

re-consideration to the question of National Insurance it will be a general hope that the 'rushing' tactics which characterised the passage of the original Bill through Parliament will not again be in evidence. Otherwise it is quite easy to foresee an 'outburst'—of a not particularly pleasant type."

FACTS ABOUT WORKMEN'S COMPENSATION BUSINESS.

(Edson S. Lott.)

In an effort to keep up with the increasing liability of employers, the rates for employers' liability insurance have been largely increased from time to time, each increase being resisted by employers, even though no general increase has been sufficient to save the insurance companies from an ultimate underwriting loss. There will be still greater resistance on the part of employers as respects rates for workmen's compensation coverage, even though it is evident that workmen's compensation laws will call for larger payments to injured workmen and their dependents than the old employers' liability laws.

However, the change in public sentiment as respects the liability of employers for injuries to their workmen has already increased enormously and is still increasing the cost of employers' liability insurance. This sentiment has affected not only juries but judges as well. Even so high an authority as the New York Court of Appeals, in an opinion written by Chief Justice Cullen, which was concurred in by four of his associates, making it the opinion of the court, and which was handed down so late as October 22, 1912, has said:

"There seems, at the present day, an effort by constitutional amendment to render a master liable to his employee for injury received in his employment, though the master has been guilty of no fault whatever, and I feel that such effort is in no small measure due to the tendency evinced at times by the Courts to relieve the master, though concededly at fault, from liability to his employee on the theory that the latter assumed the risk of the master's fault."

The Court overruled squarely a decision rendered by the same Court in 1896, in which it was held that an employee, under the same circumstances, had "assumed the risk" and that therefore, the employer was not liable. The principle established by this one decision will cost employers and liability insurance companies many thousands of dollars.

FOOLISH CALCULATIONS.

Employers have sometimes taken the total premiums received by some liability insurance company during a given year, placed by the side thereof the losses actually paid during the same year, and called the difference "profit."

This is the usual method of ill-advised social reformers when claiming that the whole operation of insurance companies constitutes an "economic waste," and it is the bait used by dishonest promoters of a new insurance company when selling its stock.

Mr. Arno Dosch has said, in *Everybody's Magazine*, "The ten largest (liability insurance) companies collected \$23,523,585 in premiums during the years 1906, 1907 and 1908, but paid to injured workmen and their widows only \$8,559,795, a little over one-third. In other words, injured workmen received, on the whole, one-third of what they would have received if their employers had distributed

among them premiums paid to the insurance companies. The rest went to pay dividends, lawyers' fees, salaries of the wily 'claims' agents and 'expenses.'"

The claims paid during the years mentioned by Mr. Dosch do not by any means measure the insurance companies' losses arising from accidents happening during those years. The insurance companies are still paying claims arising from accidents happening during those years. The claims Mr. Dosch mentions as having been paid in the years cited did not (except in a minority of cases) arise from accidents happening in those same years, but instead from accidents happening in former years.

Mr. Dosch figures a loss of 36 1-3 per cent. for ten liability insurance companies for the three years ending with 1906. At the end of 1909 nineteen companies, including the ten companies mentioned by Mr. Dosch, had paid losses amounting to 55 per cent. of the premiums received by those same companies during the five years ending with 1904. And these same companies are still paying claims out of those same premiums. (These nineteen companies include all those whose loss records are before me.) And at the end of 1909 fourteen companies were defending 11,786 lawsuits brought against the policyholders of those fourteen companies. (These fourteen companies include all those whose suit records are before me).

LOSSES LONG DEFERRED.

In life insurance the liability of the insurance company is fixed when the insured dies. The liability of the fire insurance company is known as soon as the fire occurs and the value of the property burned or damaged is ascertained. It is far different in employers' liability insurance, where practically all losses are (from their nature) deferred and indefinite. Sometimes the loss is not ascertainable until ten, fifteen or twenty years after the accident occurs. In an accident happens while the policy is in force, and the company is notified, then the company must pay the loss whenever it matures.

Sometimes a workman sustains a trifling accident or bodily injury and without inconvenience he keeps right at work for the same employer for years, and then is discharged, and then the injury becomes "serious" and then (if the statutes of limitations of from one to seven years will permit) a suit for damages is brought against the employer. Sometimes an injury does not amount to anything "worth while" until the right lawyer gets in touch with the injured person, and then it has a commercial value—and a suit for damages against the employer follows. A minor is sometimes injured and no one who is authorized to bring suit considers that the injury lessens in the slightest degree the earning power of the one injured, but when the minor becomes of legal age he thinks differently, and sues his old employer for damages. Delayed claims and suits of workmen for damages arising from bodily injuries are a source of great cost to every liability insurance company. The company must keep "in touch" with every accident reported until it is settled or outlawed.

INTERESTING FIGURES AS TO LOSSES.

During 1901 the United States Casualty Company insured a certain number of policyholders against their liability for damages arising from accidents. The policies ran for one year. The total premiums represented a certain amount. The company paid out for claims under those policies during that same