

INSURANCE COMMISSIONER DEALS WITH STATE INSURANCE.

HON. JOSEPH G. BROWN, Insurance Commissioner for Vermont, in an interesting address on "Department Attitude Towards Readjustment Problems," delivered at the Annual Convention of the Association of Life Insurance Presidents, New York, a few days ago, confined his remarks very largely to the subject of State Insurance. He said in part:—

In considering the topic given me it is my purpose to review briefly the question of insurance in all its branches,—not confining myself to life insurance alone, as I believe that that which affects one line of insurance, directly or indirectly, affects all. It is frequently apparent that the attack of the radicals seems to follow "the line of least resistance"; so, too, an attack upon insurance may be upon the branch of insurance most easily affected. This may come as a result of knowledge of this particular line by the aggressors or because of the fact that those whom they are endeavoring to influence, or whose downfall they are plotting, are more vitally interested in that branch whether life insurance, accident insurance or workmen's compensation.

During the past few years there has been a growing tendency toward Governmental or State-owned and State-managed business and from the result we are more than ever convinced of the fallacy of this principle. Prussia played the game of government with monopolies—and lost. One of her cards was State insurance for her working people. She held it up for the world to admire and for a time it looked effective. It became a part and parcel of German propaganda in America. Von Bernstorff preached the doctrine in this country and read his sermons on the subject from carefully prepared manuscript. Therefore, unfortunately before the mask of "efficiency" was torn from the face of the German Military State, the idea of a State monopoly as the most effective medium in the matter of insuring the employer's liability under the new workmen's compensation laws was being cultivated in America. The thing was entirely foreign to American ideals, but in our characteristically unsuspecting American way, we gave it birth, watched its growth, and finally admitted it to citizenship. Despite a constant agitation in its favor, however, it has not thrived. Inefficient, extravagant and absolutely unsatisfactory in every particular have been the attempts along this line and there is no prospect of better results in the future. Such business can only be conducted under an autocracy, where every interest and every man can be arbitrarily directed and where freedom is sacrificed to the dictates of the autocratic power. This system, which has been constantly paraded by the socialists as their idea of perfect social conditions, is really a part of the vast Prussian system of domination of the interest of the individual and the complete obliteration of any semblance of freedom. The American people will not pay this price for State-owned and State-managed business.

Government and State insurance have been conducted in an extravagant, arbitrary manner, at heavy cost to the public for the benefit of a few, contrary to the ideals of a free people, and have furnished inferior service as compared with that rendered through individual effort.

Investigation conducted into the management of the New York Industrial Commission has developed numerous cases of graft in connection with the State Fund, and while the extent of the graft has not yet been determined, enough has been brought to light to indicate the possibilities. The result of this investigation may have a decided influence on the failure of State fund schemes, agitation for State compulsory health insurance and various other wild nationalization projects.

In Pennsylvania, where there is a State Fund doing business on a competitive basis, the Insurance Commissioner has taken a decided stand in requiring the removal of the differential rate that existed in favor of the State Fund, where it appears that companies competing with the State Fund have been required to charge an additional rate over that charged by the State Fund.

I quote from a statement by Hon. Arthur I. Vorys, former Insurance Commissioner of Ohio, in answer to Mr. Duffy, of the Ohio monopolistic State Fund, as follows:

"Jealousy, envy and spite against profitable enterprises, so easily aroused in human nature, I am sorry to say, are largely involved in such propaganda as State insurance. When Mr. Duffy says 'It is to prevent individuals or corporations from making profits out of the misfortunes of the laboring people' when he advises New York employers that if they have 'five or ten million dollars to spare, let them put it into the pay envelopes of their employees instead of into the coffers of the insurance companies,' there is when he invokes the spirit that puts State insurance across. Suppose some one, professing to represent the 'plain people,' assembled the figures showing what a sewing machine costs for labor and material, and then the figures showing what the purchaser pays for the machine. If the campaign were well organized, and aimed only against sewing machines, and the figures well advertised, you know it would be easy to get the State to engage in the business of making sewing machines. It would not be well for any one engaged in such propaganda to start against more than one enterprise.

"Such things succeed because none of us take any particular interest in legislation not aimed at our own affairs. The sewing machine manufacturers and their agents would find little sympathy and no help from other people, they would be denounced by the propagandists just as the liability companies and their agents were denounced. All other people, taking but a passing interest in the matter and finding no campaign against themselves, would only learn to repeat

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