DEVELOPMENTS IN INDUSTRIAL INSURANCE.

HON. W. H. HOTCHKISS ADVOCATES SICKNESS AND ACCIDENT POLICIES BY INDUSTRIAL LIFE COMPANIES—AN EFFECTIVE OPPOSITION TO STATE INSURANCE.

In the view of Hon. W. H. Hotchkiss, the former superintendent of insurance of the State of New York, the present is a favorable opportunity for the companies who now transact an industrial life insurance business to extend their operations to the issue of group industrial policies, and policies which indemnify against the hazards of life, sickness and accident.. Such action, in the opinion of Mr. Hotchkiss, would effectively operate against the present tendency towards Government activity in the insurance field. In view of the Metropolitan of New York's recent announcement that it has inaugurated a system of group disability insurance for workingmen, the argument adduced by Mr. Hotchkiss is particularly interesting and apropos.

STATE OR PRIVATE ENTERPRISE.

"Just at present," writes Mr. Hotchkiss, "the important consideration is whether workingmen's insurance shall be done by the State or by private corporations under close governmental supervision. The better opinion seems to be that where compulsion is not essential, social insurance can be best performed by private corporations and not by Government.

With these comments in mind, two facts should be noted: First, that the most hopeful form of workingmen's insurance—viz., industrial life insurance—has thus far failed to meet the public demand for complete workingmen's insurance; and, second, that industrial insurance must soon measure up to the social demands of present day civilization, or else yield the field to Government.

"As is well known, the Prudential of England started out to put the Friendly Society theory on a sound financial basis, and thus undertook to write not merely funeral benefit insurance, but health insurance and—if I am not misinformed—accident insurance, as well. Whether because there was small demand for the forms of insurance other than those dependent upon the hazard of death, or because the conditions then existing made it difficult either to collect an adequate premium or to prevent malingering and fraud in health and accident insurance, this company shortly became a life insurance company only, and has so continued to the present time.

"Similarly, the Prudential of America—beginning about thirty years later—started out as an exponent of the Friendly Society theory; that is, intending to furnish workingmen's insurance in the forms most needed by that class. Thus, in one of its early prospectuses, it set out as its objects: (1) Relief in sickness or accident; (2) a pension in old age; (3) an adult burial fund; (4) an infant burial fund. This company, however, afterwards followed the leadership of the parent company in England and became and since has been purely a life insurance company. It is probably true that industrial insurance in the United States had not at that time progressed far enough so that there was very much demand for health and accident insurance—to say nothing of old age pensions.

"The opposite is true now. For at least a decade, a great wave of popular opinion demanding social relief of the masses has been sweeping over the country. It has moved more slowly here than it has in Europe. Its strength is, however, as great; and insurance is one of those institutions which "grows, expands and adapts itself to the varying phases of the social necessity."

EVOLUTIONARY FORCES AT WORK.

"It is proper to conclude, therefore, that industrial insurance, if it is to continue must recognize the evolutionary forces which have been at work. No field of industrial insurance is better able to do this than that which is now devoting itself solely to furnishing death benefits.

"In this connection, it is worthy of note that, beginning about 1891, and adopting at first the mutual form, there have grown up in different parts of the country health and accident companies—the larger of them stock, but many of them mutual—which write indemnity against sickness and accident on much the same plan as industrial life insurance companies. It is stated that the stock companies in this field alone collect an annual premium income of upwards of $15,000,000. While their printed reports do not separate the premiums received on their "commercial" business from those received on their "industrial "business, twelve of these stock companies doing business in New York reported in 1912 a premium income of upwards of $11,000,000; of which probably four-fifths was paid on industrial policies. There is, therefore, now a great demand for industrial health and accident insurance. More, it is well known that most of these stock companies have proven very profitable; from which it is proper to suggest that, if conditions twenty or thirty years ago cast doubt upon the success of—to say nothing about the demand for—industrial health and accident insurance, the experience which has since been accumulated, both in protective policy clauses and in wise limitations to prevent malingering and imposition, as well as careful business management, have made it possible that these forms of insurance can be transacted by private corporations with adequate reserves and with a fair amount of satisfaction to the insured and to the public.

TWO SYSTEMS INSTEAD OF ONE.

"Hence, we have two distinct and non-co-ordinated systems of social insurance conducted through private companies. We should have but one. The time is passing when, in human insurance, the citizen will be obliged to deal with one company when securing indemnity against total loss, and with another company when seeking indemnity against partial loss. He need not do so when seeking indemnity against loss to his property. He should be able to secure complete coverage against all of the common hazards due to human existence. If this reflection is a proper one, then the social demands of our times require either that the industrial health and accident system of the present absorb the industrial life system, or that the industrial life system absorb the industrial health and accident system; in short, that workingmen's insurance get back to the Friendly Society theory, as such theory has been developed to meet modern conditions.

"It is inconceivable—in view of the conditions both in the agency methods and in the home office, particularly as to adjustment of losses—that the health and accident part of the present industrial insurance system will be the one to survive. Not only is the life part of the system better developed and in better