

WASHINGTON'S STATE INSURANCE SCHEME RIDING FOR A FALL.

In view of the prominence which has been lately given in Canada, particularly in connection with the new workmen's compensation legislation of the Province of Ontario, to the State system of workmen's compensation which has been in operation in the State of Washington during the last two years, the newly issued annual report of the Washington system is of much interest. The tone of the report and the statements therein made, show that those opposing the proposed legislation in Ontario have good grounds for their fears regarding the rashness of that experiment. The report shows that the State of Washington scheme is riding for a fall. The report generally gives no idea of a triumphant feeling that all is well, which it is pretty certain, would have been there, if there had been the slightest grounds for it. On the contrary, the report indicates that those administering the Act vaguely fear, without knowing what they fear.

COMMISSIONERS DECEIVING THEMSELVES.

The following comment based upon a careful study of the report by an expert on industrial accident cost will be found of much interest by all who are concerned in the developments arising or likely to arise from the proposed legislation in Ontario:—

"The Commissioners note that the cost to contributors in 1913 was greater than in 1912," says this commentator, "They think it was due to the much larger number of employees covered. They say nothing about the larger amount of premium called for by the increased number of employees. They also say the increase of cost is due to the fact that there were overlapping previous year claims filed and unpaid. They intimate that in the past year ended September 30, 1913, they settled practically all current claims.

COST OF DEFERRED CLAIMS.

"If they believe they have succeeded in settling all such cases they are deceiving themselves. They apparently closed their records promptly after September 30, 1913, and if there were many overlapping claims from 1912 there will be vastly more from 1913, particularly with a considerably increased number of employees covered. We know how many of the ordinary claims slowly develop and how many claims develop which could not be anticipated. Complaint is made, page 6, that the appropriation is less than it should be, and that a few more men could be used in the field. The insurance companies keep in touch with all injured men and are less likely to have unexpected claims develop or have cases reopened unexpectedly. Yet the insurance companies find that many injuries are slow to come to light, that claims, whether honest or dishonest, are slow to develop and that many cases are reopened, with considerable ensuing cost. Yet little or no attention is paid to these things in the Washington report and no allowance is made for them in reserves. Amounts are set aside for pensions in death and permanent total cases, but nothing is reserved for the many claims that will not come under those two heads. Experience has shown that large sums must be reserved to cover such other claims and even then estimates have been too low.

POOR ADMINISTRATION.

"The Commission would not seem to be keeping in sufficient touch with the cases possibly through lack

of field men, and if this is so, as seems likely, they are more likely to have an increasing number of belated and reopened claims than the insurance companies, and the employers, who are apparently expected to do considerable work 'in addition to reporting on their fellow employees' (page 50), are probably not as helpful as they are expected to be. Look at page 66, where a workman received compensation for two months, the employer having reported he fell at the plant, whereas he fell coming out of a saloon. Also on page 67 note the remarks of the Commission that "for some reason or other the employers often embarrass the Commission very seriously by their statements." On page 80 it states that one of the frequent delays in workmen receiving their money is due to their neglect to notify the Commission of their change of address. This seems strange if the claims are closely and properly handled. Such an explanation, if made by an insurance company, would be badly received. It would not seem that the Commission could know much about the men.

BIG RISE IN AWARDS.

"On page 80 it is shown that in 1913 more than double the claims were settled than in 1912. This is stated to be due to settlement of long pending cases originating during the first year. No suggestion is made that in view of the increased number of employees in the second year and the increased number of accidents that there will be even more long pending cases to dispose of, some even of the 1921 cases, and yet that is what seems certain to happen and will result in considerable additional cost. The report also shows, page 54, that for the first year the average time loss was 25.2 days and the average award of \$33.97 per claim, while for the second year, on nearly double the claims that average time loss was 27.5 days and the average award \$37.57 per claim, which shows a very material increase.

A COSTLY FAILURE.

"As matters are now shown by this last report things look very bad for the State scheme. From their report there were 553 fatal cases, because of which pensions have been set aside in 309 cases, while in 244 cases no pensions have been set aside, presumably because of no dependents. This would indicate that in 44 per cent. of the death cases no claims will result. This may be so, but if it is, it is remarkable, and in spite of the one year limitation in the act it seems unlikely that a substantial proportion of the 244 no pensions cases will not result in payment of death benefits.

"One of the surprising things in the report is that while it indicates a disastrous outcome, even from the statements contained therein, that nevertheless it solemnly states that the rates named for the various bunched industries were too high. Judging from their report alone, the Washington Act and its administration is a failure, probably a costly one, and yet the Commission has had things largely in its own hands, with the State behind it, and without the question of doctors, hospitals and medical aid to make the situation worse and more costly. By not having to pay for doctors and hospitals the Commission has been saved a great deal of trouble and administration expense, and has had the advantage of men being anxious to recover and get back to work, knowing that doctors and hospitals must be paid by them, as the Washington Act does not include medical and surgical treatment.