employees were warned that they were working at the risk of not being paid.

The original assessment on the employers who chose to insure with the State, made to compete with the companies, was 8½ per cent. below the companies' rates, and on 1st January, 1915, when the administration was in the above chaotic condition, they actually reduced the assessment to 20 per cent. below the companies' rates and proposed in addition to give to their clients a rebate of 15 per cent. of their premium, and all this with an experience of only six months' working of a system that can only be rightly valued after a generation.

Now, if you will recall that the expenses of the companies on this business must not exceed 17½ per cent., plus their head office expenses, and that the Insurance Commission demand that their rates shall be calculated on a 65 to 70 per cent. loss ratio, you will appreciate where the New York State Workmen's Compensation Commission is heading for, if and when the State ceases to provide the administration funds. A Commission that was appointed to investigate the state of affairs of this Commission in January of last year ends up its report by stating, "The wisdom of the State maintaining an insurance fund on a subsidy basis in order to provide low rates for employers may seriously be doubted," and there I may very well leave it.

NOT INSURANCE AT ALL.

These two methods, their workings and financial results, I think, show that this is not insurance at all. An employer never knows what he is going to be called on to pay. Instead of the fixed premium of an insurance company which, whether it is a profit or a loss, ends the matter for him, he is liable to a varying assessment and if the fund so created is insufficient then he is faced, in the German case, with a grim probability, and in the New York case, time only will show, but there are two clauses in that Act which indicate curious possibilities.

There is section 53 which provides that "An employer securing the payment of compensation by contributing premiums to the State Fund shall become relieved from any liability for accident to his employees. Claimants' only recourse shall be against the State Fund and not against the employer," and section 90 which provides that "The State Fund is to be administered by the Commission, without liability on the part of the State beyond the amount of the State fund."

NOT A CHEERFUL OUTLOOK.

Having regard to what I have stated above as to the cheerful way in which this State Commission is cutting the very low rates of the insurance companies and scattering rebates to the insured without any experience that is worth looking at, and also to the hopeless prospect of their being self-sustaining when the State appropriation comes to an end in January, 1917, I think you will agree with me that the outlook for those who have placed their insurance with the State in preference to the companies is not a very bright one; and if it is bad for the employers it is much worse for the workmen, having in view the latter part of Section 53.

(*Continued on page 271*).