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DISCOURAGING CAPITAL.

An indirect yet important aspect of the new workmen's compensation legislation in Ontario, one that does not appear hitherto to have received the attention which it deserves, is in regard to the effect this legislation is likely to produce upon capital. For years past, casualty insurance companies, British and foreign as well as Canadian, have been actively carrying on business in Ontario. They have carefully built up extensive organisations; they have maintained large office staffs and buildings; they have been active purchasers and are now large holders of bonds and debentures issued in the province. In short they have contributed in their proportion to the activity and material well-being which follow the introduction of new capital into any field. Moreover they have actively competed among themselves for business, so that not even the most bigoted anti-trust advocate could find cause for complaint in that direction. The time comes when it is considered desirable to extend the principle of workmen's compensation in the province. A revision of the law is made, and the companies, instead of being encouraged to offer their utmost facilities in the working of the new law, are curtly told that they are not wanted and that the province can get along without them. Their employers' liability business, which would have developed into workmen's compensation business, is in fact entirely destroyed by the provincial government.

This may be good politics, but Ontario legislators can hardly complain if as a result of it and of some other recent happenings in the province not very long ago, those who hold the purse-strings abroad begin to view Ontario with some suspicion. The legislators have not even the excuse under the present circumstances that they are merely acting in the interests of the public. They don't know that they are so acting for the simple reason that the ultra-radical methods which have been incorporated into the new legislation have not been in use for a sufficiently extended period elsewhere to permit of any final judgment being formulated as to their efficacy, economy, or general desirability. They are, in fact, still in

the experimental stage where they are being tried elsewhere. So far as safety is concerned these methods have nothing to recommend them in preference to company insurance, since the companies can offer a security that is admittedly second to none. Superiority in economy is exceedingly doubtful, since the competition among the companies tends to keep down rates, while it is incumbent upon those who have the supervision of this new scheme to maintain adequate reserves—which means the charging of sufficient rates. Neither does a system which lumps together on the same basis the careful and the careless manufacturer, and that, as was pointed out in this column last week, will tend inevitably to make the ultra-careful employer less careful, suggest that it is very generally desirable. On this ground, in fact, the companies' method is obviously the better, since the careful employer is encouraged by them in the most effective way possible—through the rate on his risk.

These points are made here again merely to show that in fact, the destruction of the companies' business in the province of Ontario by this legislation is a particularly glaring example of high-handed and indefensible action. If it is to be made a precedent, there is no reason why any other department of industry or commerce which happens to be the unfortunate target of social theorists, say fire insurance, should not wake up one fine day and find itself to its astonishment, put out of business by the provincial government on some excuse or other. In any case, the present legislation is not likely to make those in charge of the companies affected by it more friendly towards Canada and more disposed to make investments in Canadian securities on a generous scale. In fact, surprise could hardly be expressed if they realized Ontario investments in favor of others from a locality where they were treated with at least some show of justice. Neither is the new legislation calculated to encourage other fine foreign insurance companies not already in the Canadian field to come here and develop an organisation accompanied by large investments in Canadian securities. The effect of it cannot, in fact, be but disconcerting.