STATE OF IOWA

1916

REPORT OF THE

WORKMEN'S COMPENSATION SERVICE

FOR THE

Biennial Period Ending June 30, 1916

A. B. FUNK
Industrial Commissioner

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STATE OF IOWA,
WORKMEN'S COMPENSATION SERVICE.

Des Moines, September 30, 1916.

HON. GEORGE W. CLARKE, *Governor of Iowa.*

SIR: In compliance with section 2477-m 24, supplement to the Code, 1913, I have the honor to transmit to you the second biennial report of this department with my recommendations for changes of the law as required by said section.

A. B. FUNK,
Iowa Industrial Commissioner.

WORKMEN'S COMPENSATION SERVICE

ADMINISTRATION.

A. B. Funk	*Industrial Commissioner*
Ralph Young	*Secretary*
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WORKMEN'S COMPENSATION SERVICE

INTRODUCTORY.

In connection with an account of the stewardship of the department it is the purpose of this report to submit information of interest and value developed by the workmen's compensation service of Iowa and other states. It is important that the public generally, as well as those in close contact with its operation, become familiar with the provisions of law and the process of administration. If these pages shall promote this purpose they will be well worth while.

Having its beginning in Germany in 1884, and spreading throughout the most of Europe in the remaining years of the century, workmen's compensation is only six years old in the United States.

The State of Washington in 1910 was first to organize this system as a whole in a manner to successfully run the gauntlets of legal opopposition. In thirty-three states this method of adjustment in cases of personal injury is now employed. During this rapid development in the brief period intervening administrators have been feeling their way along dim trails to the solid footing of successful experience. Everywhere there has been resistance to enactment and criticism of administration on the part of some employers and employes, but nowhere has it been seriously and formidably proposed to return to common law practice. There is allurement in the gambler's chance it affords to win and defeat large awards, while juggling with negligence, assumed risk and fellow servant defenses, but advantage to both interests in the minimizing of waste and in a more equitable distribution of sums contributed by industries in compensation for injuries they create is too apparent to be ignored.

As this system is better understood and as it profits by the development of sympathetic service and trained administration on the part of public officials, employers and insurers, earlier apprehension is not justified. While justice must not be juggled with, it is easily apparent that in the interpretation of the law where doubt must exist, the workman is given first consideration and the fact does not seem to even provoke resentment. Humane treatment on the part of employer and insurer is found to be profitable. More and more are

they inclined to exceed the limit of their obligation in the matter of medical and hospital expenditure. While this might be regarded merely as the exercise of intelligent selfishness it is service most important to the unfortunate workman and those dependent upon him and to society in general, in that it promotes usefulness and reduces burdens public and private.

Relations between employer and workman are less strained and more sympathetic than under the old system of adjustment. The haunting fear that workmen who from advancing years or partial disability or other possible susceptibility to injury might be treated with painful discriminaton in competition with their younger and sounder comrades in service is not supported by experience. Less and less do we hear of such invidious distinction and it is a matter of deep satisfaction to all practically or sympathetically concerned that such unfortunates are usually assimilated by the demands or indulgence of the industrial world to such a degree as to leave little apprehension on this score.

Compensation for injury is by no means the only important development of this service. It has been a great boon to individuals and a blessing to society in minimizing peril and payment through increased concern for personal safety. It is of great importance to contribute substantially to an injured workman or the family bereft of the bread-winner, but infinitely more important to remove the causes of injury and death in all possible cases.

Employers are being encouraged and educated and, when necessary, compelled to furnish a wide range of safety provisions. While such enterprise appeals to the humane on sentimental grounds it appeals to all, when fully advised, as profitable investment. Employes are taught better to protect themselves from peril and more carefully to avoid the pitfalls of hazardous employment. In cases of injury they are given the most careful and helpful treatment that they may be restored to usefulness with all possible dispatch. The employer or insurer who best provides for such obligations has practical reward in reduced compensation expenditures, as well as in popular approval.

ADMINISTRATION

NECESSARY EXPANSION.

The present administration of this service was installed January 1, 1916, upon the resignation of Hon. Warren Garst. The affairs of the department were found to be in excellent condition. Governor Garst has established an administration of marked efficiency in the years when workmen's compensation service was comparatively new to the experience of this country. When it was difficult to find precedent in organization, process, procedure and citation, he blazed plain trails in a wilderness of experimental proceeding and placed this department and this service on a firm foundation of comprehensive usefulness and economical and practical administration. The state was fortunate in securing this valuable contribution, supplemental to a long career of honorable and patriotic public service on the part of my distinguished predecessor.

It is within the knowledge of all who are familiar with workmen's compensation that our administration in this state was laid on very simple lines. In only one other state (West Virginia) is this service administered by a single commissioner, and in this exceptional state the head of the department does not hold arbitration hearings about the jurisdiction.

In Iowa there is much important work to occupy the commissioner at the capitol. While in a comparative sense but few cases go to arbitration, if it be necessary to arbitrate one claim in one hundred at various points about the state, soon there will not be enough days in the week or weeks in the year in which to keep the work abreast with the demands under our organization. As the law now stands the commissioner has only clerical help. He may not delegate to any person any minute detail in the exercise of official discretion. Every official signature, every incident of responsible administration devolves upon the head of the department. The service must soon suffer, indeed it is already dwarfed by such limitation. That careful attention to departmental detail, that prompt response and close application to the demands of arbitration, that comprehensive knowledge of the spirit and the practice and the development of the service in other jurisdictions, so necessary to the best administra-

tion of the work of the department, is now impossible and will become more and more so with the growth of the system in this state until relief is afforded in the way of more adequate organization.

In nearly all states three commissioners divide the work of administration. Supplemental to their service is afforded deputies, arbitrators, examiners, special agents, etc., all covering only the range of duty now devolving upon a single official in this state. The General Assembly practically concluded that we could in Iowa employ to advantage much simpler organization than is provided in many of the states. Iowa has not usually suffered from its limited systems and more modest salaries. It is not now held to be at all necessary to install here the elaborate and expensive compensation service quite common in several states of the Union. All the changes necessary will involve comparatively little additional expense. While our appropriation of $20,000.00 seems insignificant in comparison with the money other states are spending, it is now believed that the adequate expansion recommended will not make necessary any increase of the appropriation for two years at least.

The creation of the office of deputy commissioner, clothed with full powers to supplement the work of the head of the department is therefore recommended. This deputy should be given a salary of not less than $2,000.00 in order to secure and retain the degree of efficiency demanded by the interest of the service. It is hoped the General Assembly will not fail to understand the importance of this modest expansion of the organization in its measure of increased usefulness in administration.

RULES OF EVIDENCE.

The spirit and purpose of the compensation service strongly suggest simplicity of procedure. Having parted company with the practice of common law in the vital matter of adjustment in personal injury cases arising out of and in course of employment, it should be permitted to ignore or to modify the technical rules of evidence of usual court proceeding. In a number, perhaps in most states, specific statutory provision is made for liberalizing such rules and with or without such statutory license it seems to be the practice everywhere in compensation administration to lose sight to a considerable extent of technical procedure when in pursuit of actual knowledge from any source that may serve the ends of simple justice. It is understood, however, that where such practice is unauthorized by law there is danger of reversal upon such technicality.

In the New York statute appears this provision:

> "The commission or a commissioner or deputy commissioner in making an investigation or inquiry, or conducting a hearing, shall not be bound by common law or statutory rules of evidence, or technical or formal rules of procedure except as provided in this chapter, but may make such investigation or inquiry or conduct such hearing in such manner as to ascertain the substantial rights of the parties."

Commenting on this provision the court of appeals says:

> "This section has plainly changed the rule of evidence in all cases affected by the act. It gives the workmen's compensation commission free rein in making its investigations and in conducting its hearings and authorizes it to receive and consider not only hearsay testimony but any kind of evidence that may throw light on a claim pending before it. The award cannot be overturned on account of any alleged error in receiving evidence."

