

act was later upheld by the United States Supreme Court.

The New York act is compulsory as to enumerated hazardous employments and elective as to all others. Insurance guaranteeing the rights of employees is required as will be explained later. The act is extra-territorial, which means that employees hired in this state and working in another state are subject to the benefits of this state in the event they are injured.

The New York law is today the most liberal compensation act in the country in every one of its various benefits. It provides for only a one week waiting period from the date of the accident until the injured man is entitled to draw compensation. The maximum amount for disability is \$20 a week and the minimum \$8, with a schedule of specific benefits for dismemberments and loss of use of limbs, members and sensory organs of the body. Disfigurement is also taken into consideration. Medical and surgical aid has to be provided by the employer. In case of death, funeral expenses not to exceed \$200 are allowed. Benefits are allowed the widow, and children and grandchildren under eighteen, brothers, sisters, parents and grandparents, if legitimate dependents of the deceased. The total compensation in a death case cannot exceed \$100 per month or 66⅔ per cent of the deceased's average annual earnings.

Previous disability does not preclude compensation for a later injury. For instance, suppose a man with one eye applies for employment. The employment manager would tend to discriminate against him on account of the liability for total disability if he should lose the sight of the other eye. A provision in the law takes care of this situation, in order to prevent such discrimination. In the event he loses his other eye, his employer is liable only for that specific loss and not for the total disability. The state takes care of the total disability out of a special fund created by insurance carriers paying to the state \$100 for every fatal case where there are no dependents.

The Department of Rehabilitation is maintained by a similar fund created by each insurance carrier paying to the state the sum of \$900 for every fatal case where there are no dependents. The object of this fund is to rehabilitate men who are incapacitated for carrying on their trade by teaching them a new trade which will bring them back to their former economic standing in the community.

Another provision in the law that is not generally understood is that a minor under the age of eighteen

years, employed contrary to the labor law, receives double compensation if injured, the insurance company paying the regular amount and the employer the extra 100 per cent; it is specifically stated in the law that the insurance company cannot pay this extra amount for the employer. This is nothing more than a means of coercing employers to a strict observance of the sections of the labor law pertaining to the employment of minors.

The occupational disease section of the law operates the same as for occupational accidents, as far as benefits are concerned. The occupational diseases are set forth in a schedule incorporated in the law and are confined to those employments which deal with the handling of poisonous substances.

The compensation act has been amended very frequently, in fact, nearly every year since it was passed, the amendment usually carrying a more liberal interpretation of the law, with increased benefits.

The fair and equitable administration of such a law is a great undertaking. Though it does not require lawyers with special legal training to handle the cases that arise, it does require men of broad vision, kindly nature and absolute integrity, for in many instances the appearance of an injured person before a referee is the only time he comes in direct contact with the state, and this at a time when the state is supposed to be looking out for his interests.

The law is administered by the State Labor Department under the jurisdiction of the Labor Commissioner and the immediate supervision of the Industrial Board. The Labor Commissioner is appointed by the Governor, as are also the three members of the Industrial Board. The Labor Commissioner appoints referees in the various districts who hear and decide cases and make awards for compensation. The decision of the referee may be appealed to the Industrial Board; the decision of the Industrial Board may be appealed to the Court of Appeals.

The expenses of the administration of the compensation law by the state are met by the insurance companies; they prorate the tax on the basis of the premiums written by the various companies.

Insurance Protection

The law compels the employer to guarantee the rights of his employees by taking out insurance in a stock company, mutual association, or the State Insurance Fund or by giving proof to the Insurance Commissioner in the form of bonds of his ability to

meet his obligations under the law. The latter is commonly known as self-insurance. When an employer selects the latter method he is really going without insurance, so the term "self-insurance" is a misnomer.

Stock insurance companies are companies formed to give insurance protection to employers for a profit, which is paid to the stockholders. These companies usually write all forms of casualty insurance, of which workmen's compensation is one form. The company's policy is directed by a board of directors, many of whom are appointed from the stockholders.

A mutual association is a group of employers who have combined their insurance interests in order to furnish insurance to themselves at cost. All profits, after the costs of operation have been paid, are distributed to the policyholders, or kept in surplus. The policy of a mutual company is directed by a board of directors appointed from the policyholders. Both stock and mutual companies give the same forms of full and complete coverage, which includes common law liability, as well as workmen's compensation law liability.

The New York Act being compulsory, it was necessary to provide a means of insurance for those employers who were unable to secure insurance through the regular channels, on account of the hazard involved in their industries. Anyone who applies for compensation insurance through the regular channels and cannot obtain it may go to the State Fund as a last resort and the State Fund will have to give protection. It does not give as complete coverage as can be obtained through the regular insurance channels, for it is confined to coverage under the workmen's compensation law and cannot give any common law liability coverage. The State Fund is administered by the State Labor Department under the control of the Labor Commissioner, who appoints the officers of the Fund.

An employer may remain without insurance by furnishing the Insurance Department with his last financial statement and depositing bonds of the state or a city, of the state or liberty bonds to the extent of at least one annual premium to be determined by the Insurance Department. In this state it is a very unsound business policy to remain without compensation insurance, unless you have sufficient payroll to insure average results.

It is the insurance company's purpose to render service to its policyholders. Some of the most im-

portant services are the settlement of claims, and appearing before the referees to see that the rate is kept at the very lowest figure and that every advantage is taken under the existing rules for rating and classifying risks.

The insurance companies, including the State Fund, depend for their income upon premiums charged the employers on the basis of their annual payrolls. The premium is determined by multiplying a rate, which is commensurate with the hazard of the industry, by every \$100 of payroll expenditure. For instance, the rate on a foundry is \$2.79. If the payroll is \$100,000, the premium is \$2,790.

The thing that always concerns the manufacturer in connection with his insurance is his rate. How is it determined? How do plant conditions affect the rate? What can he do to cut his insurance costs?

State Supervision of Rates

Compensation rates are supervised by the State Insurance Department. Compensation insurance is comparatively new to us in this country and we have a lot to learn. One thing we have learned—to the sorrow of the insurance companies and the manufacturers—is that without some well supervised control over rates, disaster sooner or later overtakes those companies, who, in their zeal to secure business, sell it for an inadequate price. Several of the large companies failed between 1914 and 1917 because of rate cutting.

The science of rating has developed so far, and the compensation laws have been in effect long enough so that the experience of the entire country is available and is used for determining the rate for each classification. This is furnished by the National Council on Workmen's Compensation Insurance located in New York City.

The Compensation Inspection Rating Board, the rate making body for the state, rates individual risks. This bureau is under state control, for every insurance policy issued by a company has to go through what is known as the State Stamping Office, where the application is approved as to rates and forms of coverage. This absolutely eliminates all rate cutting. In fact, the only competition left is in the matter of rendering claim service and safety engineering service, except the competition which comes from getting risks reclassified, which I will touch on later.

You will be interested to know how a basic or average rate is made. In the first place, a classified list