

MALINGERING FEVER—AND CASUALTY COMPANY RESULT

That workmen's compensation enactments are to become the settled order of the day in the various provinces of the Dominion is now apparent. There are advantages to all concerned in having more definite conditions than can obtain under common law alone. But there are disadvantages also under all specific laws as yet put into practice—and however improvement is aimed at, defects are likely to persist. For casualty companies new problems are thus constantly arising. Already Canadian experience has paralleled British in finding inadequate the rates computed for employers' liability insurance under new legislative conditions. The fault, say British managers, was not one that could be avoided in calculating the rates theoretically. The error was outside the realm of mathematics, involving as it did knotty equations of "human natur." As *The Economist*, of London, puts it: "Insurance of this kind involves a strong moral hazard, and what may, perhaps, be called a strong judicial hazard in the sympathy of the magistrate."

As to the first point, at any rate, there is direct evidence galore. Increased tendency to malingering has been marked since the passing of the Compensation Act of 1906, with its clause making compensation payable from the date of the accident *if disability lasts more than a fortnight*. Naturally a premium is put on illnesses of between a fortnight and three weeks, and a Mutual Indemnity Society in South Wales shows that since the passing of the act the following marked change has taken place in its own experience:

	1st half 1907, per 1000 workmen.	2nd half 1907, per 1000 workmen.
Illnesses of more than 7 and less than 14 days.....	18.89	7.44
Illnesses of more than 14 days.....	35.08	69.26

Enough said as to that point.

Examining the accounts of four leading British accident offices for 1907 and 1908, it becomes evident that the present year's advances in rates were highly necessary. Net premiums of the four offices for 1908 were £3,679,720, an increase of £65,500 over 1907. But the balance after deduction of losses and expenses fell from £430,408 to £166,225—each of the companies making a poorer net showing. Allowing for general trade conditions contributing to the unsatisfactory showing, it still seems certain that an unexpectedly heavy loss ratio and inadequate rates in the employers' liability department chiefly accounted for the falling-off. For legislators and insurance managers the meaning of these figures is obvious enough, says a British exchange—and the application of the moral may be extended to Canada as well.

WASTAGE AND GROWTH IN CANADIAN LIFE INSURANCE.

As compared with three years ago there has been a regrettably large increase in the lapses and surrenders annually reported by life companies doing business in Canada. Of course, there have been special reasons for this. In 1906, business in Canada suffered severely with that in the United States, owing to the disquieting methods pursued by ill-advised reformers and to the general "insurance scare" fomented by yellow journals. By 1907 the force of this had spent itself—so far as Canada was concerned. But monetary stringency and the later crisis in business and finance interfered seriously alike with the getting of new business and the retaining of old. And it was not until towards the close of 1908 that confidence in business conditions had generally reasserted itself; so that the past year also tended to be an "off" in the business of life insurance. To be sure, in the matter of new business the year showed a total of nearly \$100,000,000 taken up—an advance of \$9,500,000, of which gain over \$7,000,000 was made by Canadian companies. The chastening effect of narrowly escaping a business crisis inclined many towards life insurance, who in more piping times of peace might have dabbled in speculation instead. But, on the other hand, many who were more or less "hard hit" by disturbed business conditions were compelled to lapse or surrender their policies. To how great an extent this was the case is evident from the fact that losses by lapse, surrender and decrease in Canada totalled over \$59,500,000 in 1908, as compared with \$51,500,000 in 1907, \$54,000,000 in 1906 and \$47,500,000 in 1905. And these figures do not include "not taken" new policies, which last year totalled over \$10,600,000.

On the opposite page is given the detailed statement of life insurance issued and terminated in the Dominion during 1908. Last year, no doubt the bulk of the wastage was practically unavoidable. But, making all allowance for the difficulties with which the companies have to contend, there is little question that a more determined coping with the lapsation difficulty is possible on the part of many companies. In a normal year—such as 1909 seems likely to prove—systematic attention to this matter should result in marked saving. Half the year is gone. What has been done thus far towards bettering former showings?



THE BUSINESS OF THE CANADIAN RAILWAY ACCIDENT INSURANCE COMPANY, Ottawa, shows an increase of over \$20,000, in premium income for the first six months of this year. The company was organized in 1895 and has built up a large business throughout the Dominion, from the Atlantic to the Pacific, under the management of Mr. John Emo.