To show that such concession must be exercised with discretion, in this same decision the court holds that while hearsay testimony may be received it is not sufficient to establish a claim without support and that it must not be permitted to overthrow direct evidence.

It would seem in the interest of substantial justice and summary process and procedure, as ordered by the Iowa compensation law, to write into the statute a provision similar to that quoted herein from New York. It would definitely aid in ascertaining "the substantial rights of the parties" and simplify as well as fortify the process of administration.

COMPENSATION SERVICE AND THE BUREAU OF LABOR.

The workmen's compensation law provides that

> "The Iowa Industrial Commissioner co-operating with the employers affected by this act, or any committee or committees appointed by such employers or the Iowa Industrial Commissioner, shall fix standards of safety for safety appliances or places of employment, except mines under the jurisdiction of the mine inspector."

This service is also required of the Bureau of Labor Statistics. The best possible use of his limited appropriation for this purpose is made by the Commissioner of Labor. Hence it has not been deemed expedient to have another department of state occupy this important field of industrial scrutiny. Rather than to have such service duplicated it would be far better to increase the force of inspectors as now allowed the commissioner of labor that he may more thoroughly and efficiently cover the state. Investigation would prove that he is all the time embarrassed by the inadequacy of his allowance for inspection. It seems entirely reasonable for me to state that Commissioner Urick is doing all that can possibly be done with his available resources.

In this as in other lines of service the law provides for duplication by these departments. Much statistical work that could be done in common must now be repeated. In the matter of reporting accidents there is now much demand for duplication and employers loudly complain of the requirement under which they are compelled to report the same state of facts to the labor bureau and to the industrial commissioner. In many states these departments are merged and there is much to say in favor of such combination in the interest of economy and practical administration.

ATTORNEYS AND PHYSICIANS.

The Iowa statute provides:

> "Fees of attorneys and physicians for service under this act shall be subject to the approval of the industrial commissioner unless otherwise provided in this act."

As a rule attorneys do not submit their fee charges to this department as evidently contemplated. Instances are known where claimants have been used with rare generosity by lawyers in the state but evidence is not wanting to show that fees inconsistent with the spirit and purpose of the service and out of proportion with charges in other states are sometimes demanded and collected.

In Wisconsin the legal limit of attorneys' fees in compensation cases is ten per cent of the claim awarded, except in special cases, presumably, where the award is small or the service is unusual, when additional allowance may be approved by the commission. The compensation practice is simple, and cases require less work in proportion than before the district court. The awards are by no means large as judgments are apt to be in the courts if a suit is successfully conducted. Arbitrators and witnesses are allowed modest per diem. Lawyers no more than other skilled servants of the public are expected to donate their services, but without compromise of professional ethics or real sacrifice of substantial remuneration they are expected to levy moderate tribute upon unfortunate victims of industrial occupation who win by suffering and sacrifice the benefits of compensation.

A rule will be made by the department requiring all attorneys to submit a statement of fees charged claimants whom they serve.

Physicians' bills assumed to be excessive are referred to this department by employers and insurers. A great deal of time and consideration are given these statements of account submitted for adjustment. By the use of fee schedules and by consultation in difficult cases with physicians of high standing and large practice a conclusion is reached. Doubtless all the care and consideration exercised do not prevent occasional acts favoring either the doctor or the employer, but all possible effort is made to avoid such injustice. Physicians are asked to cheerfully accept the rule of the department that charges against an employer or insurer shall be on the same basis as if made against the workman himself. It is hoped they may recognize the fact that excessive charges are not merely mulcting of the employer or an insurer able to pay, but they are a tribute levied upon production and passed on to the consumer. Few realize the very lage portion of the sums levied against employment in cases of personal injury that is paid for medical, surgical and hospital service. Of course the medical branch of compensation is vital and immeasurably helpful. While many bills are submitted and a considerable share reduced, this list is small in comparison with the vast number of cases treated. It would be a great mistake to assume that doctors generally are disposed to make excessive charges in compensation cases.

LUMP SUM SETTLEMENT.

Our statute provides that "in any case where the period of compensation may be determined definitely either party may, upon due notice to the other, apply to any judge of the district court for the county in which the accident occurred for an order commuting future payments to a lump sum." It is further provided that such order may be made if it shall be shown that the pay-

ment of a lump sum in lieu of future weekly payments if "for the best interest of the person or persons receiving or dependent upon said compensation."

In exceptional cases such commutation promotes personal welfare, but there is a growing tendency in all compensation jurisdictions to a closer scrutiny of circumstances and conditions in each particular case, and to regard weekly payments as a general rule better adapted to the real needs of compensation service. In most cases beneficiaries under the law are not accustomed to deal with considerable sums of cash in hand. They need income rather than ready money, so liable to be used in unwise expenditures. They need to a degree the guardianship of public administration to shield them from their own indiscretion and from the wiles of the designing to the end that the purpose of compensation service to provide support be not defeated by plot or prodigality. Society may well be concerned in this matter, for beyond the incentive of benevolence born of a desire that the poor and unfortunate come not to want is the strong probability that the lump sum settlement tends to a marked increase in the number of those who have to be supported by charity.

In the compensation service everywhere more and more concern is apparent on account of pressure for lump sum settlement. Two years after the installation of this system in New Jersey the legislature of that state was moved to enact into law this distinct and forceful interpretation of legal provisions permitting commutation:

> "It is the intention of this act that the compensation payments are in lieu of wages, and are to be received by the injured employe or his dependents in the same manner in which wages are ordinarily paid. Therefore commutation is a departure from the normal method of payment and is to be allowed only when it clearly appears that some unusual circumstances warrant such a departure. Commutation shall not be allowed for the purpose of enabling the injured employe, or the dependents of a deceased employe, to satisfy a debt, or to make payment to physicians, lawyers, or any other persons."

Experience in this state fully justified all the criticism of other jurisdictions. Before a district judge engrossed with other duties, and with opportunity for only the most limited knowledge of circumstances and conditions involved appear an eager claimant and complacent counsel, with the background occupied perhaps by par-

ties waiting for a grab at the modest award which the sad fate of injury or death has provided. The order is usually made, not because judges are indifferent, but because they cannot know as those in the work of administration what is most likely to follow. In most states compensation authorities are clothed with power at this point. In Iowa the commissioner is given no authority whatever. Judges courteously confer with him in some cases and some jurists decline to act without his recommendation, but the law does not require it. Is it unreasonable to suggest that the one person in the state, who from official relationship and personal contact has most intimate knowledge of circumstances, conditions, causes and effects in this connection, ought to have something to say in the matter of lump sum settlements involving as they do so much that is vital to the helpful administration of the compensation service.

EARNINGS NOT ALWAYS CONCLUSIVE.

There is on the part of some employers and insurers a tendency to assume that where an employe returns to work after an accident upon full wages as received previously he has no claim for further consideration as a claimant. In cases of temporary disability this should be the rule, of course, but where an employe has suffered a definite, permanent, injury such as the loss of a portion of the vision of an eye, or partial loss of hearing or of any other faculty that in any way tends to reduce his general usefulness there should be no doubt as to his valid claim to compensation. If full wages following such specific injury shall absolve from further liability, then a complacent or designing employer might make such settlement, but after a time when it became necessary for the man permanently impaired to seek a job in the general labor market he might find he had been seriously imposed upon. Our statute should be so amended as to leave no doubt as to the legality as well as justice of any valid claim for partial permanent impairment of general earning power.

EXTENSION OF MEDICAL SERVICE PERIOD.

