

## POINTS AGAINST STATE CASUALTY INSURANCE.

(Edson S. Lott.)

It has been frequently stated that of the premiums paid to casualty insurance companies by employers, for their protection against their legal liability to their injured workmen, only \$1 out of each \$4 or only \$1 out of each \$2, ever gets into the pockets of the injured workmen and their dependents, and of this amount a large part must be given to lawyers by the workmen and their dependents. The figures so frequently stated as respects casualty insurance companies are wrong, as I am abundantly prepared to prove, but we may well afford to take the figures as stated, and compare them with the results obtained by the Ohio Board.

### AN EXAMPLE OF STATE INSURANCE.

The Ohio Board has not paid out one dollar to injured workmen and their dependents of each three dollars it has received, it has not paid out to injured workmen and their dependents one dollar of each four dollars it has received, it has not paid out to injured workmen and their dependents one dollar out of each five dollars it has received, nor out of each ten dollars it has received. It has paid to injured workmen and their dependents but one measly dollar out of each eleven dollars it has received. Of course, it is unfair to the Ohio Board to state the total amount of money received during any given period, the total amount of money paid to injured workmen and their dependents during the same period, and to call the difference an economic waste. But that is exactly the process of reasoning indulged in by the advocates of State insurance schemes in criticising casualty insurance companies. As a matter of fact, out of every dollar of premium received it is necessary in the interest of solvency to set aside a certain reserve with which to pay losses arising from accidents, while the insurance policies are in force, but which will not mature until after the policies have expired. Insurance company officials have endeavored in vain to get this thought into the minds of the public. It seems easier to combat the advocates of State insurance schemes by paralleling their own arguments.

### COMPANIES' PREVENTIVE WORK.

As to the charge that stock casualty insurance companies do not prevent accidents, and the further foolish charge that such companies want the number of accidents to increase that their premiums will be greater, it may be pointed out:

First—Stock liability insurance companies have for years been the greatest single force in this country for the prevention of accidents.

Second—The largest percentage of profit, as every underwriter in the land knows, is in connection with that character of risks where the accidents are the fewest and the premiums are the lowest.

Third—Stock liability insurance companies collect their premiums annually in advance, and as soon as the premium is collected the companies set about to reduce the number of accidents and thereby increase the prospect for profit. Business judgment dictates this course.

### HOW COMPANIES PREVENT ACCIDENTS.

Yesterday I learned that the amount expended during the year 1912 by two Connecticut stock lia-

bility insurance companies, for inspections designed to prevent industrial accidents, amounted to \$423,825. The motto of one of these companies is "An injury prevented is a benefaction; an injury compensated, an apology." There is not a casualty underwriter in the land who does not believe that the prevention of accidents is better than all the compensation for accidents in the world. Liability insurance companies have saved human lives—many, many human lives.

Some stock liability insurance companies publish and circulate books, the object of which is to prevent industrial accidents. These books are profusely and intelligently illustrated, thoroughly practical and are entitled to the commendation of every humanitarian. Of course, the publishing of these books is only incidental to the general work carried on by many stock liability insurance companies for the prevention of accidents. Judging the future by the past, the State can never successfully compete with stock liability insurance companies in the prevention of accidents.

### EMPLOYEES BENEFITED BY THE COMPANIES.

Every business instinct of those conducting the affairs of a stock liability insurance company is aroused for the purpose of preventing accidents and the resulting loss. The position of stock casualty insurance company officials depends upon their ability to keep down the expense ratio and the accident ratio of their companies. Any State insurance scheme will make possible many jobs which will frequently be filled and retained through political influence. Calmly considered, it must be apparent that stock liability insurance companies will continue to be the greatest force for the prevention of accidents. I now refer to the statements circulated by some enthusiasts for State insurance schemes and a few labor leaders to the effect that stock liability insurance companies have been unfair in the past to deserving injured workmen.

Based upon an experience extending over a period of about twenty years, I assert that injured employees as a whole have received a vastly greater sum of money than they would have received had there never been a stock casualty insurance company. When an employer is in direct litigation with his workmen, he is often governed by strong prejudice and passion; that is, he feels keenly a personal injustice. Insurance companies deal with such insurance impersonally, calmly and dispassionately. As a matter of fact, it pays the insurance company to deal with injured employees on a broad and liberal basis as distinguished from a narrow and technical spirit, for such a course avoids law suits, and even successful litigation is very expensive.

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Canadians present at the recent annual meeting in New York of the Actuarial Society of America, in addition to Col. W. C. Macdonald, president of the Society, included the following:—*Fellows*—Messrs. D. E. Kilgour, North American Life, Toronto; M. P. Langstaff, Dominion Life, Waterloo; T. B. Macaulay, Sun Life, Montreal; J. G. Richter, London Life, London, Ont.; A. B. Wood, Sun Life, Montreal. *Associates*—Messrs. F. Brough, Federal Life, Hamilton; G. C. Moore, Imperial Life, Toronto; V. R. Smith, Confederation Life, Toronto; A. A. Speers, North American Life, Toronto; A. W. Strong, Sun Life, Montreal.