

of processes and industries is made covering all occupations. In some instances it is necessary to use an analogous classification in order to rate a risk. For instance, the manufacture of water meters takes the adding and computing machine manufacture classification and rate.

The Rating Board is a statistical bureau also. Here are compiled all the losses and the premiums collected under a given classification. The ratio of the losses to the premiums give what is known as the pure premium ratio or the actual loss ratio for the classification. To this is added a percentage loading for expenses and profit, which is approved by the Insurance Commissioner. Thus the actual losses and expenses incurred under a given classification determine the average or basic rate for that classification.

We now come to the rating of an individual plant. The basic rate is modified either upward or downward under the merit rating plan. This is divided into two parts, physical and moral, the former known as schedule and the latter as experience rating. The first schedule rating plans were designed along the same lines as the fire schedule rating plan used by the fire underwriters, with the idea of stimulating manufacturers to guard machinery and remove hazardous building conditions, by premium reductions for improved conditions. The present schedule adopted July 1, 1923, was worked out on the basis of experience. Elevators, power transmission machinery and production machinery had proved to be the three chief causes of accidents that could be treated under the schedule plan.

Plant conditions as they exist in an unguarded condition were given weighted values varying according to the hazard, determined by past experience. A certain percentage of the weight can be removed, but not all of it, for even on a perfectly guarded machine there is always a hazard. A flat credit of 5 per cent is given on the rate if safety committee work is carried on in accordance with the standard schedule requirements. Credits from 1 per cent to 5 per cent are given, depending on whether first aid, dispensary with nurse or emergency hospital is maintained. Credit is also given for foot, leg and eye protection in classifications where these are necessary to avoid serious injury. The total weights as determined by an inspection compared with the average for the industry determine how the basic rate is modified to give the schedule rate. This rate may be adjusted

twice during the policy year by proper application to the Rating Board.

What has schedule rating accomplished? It has, on the whole, accomplished a very definite result, for it has stimulated employers to guard their hazardous conditions, as perhaps no other means could have done, and at the same time it has given those employers just credit for any superior conditions existing in their plants.

The experience rating plan treats risks that have developed a premium of at least \$1340 during the experience period, four years ending one year prior to the policy date. The plan is an attempt to arrive at an appropriate rate on the basis of past accident cost. The record of the individual risk is compared with the experience of other risks of the same class, and the rate which results depends upon whether the risk's experience is better or worse than the class average. The experience rating plan produces a much greater fluctuation in the rate than does the schedule rating plan; so if you want to keep the rate down to the minimum see that the cost of accidents is kept at the minimum.

#### Comparison of Laws

The laws in different states vary in nearly every respect.<sup>2</sup> There is nothing uniform concerning benefits and rules, except that practically all the laws are elective and not compulsory as is the New York Law. This is on account of the experience New York State had in having to amend its constitution after the original act had been declared unconstitutional. Other states would have had to do the same thing had their bills been drawn with the compulsory feature incorporated in them. They hit upon an ingenious means of evading a conflict with the constitution by making the laws elective by employer and employee. They assumed that in the absence of notice to the contrary both employers and employees elected to come under the law.

The laws that are elective are elective in name only, for an employer or employee who elects to stay without the law is confronted with the same difficulties that confronted them under the old common law procedure; it is to their advantage to elect to come under the compensation act, for it is very evident to all that they will fare much better than under the old procedure.

<sup>2</sup>See Bulletin of Labor Statistics No. 379, "Comparison of Workmen's Compensation Laws of the United States as of January 1, 1925."

Recently there has been considerable agitation for a uniform national workmen's compensation act. Such an act has unmistakable advantages and I do not doubt that in time it will be passed.

No one can deny that on the whole the compensation law has had a beneficent effect upon industry. Accidents are certainly a normal incident to production and beyond the control of either employer or employee. This being the case, industrial accidents are as much a part of the cost of production as is the repair and maintenance of mechanical equipment and hence properly borne by the ultimate consumer. The system is not perfect and probably never will be, but it has supplanted the old makeshift methods of compensating workmen for injuries with a system that is laid on certain definite lines of justice.

#### International Industrial Welfare Congress, Flushing, Holland, June 19-26, 1925

By Louise C. Odencrantz 331.15

THE first International Industrial Welfare Congress was held in Flushing, Holland, June 19-26, 1925. It was the outcome of an informal Conference held three years ago in France, when a group interested in industrial welfare in some ten different countries realized the value and encouraging influence that such a congress would have.

Eighteen countries were represented, including most of the European countries as well as India, China, and Japan. Representatives were present also from the International Labor Office. The group included employers, welfare and personnel workers, representatives from works councils, factory inspectors, management engineers and others interested in industrial welfare from such angles as health, education, and social welfare. In fact, the diversity in the points of view represented at the Congress probably marks it as unique.

Reports upon the stages of development of industrial welfare work in the countries represented brought out some significant points on the part that welfare work undertaken by the employer within industry plays in the development of general industrial welfare. It seems to be but a stage between the awakening to the need of such work by the employer who undertakes it and the realization by the community of its responsibility to make such provisions. In countries like Australia where the minimum standards of industrial

welfare set forth by the International Labor Office and generally agreed to by thoughtful employers have been established, industry has not troubled itself with "welfare" work, but is developing personnel work and scientific employment methods, recognizing these as a permanent responsibility of management.

The report from Sweden illustrated some interesting developments, which were also referred to in reports from other countries. In the matter of employee representation, it was pointed out that in Sweden collective bargaining exists in every industry, and that apparently no need has been felt for developing works councils as in other countries. The government recognizes the value of welfare work and encourages its undertaking not alone by employers; but by trades unions, groups of workers, community centers and even the factory inspectors. In fact, in both Sweden and England the scope of work of factory inspectors is broadening from a purely police duty to one of advice and counsel on welfare matters for the employers and workers with whom they come in contact. This tendency was pointed out in similar statements made at the international meeting of factory inspectors in Geneva in 1923, when they gathered from some twenty-seven countries to discuss their work.

From China came an appeal, deeply felt by those who are trying to cope with the industrial problems of China, for a better understanding of the principles underlying welfare work and the dangers of accepting the mechanics and machinery of its administration as the essentials of the work, and failing to grasp the underlying spirit.

Reports from European countries, as in the United States, showed a general tendency of welfare or personnel work within industry to concentrate upon matters relating more specifically to the job, and a gradual shifting to the community of activities which of necessity have been undertaken by employers interested in the general welfare of their employees.

One of the reports most interesting to the Congress was made by Dr. Ernst Hymans, a management engineer of Holland, on "The Relation of Scientific Management to Welfare or Personnel Work." To many he opened up a new understanding of the much misunderstood scientific management movement. He pointed out that real scientific management which considers the human element as well as the methods and machines is, after all, one of the fundamental methods of improving human welfare in industry,