In cases of compensable injury the Iowa statute provides that the employer shall furnish reasonable surgical, medical and hospital service and supplies for a period of two weeks, not exceeding one hundred dollars. A number of states which in the beginning adopted this limit as to time of such service have extended the

same. Experience leads to the firm conclusion that Iowa should do likewise. In many cases it is in the interest of the employer as well as the employe. The latter is substantially concerned in the restoration of the injured to usefulness and to this end employers and insurers frequently, of their own accord, furnish such service beyond the limit of both time and money as required by law. Frequently the one hundred dollars could be made to go further and accomplish much more if it might be applied to a longer period.

It seems safe to assume, therefore, that in justice to conscientious and humane employers and physicians as well as to injured employes the medical period in this state should be extended to four weeks, and such extension is earnestly recommended by this department.

AS SPECIFIC DISABILITY.

Loss of hearing should be included in the list of specific disabilities. There should be a fixed charge for total deafness and also for the loss of hearing in a single ear. Controversy with the department arising from such cases should be settled by definite legislative enactment as in the case of loss or impairment of other faculties.

BETTER PROVISIONS FOR APPEAL.

Attention of the General Assembly is called to the vague and indefinite provisions of the Compensation law for appeal to the district court. Such amendment should be made that the best lawyers in the state will not be in doubt as to how to proceed when an appeal is desirable.

CORRECTING THE EVILS OF NON-INSURANCE.

Elsewhere in this report is considered in some detail the embarrassment and injustice promoted by non-insuring employers within the state. The situation is so serious as to demand effective legislative relief. In the state of Wisconsin, where this evil is by no means as aggravating as in Iowa, it is successfully dealt with by law. Its statute provides that in cases where an employer has not elected to reject the provisions of the Compensation law, he shall be liable for compensation to the employe of a contractor or subcontractor under him who is not subject to compensation law. The contractor or sub-contractor shall also be liable for such compensation but the employe shall not recover compensation for the same injury from more than one party. The employer who shall become liable for and pay such compensation may recover the same from such contractor or sub-contractor for whom the employe was working at the time of the accident.

Wisconsin also declares that an employer who shall fail to comply with provision of law as to the guarantee of compensation payments to which he shall be subject, not only to his own employes but also to the employes of a contractor or sub-contractor under him "shall be guilty of a misdemeanor and upon conviction thereof shall forfeit $25.00 for each offense. Each day's failure shall be a separate offense. Upon complaint of the commission such forfeiture may be collected by the State in an action in debt."

Some employers may object to such legal provision. They may say and might prove that in especial instances it might work hardship upon the employer, but such possible hardship cannot be compared with the inevitable hardship imposed upon workmen by present conditions. Few days pass in which the attention of this department is not called to instances wherein men or women are left destitute by irresponsible or indifferent employers. If the State sets out to tax industry for injuries created it should be thorough and impartial in the distribution of such burdens and benefits. It should be burned in the mind and heart of any objector to this plan that this employer is infinitely better prepared to protect himself from possible financial loss than is the workman from certain imposition and sacrifice.

Furthermore, under present conditions, discrimination is promoted between contractors. The contractor who fails to take out insurance for the protection of his workmen can bid lower in cases of close competition than the contractor who complies with the spirit of the law and is not unmindful of his obligations to those who would contribute to the profits of his enterprise. There is no amendment to the law to be suggested by the department that should be pressed with more earnestness than that which would remove this serious discrimination as between workmen and also as between contractors.

THE MISSING TWO WEEKS.

The waiting period in compensation has been much in controversy in various jurisdictions. Reasons based upon broad experi-

ence seem to justify denial of full payment in cases of minor importance. Where disability is prolonged, however, there is much to say in favor of payments for the full period of incapacity, but there are valid objections to the fixing of a specific date at which all the two weeks of payment omitted shall be restored to the workman. After much consultation and reflection it seems wise and just to recommend that our law be so amended that at the end of the fourth, fifth, and sixth weeks respectively, one-third of the amount withheld the first two weeks be added to the regular weekly payments due.

MAXIMUM AND MINIMUM INCREASE.

In the matter of statutory compensation, amounts of minimum and maximum payments in Iowa seem to be somewhat out of line with most states as well as with the requirements of justice to the workman. It is, therefore, recommended that our statute be so amended as to fix minimum payments at $6.00 a week and maximum payments at not less than $12.00 a week, subject to the qualifications of said section.

REVIEW PROCEEDINGS AT CAPITOL.

It should be by law provided that proceedings in review be had at the offices of the department. With rare exception such is now the practice by stipulation.

Arbitration hearings are held near the place of injury because it would be a hardship for claimants to come to the capitol with their witnesses, but in cases of review there is no testimony taken and the proceeding is usually by written briefs and arguments. Having this official proceeding at the department, besides saving expense to the state and minimizing delay, insures more deliberate, and hence more safe opinions and is conspicuously in the interest of good administration.

It is not all certain that the law at present makes it necessary for review proceedings to occur near the place of injury, though the commissioner has not assumed to the contrary. Amendment to the statute should definitely secure a provision in line with these suggestions.

AMENDMENTS RECOMMENDED.

In accordance with section 2477-m24 of the compensation act making it the duty of the industrial commissioner to "recommend such changes in the law" as deemed necessary, the following amendments are advised:

1. Provision for a deputy commissioner.
2. Dealing with the evils of non-insurance.
3. Increasing the minimum and maximum of weekly payments.
4. Extending the period of medical relief to four weeks.
5. Providing for payment from date of injury in cases of prolonged disability.
6. Making more clear and definite the manner of appeal to the district court.
7. Providing additional safeguards in the matter of lump sum settlement.
8. Providing that earnings shall not be conclusive as to measure of liability in cases of permanent disability.
9. Making loss of hearing compensable as specific partial permanent disability.
10. Exempting arbitration proceedings from the technical rules of the common law as to evidence.
11. Amending section 2477-m g, subdivision 17, so that the loss of two arms, hands, feet, legs or eyes, must be caused by single injury in order to call for the aggregate payment.
12. Amending section 2477-m25 to provide for an injured minor, making a settlement and executing a binding release.
13. Amending section 2477-m13 so as to provide for trustees for minor employes as well as for those dependent or mentally incapacitated.
14. Amending section 2477-m36 so as to exempt employers from making reports of accidents which do not disable for a longer period than the day of the injury.
15. Amending section 2477-m41 to specify the liability of the rejecting employer at common law as modified by the compensation act, and require all employers who fail to insure to post notice of such failure.

16. Repealing sub-section 7 of section 2477-m16 limiting recovery to individual employment carried on for gain as in conflict with other parts of the law.

17. Providing definitely for proceedings in review at the state capitol.

ADMINISTRATIVE EXPENDITURES.

July 1, 1914—July 1, 1916.

	First Year	Second Year
Salaries	$ 8,335.04	$ 9,450.00
Traveling Expense	252.52	424.32
Medical Expense	20.75	379.82
Postage	816.80	137.64
Printing and Binding	490.56	457.90
Office Supplies	321.62	712.74
Office Furniture (Expansion)	378.85	88.94
Library	17.00	78.00
Telegraph, Telephone and Express	6.91	23.42
Miscellaneous	82.53	168.14
Total	$10,722.58	$11,919.98

ADMINISTRATIVE ESTIMATES.

July 1, 1917—July 1, 1919.

	First Year	Second Year
Salaries	$14,000.00	$16,000.00
Traveling Expense	1,200.00	1,500.00
Medical Expense	800.00	1,000.00
Office Supplies	150.00	150.00
Library	100.00	100.00
Telegraph, Telephone and Express	50.00	75.00
Miscellaneous	50.00	100.00
Total	$16,350.00	$18,925.00

Annual Appropriation—$20,000.00.

