right.

This, then, was a constant source of irritation to injured men and their trade associations. They put the blame on the insurance companies, not (where it rightly belonged) on the existing liability laws, with the result that, as far as they were concerned, when workmen's compensation came to be discussed in the legislature, their representatives were ready to set up any authority which would