

panies sell the Limited Health Policy as a separate contract, but the majority only issue it when combined with an Accident Policy.

It is difficult to secure any statistics as to the experience of the several companies with this class of policy, but as far as my investigation goes, I am convinced that if the figures could be secured from the companies which have written this policy to any extent for at least five years, that the claim percentage to earned premiums will be at least sixty-five per cent.

Dr. R. S. Keelor, secretary of the Philadelphia Casualty Company, in publishing the experience of his company with the Limited Health, records that out of 3,631,374 days of insurance they had 26,820 days of sickness, which is equal to a rate of 2.70 days sickness per year of risk, which would bring the percentage of claims to premiums at the rates charged in Canada largely in excess of the ratio given above, which is too high a percentage to allow of any profit being realized.

It is significant that at the Annual Convention of the International Association of Accident Underwriters, held at Portland in 1904, that on a vote as to whether the Limited Health Policy should continue to be issued, sixteen companies voted against it, three companies were in favor of the continuance, but two of them only on condition of an adequate premium being charged and more restrictive conditions being placed in the contract.

The causes for this unsatisfactory experience with the policy are: FIRST, although the contract is limited to stated diseases, it would seem that the diagnosis of disease has not yet become an exact science, so that there appears to be little or no difficulty for the insured and his doctor to make the policy unlimited in its application. Consequently, a great many claims are paid which were not intended to be covered by the contract.

SECOND—It has led to considerable misunderstanding on the part of the insured. No matter how carefully the agent may explain the policy, it seems that many get the notion that they have a General Sickness Policy and dissatisfaction arises when the claimant finds his claim refused because the disease was not one covered by the policy.

There has undoubtedly been a demand on the part of the public for Limited Health Policies, and it is the opinion of several experienced underwriters that it may be regarded as fairly certain that we may be required to continue this form of policy. Hitherto the companies have looked upon it only as a help in selling Accident Insurance and they seem to have been content as long as there was no excessive loss. With the increased benefits, however, which are now being given under Accident Policies, the condition cannot continue and some of the Canadian companies are now beginning to study the Limited Health Policy more carefully with a view to making it yield a profit.

#### GENERAL SICKNESS POLICIES

The fact that a great many claims were made under Limited Health Policies for sicknesses not covered by the policy, brought about the General Sickness Policy. Experiments have been tried with policies of varying conditions, and benefits, at premiums ranging from five to seven dollars for each five dollars of weekly indemnity. What may be called a standard General Sickness Policy now in use in Canada and the United States, is one sold at a premium of seven dollars for all ages between eighteen and fifty and a premium of nine dollars for ages fifty to sixty. The benefits of the policy may be summarized as follows: Five dollars per week for illness, limited to twenty-six weeks, disability for less than one week not being covered. Other benefits are specific sums payable for surgical operations Indemnity while quarantined; one hundred weeks' indemnity for loss of eyesight from disease or paralysis from disease. All diseases are covered, except rheumatism, lumbago or lame back,

tuberculosis, insanity, venereal diseases, intoxication, anaesthetics and narcotics.

It may be safely said that the companies in Canada have not pushed to any extent for this class of business. In fact, some do not issue a General Sickness Policy. It is now realized, however, that Sickness Insurance has come to stay, and the efforts of the companies in Canada and the United States, as previously stated, are towards placing the General Sickness Policies on a commercial basis. There is very little material available to assure the companies that they are working on correct lines. The conditions under which the business is now carried on, presents problems which cannot altogether be solved by the experience of the Friendly Societies, so that the companies will be largely dependent upon their own experience in firmly establishing the business.

Sickness Insurance we see, therefore, has really been thrust upon us by the stress of competition in Accident Insurance, so that there has really been little time in which to properly approach the subject. We have reached a point where it would seem very imprudent to go further in the field of competition until it has been well established that we are on safe lines. The experience already gained teaches that there are some phases of the business which materially affects the premium rate, requiring more thorough investigation. Some of the points I may refer to are:

#### POLICY CONDITIONS

There is no uniformity amongst the companies in the application of Policy Conditions and Restrictions. Some pay total weekly indemnity during confinement to the house, with a smaller indemnity during convalescence; others merely require disability from work the condition under which total indemnity is paid. It is not difficult to see that the companies adopting the latter method of payment leave themselves open to many unjust claims. Cases have come to our notice where the claimant has been recommended an ocean voyage, or has been ordered to a health resort during convalescence in order to build up his system. If the patient's position is such that his business does not absolutely require his personal attendance, the company whose policy requires them to pay total indemnity during inability to work may do considerable chafing at having to pay in full, but pay it must, although the case may be one where a convalescent indemnity would have satisfied all reasonable demands. Such cases are of frequent occurrence and it is desirable that the companies should adopt a standard wording, so as to define when full indemnity shall be paid.

A similar course might very well be adopted as to the number of weeks during which indemnity shall be paid. I am of the opinion that it is advisable to make the standard ten weeks as the limit of indemnity for Limited Health Policies, and twenty-six weeks the limit for General Sickness Policies.

In the absence of Medical examination, the question of what chronic diseases should be excluded from being covered is another important consideration. There is probably no class of insurance which requires more careful drafting of policies than Sickness Insurance as carried on by a company. The Benefit Societies have facilities through their lodges for providing protection against malingers that it is impossible for a company to adopt, so that we are to a large extent dependent on the restriction which the policy provides.

#### SELECTION

The safeguards which are at present in use to protect the company against impaired risks consist of:

1. The questions asked in the application form.
2. The requirement that fifteen days must elapse before the company goes on the risk.
3. The provisions in the policies making certain diseases uninsurable.