The record of the department in the matter of expenditure is held to be so far self-justifying as to need no interpretation. It is safe to say that in no state, large or small, has such a volume of compensation business been administered for amounts no larger than the totals disclosed in these tables. In the second year of the biennium, expenditures show no considerable increase. The current year will require more additional funds because of greater expansion of service.

The estimates submitted are in accordance with the report to the governor for inclusion in the budget required from the Executive by the General Assembly. They are low as consistent with past experience and reasonably anticipated growth of the department business. The salary estimates include the services and additional traveling expenses of a deputy commissioner, the need of which is duly considered elsewhere, and for further clerical assistance to serve practical expectancy of expansion. The appeal in this report for legal provisions that shall bring a multitude of non-insurers specifically within the compensation act discloses the need of reform at this point in the service, and if the General Assembly shall find a way, as it doubtless will, this desirable consummation will largely increase the work of the department and expenditure must correspondingly advance. This expectancy is expressed in the estimates submitted.

GENERAL REVIEW

The administration of the Iowa Workmen's Compensation law during the first biennial period ending July 1, 1916, has had to deal with one of the most momentous industrial changes in the history of the state. In this initial period the indemnity furnished the victims of industrial accidents has been increased at least five hundred per cent over what was paid them under the old law. Under employer's liability it took $3.00 in insurance and legal expenses to carry $1.00 of relief to the victim of an industrial accident. Under the workmen's compensation this cost has been reduced to sixty-five cents and is capable of much more reduction if the opportunities of mutual insurance are used. Settlements under the law have been made during the biennial period in 6,531 cases with compensation paid to the amount of $318,278.03, with medical relief supplied to the extent of $94,041.74. This great change has been affected without injury to any industry and without driving any of them from the state. Of 73 arbitration cases only 7 were appealed to the district court and 3 to the supreme court.

ACCIDENT AND INSURANCE STATISTICS.

In this report will be found summaries of the returns made by all the insurance companies to the Commissioner of Insurance showing the results reached in compensation insurance together with the general summary of the results in the office of the Industrial Commissioner. It is to be borne in mind in comparing these reports

that the first are made out by the calendar year and cover a period of only eighteen months, while the second showing is computed for the biennial or fiscal years. Moreover, the settlements reported by the Industrial Commissioner include not only those where insurance is carried, but a considerable number made by employers who have been authorized to carry their own risk.

Industrial accidents have been reported to the Industrial Commissioner in the biennial period to the number of 31,741, a large proportion of a trivial character.

It is a matter of great regret that by an oversight in the law the industrial accident reports in this state are left in such a confused and unsatisfactory condition that they hardly seem to justify the effort to make any extended analysis of them. In the first place, the great excess of accidents in this state is owing to the fact that the law requires every employer who is under it to report every accident however trivial it may be, and consequently we have a great but uncertain number of accidents of an entirely inconsequential character. On the other hand, it has been held that under Section 2477-m 36 of the compensation act only such employers as are fully under the compensation sections of the law are required to report their accidents. Yet it is impossible to regard accidents of this character as eliminated because a large but uncertain number of these employers have continued to make reports even though not required to do so. On the other hand, the reports made to the Commissioner of Labor are required only from employers of four or more men. It happens, therefore, that the reports of the two departments cannot be used either to check or to confirm each other, and the returns as made to this department are so filled with inconsequential and trivial cases on the one hand and so lacking in many serious cases on the other, that few conclusions of value can be drawn from them. While accident statistics are now of more value than ever before and the confusion which has obtained in this state is a matter of regret, yet much the same condition appears in many other states and even the United States government, too, is seriously at fault. In a recent monthly review of the United States Bureau of Labor Statistics this assertion is made: "Accident statistics are in a most uncertain state" and as an example of such a condition in the federal service the Federal Review of April, 1916, states that in the shops of the government itself and among the employes on the government pay roll at least three-fifths of the accidents of less

than three weeks disability are not reported. A combined effort will be made to correct all these conditions both in the federal service and in the states at an early day, and it is hoped Iowa will provide for the collection of all important accident statistics on an accurate basis excluding trivial cases and providing against both duplication and deficiency.

NINE FUNDAMENTAL PRINCIPLES.

Workmen's compensation for injuries or death in the line of employment as adopted in over thirty jurisdictions in this country comprehends nine fundamental principles: (1) relief irrespective of fault of negligence except where extreme and willful; (2) payment of the indemnity weekly, lump sums being reserved for exceptional cases; (3) the award being proportioned to the workman's former earning capacity, subject to both minimum and maximum limits and not intended to cover all the loss; (4) a postponement of compensation for an initial period of two weeks more or less in order to eliminate insignificant injuries and check malingering but with provision for medical treatment where serious injuries exist during the waiting time; (5) arbitration of disputed case; (6) no suits for damages except where the employer is guilty of wilful and malicious wrong; (7) security by insurance; (8) official review of settlements; (9) the damage suit system as an alternative and force in reserve. Seven of these cardinal principles are working well in the Iowa law; the only question is as the eighth and ninth where employers have rejected the law.

IOWA'S PLACE IN THE COMPENSATION MOVEMENT.

If it is true, as sometimes remarked, that the great progressive reforms for over a thousand years are magna charta, the Code Napoleon, the American Constitution, and the recent social justice legislation of which compensation is head and front, it is to be said of Iowa that she struck out for compensation in a dark hour, pushed it to successful adoption, and the great majority of her employers, despite much initial strain, welcomed the new system, co-operated faithfully in its enforcement and have treated it every way as it deserved.

Iowa entered this field at a dark and disturbed time. Three other states had preceded this state with investigating commissions and two of these were neighboring commonwealths, Wisconsin and

Minnesota, but when the second group of states, to which Iowa belonged, entered the field in 1911 the original law of New York had just been declared unconstitutional, the Illinois act was falling of its own weight and that of Wisconsin about to fail, the Montana Act of 1910 being found unconstitutional on technical ground. On the other hand, the early partial act of Maryland and the purely voluntary act of Massachusetts were in legal existence but inert and practically worthless. Between the Scylla of unconstitutional measures and the Charybdis of weak and useless ones, the Iowa liability commission sought to find a mid-path following the much questioned lines of New Jersey and the second law of Wisconsin. All these circumstances combined to give undue emphasis to that "option with a club" which has been so much condemned. It was overlooked that the principle of alternative liability is preserved in some degree in every American compensation law and almost as much so in Europe where they have no constitutional difficulties as in this country where they are sometimes magnified and charged with troubles that do not belong to them.

IOWA'S CHOICE OF PLAN.

The thirty-three compensation acts in the United States may with practical accuracy be reduced to four groups as follows:

1. Compensation and state insurance both compulsory; as in Washington and the second Ohio law, with modification in Ohio as to specially authorized employers carrying own risk. In California compensation compulsory, insurance optional in private companies or competing state fund.

2. Compensation elective; when elected insurance in state fund compulsory. As in original Ohio Act; also West Virginia, Oregon and Nevada.

3. Compensation elective; after election, insurance compulsory but with room for all private methods—stock company, mutual and self insurance; as in Iowa, Connecticut and Wisconsin; in Massachusetts and Texas, State aided mutual, in New York competing state fund, but compensation compulsory. (In Wisconsin $25.00 daily penalty for non-compliance with requirement of stock, mutual or specially authorized self-insurance)

4. Compensation elective and form of insurance optional as in Illinois, Minnesota and Nebraska.

Iowa adopted the third plan in a broadly eclectic form. She retains a readjusted employer's liability for those who reject compensation, first putting all under a presumption of compensation, holding the liability system as a force in reserve but requiring special action for the individual to take himself over to it. As the state fund and other insurance and compensation systems are being tried out legally and practically in other states, Iowa has only a short time to wait until they will give her demonstrated results instead of theory alike as to the different forms of insurance and of accident indemnity itself.

COMPENSATION, COST AND CONSTITUTIONALITY.

One who fails to remember the history of our compensation act or to realize the perils successfully passed in our state courts and which are yet to be met in the supreme tribunal at Washington, can easily isolate some one feature according to his personal view and condemn the whole act. If a lawyer, he can question the choice which is offered the employer and say it is "option with a club," undue compulsion, wholly ignoring the fact of purely voluntary acts in Illinois, New York and Massachusetts having proved weak and useless. If an employee, he may isolate the relief schedule of 50 per cent of wages, and ignoring the questions of cost and of constitutional law, declare and declare truly, the amount allowed is not sufficient for support in time of trial. So, too, the employer separating the question of cost from the others may point to insurance charges from 300 to 400 per cent higher than he had to pay under the old law. But the state cannot at this stage isolate either the question of cost, compensation, or constitutionality; it must still aim to keep all three in a workable balance and not push any one to a point where it will throw the others out of gear. It is altogether probable in two years more the constitutionality of such balanced or elective laws as ours will be finally determined in the United States Supreme Court, and the status of the state fund insurance systems of Ohio and Washington likewise ascertained for or against their legality while the experience now being had will also test out the stock company insurance rates so that all three questions—cost, compensation, and constitutionality—may be put in a better and more permanent balance.

THE QUESTION OF INSURANCE.

Under the old employer's liability law in Iowa while it took $3.00 to carry $1.00 to the accident victim, yet insurance rates were cut by competition below the point of underwriting profit and the business was really maintained more for the benefit of the agency force and investment profit than any other reason. The change from such a condition to one of compensation rates that soon proved entirely too high was an acute one for the Iowa employer. Moreover, as the law compelled even the smallest employer to insure the question of insurance was forced to the front and continued the main subject of discussion and controversy during the initial period under the compensation act.

INSURANCE RATE REDUCTIONS IN TWO YEARS.

My predecessor, the Hon. Warren Garst, directed his report of 1914 largely to a study of the insurance question and urged a state-fund plan of insurance as the remedy for the high rates the state had to face when the compensation act went into effect July 1, 1914. Since then the insurance rates have been sweepingly reduced. On coal mines there has been a reduction of from $6.50 to $1.75 per $100.00 pay roll which is, perhaps, the extreme instance. It is difficult to speak precisely of the other reductions since in Iowa the law does not regulate these rates nor even require schedules of them to be put on file; to say nothing of providing for any exhaustive analysis of them. In this as in other cases we have to repair to the elaborate official studies and statistical work in the neighboring state of Wisconsin to get official information regarding conditions in Iowa. Inasmuch, however, as the general reduction of rates shortly after our compensation act went into effect was certainly more than twenty-five per cent and was accompanied by a new system of individual merit rating for credits averaging fifteen per cent, it seems safe to say the reduced premiums to employers who were careful and diligent in safety precautions will average from thirty-five to forty-five per cent. Moreover, methods have been adopted by the leading compensation commissions of the country acting in cooperation with state commissioners of insurance which will, in the near future, not only demonstrate whether further reductions may be justly demanded, but will put the whole question of compensation insurance rates on a sound and scientific basis.

The following are the average basic rates of workmen's compensation insurance in 1915-16, subject to reduction for merit rating in all the states named except Ohio, and in that state subject to advancement for penalization for bad accident records:

State	*Per Cent*	*Rate*
Wisconsin	100	$2.70
Iowa	70	1.82
Massachusetts	64	1.74
Illinois	91	2.46
Michigan	68	1.83
Minnesota	75	2.00
Ohio	41	1.10
California	106	2.86
New York	116	3.11

As elaborate computations show the benefits of the Iowa act to be 70 per cent of the Wisconsin scale it would seem this state is somewhat favored in getting basic rates that average 68 per cent. Relatively Massachusetts seems to be the only state more favored by the insurance companies. The Ohio rates are based on a different plan, following the method of current cost and grading upward for penalization of bad risks. Experience only can determine whether that plan can maintain permanently the great advantage it shows so far in the cost of insurance to the employer.

In Wisconsin where the means provided for investigation and collection of statistics are so much greater than here the industrial commission believes an average base rate of $1.50 would be ample for that state. If so, $1.05 would ultimately suffice for Iowa if benefits remain as at present.

STATE CONTROL OVER INSURANCE.

Iowa has gone beyond almost all the other states in applying the compensation act even to the smallest employers, making insurance compulsory on all who accept compensation, presuming acceptance in all cases where no notice is filed to the contrary, and yet providing no control or regulation of insurance rates.

Of the adjoining states, Nebraska does not cover the employer of fewer than five workmen, Minnesota does cover those below this number but leaves insurance optional, while Wisconsin draws the compensation line on four employes. Missouri has no compensation law, and Illinois applies her act to all employers but presumes acceptance only in the case of the more hazardous industries, requiring affirmative individual action to bring others in, and, moreover requiring insurance only after ten days' written notice and demand by the industrial board.

Whether Iowa can maintain the policy of going so far on one side of the insurance question and stopping short on the other, is a problem for the future. The experience of other states will have to be considered carefully in Iowa in the near future. In the appendix to this report will be found a map showing the geographical distribution of the different forms of compensation insurance in this country, and also a diagram illustrating how the power of the state is exerted either in a compulsory way, by means of aid or influence, or in a combination of these methods as is attempted in some states.

In Massachusetts and Texas the state has given its aid and support to the organization of one great mutual association to compete against the stock companies. Some of the original directorate were appointed by the governor, and the state aided greatly in putting these mutuals on a going basis but provided no subsidy and gradually withdrew its active aid. In the former state, however, insurance rates are strictly regulated and a minimum prescribed so that the mutual association is protected from cut-throat competition by the private companies.

Washington is the typical state for absolute state insurance. No exceptions are allowed and no form of private insurance permitted by either stock companies or mutuals. The next form of state insurance is that represented by the states of Ohio and West Virginia.

The policy of Ohio seemed as much opposed as that of Washington to any form of private insurance, but exceptions were permitted whereby employers of great financial strength were given the right to carry their own risks. It seems after securing this concession some of the heavier employers of the state were still able to insure in the private companies at less rates than were offered by the state. This of course means that the stock companies in these cases abandon their own ground of full premiums on the basis of capitalized value and themselves resort to the current cost method which they have so strongly condemned in others. Moreover, the stock companies have not only availed themselves of this loophole to fight the Ohio system, but have sought to give the employers insurance against acts of negligence lying ouside of compensation proper and really belonging to employer's liability. Questions thus raised have been taken into the courts of Ohio and are at this writing on appeal to the state supreme court with the prospect of an early determination.

In Michigan, New York and California we have the best illustrations of a competing state fund organized and conducted by state officials. The success of these funds and more particularly that in the state of California constitutes one of the most remarkable developments under the workmen's compensation laws. The experience heretofore in Europe had been that such funds were badly handicapped by competition with private insurance. It was commonly said, as a result of the experience abroad, that private companies would always take the cream of the business and leave the bad risks for the state. There seemed to be no reason for such a result, but it obtained in practice because while state funds might differentiate rates so as to favor employers who were careful in accident prevention, it had been found that they feared the charge of political favoritism, however unfounded it might be, and therefore resorted to flat rates for entire industries and thus left the private companies the opportunity to give special rates to the best employers.

The California state fund appears to have met this difficulty with entire success up to the present time. It became a subscriber to the identical system of merit rating adopted by the workmen's compensation service bureau. This system of credits for accident precautions covers a range of about 15 per cent, follows the line of the like system used in fire insurance, supplying on nearly all points an absolute scale by which every item has its effect on the rate. Using thus the same scale that the bureau companies employ, the state fund is able to differentiate employers and adjust rates with as much facility as the private companies and without the state officials being unjustly subjected to the charge of political or personal favoritism.

There is one field in which the rating is not satisfactorily established by either the state funds or the private companies. When it comes to the individual accident experience of a particular establishment it is of the first importance to know whether a seemingly good record has been attained by freedom from accidents or by choking off the complaints or demands of injured employes. Thus Mr. W. W. Green of the Colorado Industrial Commission pertinently says rating by individual experience may offer reward to an employer "not so much by accident prevention as by discouraging the employe from availing himself of his rights under the compensation law." Similarly, Mr. J. W. Woodward,

one of the experts of the New York Commission, declares individual experience rating a good thing if based on accident prevention, but bad if "a convenient and specious means of granting discriminatory favors to particular policyholders and conciliating adjusters and brokers." The correction of this form of discrimination is one of the problems to be met in the near future.

THE FUNDAMENTAL INSURANCE DIFFICULTY.

The United States bureau of labor thus states the true principle of compensation insurance as contrasted with that now in use which looks only to number of men employed and amount of the pay roll:

"The number of hours workmen are exposed to the risk of industrial accidents is the true basis from which to measure accident rates and not merely the total number of workmen employed."

Still less reason is there for regarding the pay roll as bearing a certain ratio either to the accident rate or its derivative the insurance rate. An establishment might keep the same aggregate pay roll while substituting a larger number of inferior workmen at lower wages, thus preserving the insurance rate while greatly increasing its risk. So, too, medical aid which amounts to 30 per cent of the relief under most laws, cannot be estimated according to the pay roll, since injured men receiving the lowest wages will require as much medical help as those getting the highest. The fundamental inaccuracy of the pay roll method is now generally conceded. Dr. Rubinow, a statistical expert, in condemning the pay roll basis, says:

"This method of computation, as well as the reference of all computations to the exposure of wages paid rather than persons employed, is unsatisfactory from the point of view of theoretical accident statistics, but is explained by the conditions of the business. Ideal accuracy would undoubtedly require that the number of employees and the time spent in work be computed, but there are so many practical difficulties in the way of accurate determination of these facts by thousands of independent employers that the rough and ready measurement of the risk by the volume of pay roll in practice presents much more accurate results."

Thus while the insurance companies still use the pay roll basis it has fallen to the compensation commissions and insurance commissioners to begin an extended compilation of experience based on the man-hour system—a method which must in a few years shift compensation insurance to a true scientific basis. Moreover, the two antagonistic methods of fixing premiums—the basis of capitalized value against that of the current cost—have been taken from the field of theory and are now being subjected to the test of actual practice. Both in fundamental principle and practical application the insurance difficulties are on the way to early settlement.

CLASSES OF ACCIDENTS.

Owing to the pressure of the constitutional questions at the time the compensation plan was in agitation in Iowa it has been too much overlooked here as elsewhere, that the optional or alternative liability of these laws may be rested not on the necessity of a circuitous course around the constitution but on the fact of industrial accidents dividing themselves into two great groups and seeming to invite a dual method of treatment in the law.

Accident statistics for the years 1887, 1897 and 1907 under the German law (Rep. Fed. Com. 732) give the following results:

Accidents Due To—	Percentages		
	1887	1897	1907
Fault of Employer	20.47	17.30	16.81
Fault of Employee	26.56	29.74	28.89
Both parties	8.01	10.14	9.94
Negligence of the parties	55.04	57.18	55.64
Trade risks, etc.	44.96	42.82	44.36
	100.00	100.00	100.00

Owing to the greater "drive" and speeding up of industry in America it is thought the accidents due to trade risks will amount to fully fifty per cent. Broadly speaking therefore, industrial accidents divide into two great classes—those springing from fault of the parties and those from the risks of the trade. Clearly then the law based on fault and the law which rests on trade risk may both be retained and each made an extension to the other. If so, the choice must be an alternative between the two and with

no opening to shift to some third method according to interest or whim. If the constitution requires an alternative liability it remains true the conditions of industry work to the same end and have done it in countries where constitutional troubles are unknown. It is only necessary to consider the case of Great Britain where there is no constitutional difficulty, and where the rule has been from the first and is now that the employee has a complete choice whether he will abide the liability law or the compensation act. Moreover, he makes the choice after the accident. And he has a new choice for every injury. To crown the matter he can sue under the first law and if he can prove negligence get full damages; if the evidence fails to show fault he can fall back on the compensation law and get a 50 per cent award.

No other foreign system goes as far as that of Great Britain in putting liability and compensation on the same footing and with the employee choosing between them at every stage. But all the great European systems recognize alternative liability in some degree, restricting the remedy by law suit to a much narrower scope than in England.

In this country every state compensation act provides for the alternative liability in greater or less degree. Most of these laws restrict the first liability about as Iowa does, applying it only in cases of negligence and in fact shifting many cases of interblended fault and trade risk completely over to compensation settlement. On the other hand a few states approach closely to the English plan, New Hampshire notably giving the employee an election to sue for damages or claim compensation, but requiring him to abide the choice when made. To chose the wrong remedy is fatal.

CONSPICUOUS FAILURE OF SINGLE LIABILITY.

As against the record showing the progress of the alternative liability in thirty odd state jurisdictions we have in the history of compensation in this country a conspicuous instance of the failure of a proposed national plan based on a single liability. In June, 1910, almost at the start of the compensation movement in this country, and when only two states had acted, Congress took up the question in a vigorous manner. By a joint resolution of June 25, 1910, provision was made for the appointment of

the body which afterwards became known as the Sutherland Liability Commission. This board was made up of United States senators, members of the House of Representatives, presidents of several leading interstate railways, and representatives of the brotherhoods and other organized associations of railway employes. Sessions of this body were held in various cities, and experts in all branches of the question were summoned to the discussion. The report of the commission fills two volumes of 214 and 1,495 pages respectively, and constitutes one of the greatest bodies of compensation literature. The members of the commission, after consideration extending over nearly two years, united in reporting to Congress a compensation bill which entirely excluded employer's liability and provided for a single compensation liability, being in this respect in conflict with nearly every thing that had gone before as well as all legislation that has been adopted since in this country.

The Sutherland Commission declared for compensation in all cases whether fault existed or not, and refused to consider anything but the single standard of compensation. This bill when presented to consideration in Congress called forth opposition from a large body of railway employees who refused to be bound by the action of their representatives on the commission and who stood out so firmly for the alternative liability that the two houses have never been able to agree upon a compensation measure from that time to this.

Railway employes as a body proved entirely unwilling to accept the repeal of the old provisions for negligence cases, and would not accept the policy which sought to stretch all cases of injury whether arising from negligence or from trade risk on a legal bed of Procrustes.

The failure of a single standard bill prepared with such care and launched by such authority as the Sutherland Commission is most instructive. It cannot be claimed in the national field of interstate railway commerce that there is any need of getting around or behind the Constitution. The affirmative grant to Congress of power over interstate commerce is conceded to be complete. The failure lies in the fact that in the present stage of compensation legislation there exists a necessity for an alternative liability and the alternative preservation of both the liability for negligence and the liability for cases of trade risk. Interstate

railway employes when they came to inquire into the matter were not willing to accept a part of the wage loss based on the compensation principle in cases of negligence, but insisted that recovery should be allowed in such cases for the complete wage loss, to say nothing of other injuries compensatable in personal injury cases.

A DUAL SYSTEM INTENDED.

This review it is hoped will make plain both to the Iowa employers who have rejected the law, and those who have failed to insure, the serious error they make in trying to secure to themselves the benefits of the compensation schedule after rejecting the compensation system. This cannot be done, and the attempt may provoke serious consequences. The compensation law does not give to any one the choice of making some third system of his own interchangeable with either of the two prescribed in the act. The measure knows two methods and two only—100 per cent liability in half the cases or 50 per cent compensation for substantially all the cases save those of aggravated fault.

The liability scheme preserved in the Iowa act is stronger than in most of the states, weaker than in some, but taken with other provisions presents a fair average. In this as in all the provisions of our law with perhaps two exceptions, the aim is to avoid extremes and take middle ground. In the appendix to this report will be found a number of comparative tables which show how even in the details of the schedules, to say nothing of the adjustment of the two fundamental principles, the consistent aim is at a fair and just mean. With barely an exception or two extremes are avoided throughout the act; everywhere the aim is at average justice just as the outset the great purpose was a co-ordination of liability and compensation. In such a balanced system it is not permissible for employers to come in and reject the alternative liability presented by the act and substitute a third of their own choice even though on the surface it may appear colorably like compensation.

THE POTENTIAL DANGER IN IOWA.

Why should the rejection of the compensation act in Iowa, when computed on the narrowest basis, be from 600 to 1000 per cent greater than in the neighboring states? The Wisconsin compensation law carries benefits 30 per cent heavier, the same can

be said of Illinois, while the scales of Minnesota and Nebraska are fully as burdensome as ours. Yet, as stated, the formal rejections in Iowa are astonishingly greater, and if we add the informal ones affected by a neglect to carry insurance, Iowa has many times more workmen forced outside the compensation law than all the neighboring states combined, with their large excess of industrial population.

Why should Minnesota with a greater industrial population have only 1,880 workmen carried out by affirmative rejections while Iowa has 12,000 under that head alone? Why should Wisconsin with double such population have only 3,000 while Iowa with all forms of rejection (including railroads) must have over 50,000 and without the railroads probably 30,000. The Iowa excess is alarming.

When, soon after entering upon the duties of Industrial Commissioner, my attention was drawn to these excessive rejections in Iowa, I asked in vain for a satisfactory explanation. It soon became evident the explanation must be sought in a detailed study of the files of the Industrial Commissioner's office where the reports of 30,000 industrial accidents had accumulated during the first biennial period, covering broadly both the accepting and rejecting employers. Accordingly, instead of employing the special assistance allowed me in compiling the usual detailed statistical studies of petty accidents, not in any event entitled to compensation, I had every effort bent upon the anomalous condition developing in Iowa in serious cases among the rejecting employers. Although employers who reject the act are by an oversight in our law, relieved of the duty of reporting accidents to this department, yet a great majority of them, probably over 90 per cent have done so nevertheless. These reports although lacking somewhat in number and usually seriously incomplete in details, disclose the painful fact that the rejections of the Iowa compensation act are as disturbing in character as they are overwhelming in scope and number.

HONEYCOMBING THE COMPENSATION SYSTEM.

Comparison with neighboring states is not only painful as to the number of rejections but presents other serious features. The rejecting employer in the neighboring states finds himself face to face with a prospect of drastic suits for damages by injured em-

ployees and is therefore stimulated to great vigilance in accident prevention. Neither result is much in evidence in Iowa. Notwithstanding the excessive number of employees carried out by rejections in Iowa redressive damage suits are scarcely heard of in any part of the state. The results confidently anticipated on this line by the framers of the law are almost entirely lacking. So, too, the rejecting employers as a class show no peculiar zeal or activity in accident prevention. As over 30,000 employees, and certainly much in excess of 25 per cent of the total number, have been brought under these crippling conditions, the menace to the compensation act would be serious if it stopped here; but the conclusion to be drawn from the files of the Industrial Commissioner's office, is that these rejecting employers are not only escaping the spurs intended to urge them toward safety precautions but are, as a class, halving their cases, substituting 50 per cent for 100 per cent settlements, depriving their workmen of the security of insurance, and avoiding insurance cost themselves, and thus acquiring an undue and illegitimate advantage over competitors who are faithfully upholding the compensation law and paying the full benefits.

THE SUBSTITUTE LIABILITY.

Many of the rejecting employers halve the number of their cases at the outset, paying only where negligence causes the injury. They then scale this half of the cases by substituting a 50 per cent rate for the 100 per cent intended. Stopping short of such extremes, many rejecting employers pay not only for negligence injuries but voluntarily include the trade risks and put both on the 50 per cent schedule, thinking they are coming practically to a compensation basis. That is not the case. It is by no means the same thing to lump liability and compensation cases in this way. True, fifty liability cases may call for the same indemnity as one hundred compensation cases but the awards are distributed differently, the matter of insurance is radically changed and the effect on accident prevention greatly impaired. Employer's liability is no longer a club in reserve and a powerful prop to compensation but a weak counterfeit of it. And this degenerate substitute if suffered to exist will escape official scrutiny and tempt more and more employers to trim their settlements to the bone.

While aiming to cut out the cases individually from the force of punitive accident prevention and from regulative power of the provisions for arbitration, the rejecting employers would still be unable to proceed to settlements not in accordance with the compensation act unless they could get the consent of their employees, but this consent appears to be generally and not always fairly secured. Soon after the act went into effect a number of cases occurred where rejecting employers refused any settlement whatever. Whenever employees presented these cases to an attorney or the Industrial Commissioner it was found no negligence existed on the part of the employer and therefore no redress could be had at law. This created a widespread impression among workmen that the damage suit was a worthless remedy against the rejecting employer, although, in fact, it would be a peculiarly effective one in cases where negligence could be proved. With the workman thus confused as to his rights it was only necessary for the rejecting employer to offer to settle an individual case according to the terms of the compensation act.

To the average workman there is something sacred in the compensation law. He never denies it but accepts its 50 per cent schedule in a field where the 100 per cent rule was intended by the law.

MANY EMPLOYERS HONESTLY MISLED.

It is not to be thought all or perhaps even a majority of the employers rejecting the law have knowingly entered into such abuse of the compensation system. That is the legitimate outcome of the path they have taken, but there is no doubt many of them are self-deceived and others misled by wrong examples into thinking their course justifiable. In many cases they appear to be aiming at honest settlements sincerely believing that after rejecting the law they can consistently demand a share of its benefits and resist all temptation to abuse such a privilege. The fact of their honest intent only makes the danger the more insidious. If a false bottom is to be put in the compensation act it were better done by wilful enemies of the system and not to a large extent by men who are honestly misled. These employers appear to think the scales of the compensation act ample for liability also and so fixed and exact, that they can be applied almost mechanically and without fear of abuse. As an indication how far this is from

the truth it may be remarked that in the office of the Industrial Commissioner, where a filing system is kept for rulings in disputed cases, fifty distinct classifications of subjects of controversy are now employed and the number is still requiring additions from time to time. To open such a confusing field, little understood by workmen trying to make their own settlements, is bad enough, but worse when followed by removing such settlements from official scrutiny.

EXAMPLES SET BY FARMERS.

Some of the employers who are putting a substitute liability in place of the lawful one, appear to think themselves justified by the position of the farmers under the old liability law. There is no merit in this contention. Farmers are outside the compensation system by reason of the policy of the law itself and not their individual action. It must be apparent to anyone on the least reflection that the farmer who has to meet an expensive injury to one of his farm hands cannot charge such an outlay to his cost of production and pass it on to the consumer of his products. The fundamental principle of compensation fails in the case of the farmer. Moreover, the difficulties of administration seem to be insurmountable in his case. The average farmer employs but one or two hands. His wage payments would be small yet the expenditure of time and trouble by insurance solicitors, inspectors, and adjusters making visits to distant farms would necessitate oppressive rates of insurance. While no means have been devised to bring the mass of farmers under a compensation system there are exceptional instances of such employers, living but a short distance from local insurance offices and having payrolls of considerable extent, being able to make a purely voluntary approximation to the compensation system, using its scale and making the same settlements. Such instances are growing in Iowa, I rejoice to say; they reflect the greatest credit on the farmers and represent the best approach to compensation that can be made in agriculture. Uninsured farmers so settling are not under a temptation to undercut rival farmers. They naturally keep their settlements on an even keel. But the example is not one to which employes in other industries are entitled. There is a vital difference where industrial employers are either insuring or competing closely in cost of production, adding to their selling price and passing it on to the consumer. It is not for such industrial employers merely to

approximate compensation but to abide the necessary rule the law fixes for all the competitors in their industries,—to remain squarely under compensation or take an honest and consistent stand under the new employer's liability system.

The remedy for this evil, serious already and certain to gain dangerous proportions if not checked, would seem to lie in an amendment to Section 8 of the compensation act. That section now forbids any pre-contract in advance of an accident by which the liability prescribed in the law can be scaled in any degree, and if the section does not already do so, and it would seem only consistent to forbid any injured employe waiving any part of his rights by agreement after the accident. The rejecting employer should be held liable for the full 100 per cent wage loss and not allowed to make settlements for 50 per cent or less of it. If resort must be made to a secondary and inferior remedy, I shall feel called upon to use all the authority vested in me to inaugurate a campaign of education to the end of awakening all rejecting employers to their true duties and liabilities as well as informing workmen of the stringent remedies the law intends to leave in their hands. In this way something nearer a telescope-like adjustment may be attained between the compensation and the liability departments of the law. Attention is asked in this connection to a diagram in the appendix taken from a bulletin of the Wisconsin commission which shows how after violent fluctuations the insurance rates for compensation and liability have reached a common level and are working hand in hand, 100 per cent damages in negligence cases equalling 50 per cent in all but presenting a very different "pinch." Moreover, in Iowa liability insurance can seldom be had. If in the modern automobile the weight to be rightly balanced must be divided between the over-sprung and the under-sprung we have an adjustment illustrating the dual system of liability and compensation which supplement and support each other so long as the integrity of each is maintained.

THE RAILWAYS AND THE COMPENSATION LAW.

In its application to the 20,000 employers and the 80,000 workmen coming under it in good faith the Iowa compensation act has been a splendid success. Anyone connected with this branch of our Iowa experience is tempted to dwell upon it with gratification—a record of 6869 settlements checked and tested by a disin-

terested public authority, accepted and settled with only 112 cases carried to arbitration. A law regulating and fixing payments of money that is 98 per cent efficient must meet every expectation of those who framed it. But offsetting this we have to admit that the law has utterly failed in its application to the railway employees of the state. The Iowa act was especially intended to bring the 40,000 or more citizens of the state who are engaged in the steam railway service under the benefits and advantages of compensation. The provision to that effect is the strongest to be found in any of the thirty-three acts enacted in this country.

At the outset, however, all but four of the great transportation lines of the state formally rejected the law. At first sight it might seem as if this placed these railways in the same position as the individual employers who have rejected; and oral charges have not been lacking that they have followed the same course in rejecting the act, then turning to claim a share of its advantages. But the Industrial Commissioner has no official evidence to support this assertion. The files of his office do not bear it out as they do that in the case of many individual employers, the rejecting railways not making any reports to this department of the settlements they make with injured employees. It must be conceded further that any such course on the part of rejecting railways would be free from technical legal objection; they take complete refuge within the federal jurisdiction and are no longer accountable under the Iowa law. Outside of the legal question, however, it would seem unfair for the rejecting railways to use the low scale of compensation in the Iowa act in making liability settlements with high paid employees, the effect being that if the men should unwittingly accept the standard which establishes a compensation maximum of ten dollars a week to give them awards more nearly approaching twenty-five percent of the wage loss than even the fifty per cent scale. But, as has been said, the official files of the state give no evidence one way or the other as to such use of the Iowa compensation schedule by the rejecting railways.

As to the four great accepting lines—the Chicago, Rock Island & Pacific, the Minneapolis and St. Louis, the Illinois Central, and the Chicago & Great Western—the case is somewhat different. Accepting the compensation act, and being granted a release from the insurance provisions of the law, these roads with one exception have made what is from the state standpoint, nothing more than a mere show of observing the compensation provisions; with favorable instances almost too few to be mentioned they claim nearly all accidents to arise in interstate work and assert exemption from the state law, insisting on settling with over 95 per cent of their injured employees under the provisions of the federal employer's liability act, redressing cases of negligence only. They have so far assumed the right to pass on all cases of injury and determine according to their own judgment that the negligence cases are taken from the state by congressional action and the non-negligence cases fail of relief through congressional inaction. An injury utterly free of remote interstate bearings is a rarity on these lines and only such do they recognize as coming under the Iowa law.

ALL ROADS PRACTICALLY OUTSIDE THE ACT.

Thus the railways which have in form accepted the compensation act reach practically the same result as those rejecting the measure. The federal law itself requires no indemnity in non-negligence cases; neither will it, the carriers say, permit the state to provide for any. The roads thus occupy a strategic position or coign of vantage which permits them according to their uncontrolled interest or opinion to throw settlements with uninstructed employees into one field for the other at the initial or formative stage. The accepting and the rejecting railways reach essentially the same end; neither is practically subject to the compensation act as yet.

Disappointing as are the results with both classes of railways, neither can be accused of the substitution of liability sought by many of the individual employers who have rejected the act. The action of the railways is based upon a theory which they have formed as to the meaning and scope of the interstate powers of congress—ground on which they have, unquestionably, a legal right to plant themselves and to have their position fully tried out in the courts.

The interstate railways assert that the federal employer's liability act entirely excludes the state from jurisdiction over any accident happenng on an accepting road while the employee is engaged in any duty relating in the remotest degree to interstate traffic; they recognize no dual field of accidents, or of powers

divided between state and nation in this relation, no partition between injuries arising from trade risks and those caused by negligence, but throw all injuries happening to interstate employees into one great class and hold that when Congress enters this field at any point or to any extent, the state becomes wholly excluded. Within the general field of the interstate railway carrier's liability to its employees any portion however large or important not covered by the act of congress is held to be exempt from any and all regulation, the supposed intent of congress being to leave it wholly free. Thus any oversight in action or neglect by congress leaves the interstate railway carrier free to that extent. Affirmative action by congress takes over all negligence cases; a negative course as to non-negligence cases leaves them away from the state but suspended in air short of any federal liability.

IOWA'S CONSISTENT STAND.

Confronting this perplexed situation some of the states, notably Texas and Minnesota, have expressly disclaimed any intent to bring railroads under compensation. Others reluctantly limit the assertion of state authority to cases where the injured employe was engaged in purely intrastate work at the time. Iowa, adhering to her fundamental theory as to the separation of accidents into the two great classes of negligence on one hand and trade risks on the other, recognizes congress as having provided for the first class, thereby removing them from the control of the state, but by inaction leaving the second group still within our jurisdiction. Section 22 of the Iowa act is thus claimed to apply on interstate lines and to interstate employes in all cases within this state where the accident is not caused by negligence. This section was taken from the previous acts of Washington and Michigan but with the language so changed as to put the exclusion of the state in the alternative. Here as elsewhere in the act Iowa rests on the nature of industrial accidents as almost equally divided between negligence and trade risks.

In several other states the position of the interstate carriers is being contested on the same ground as in Iowa. There is this difference however: in Iowa the differentiation which follows the line of the cause of the accident not the kind of work the injured employee was doing, is a matter of express assertion while in the other jurisdictions it is reasoned out as a necessary implication

from the general character of the compensation act. Appeals on this issue have already been taken to the United States Supreme Court in New York, Connecticut, and New Jersey. The claim made in these cases is that the police power of the states applies until congress shall enter the same field and that the states are then excluded only to the extent that congress specially provides to that effect, it being necessary for congress to fully occupy the ground and assert the entire scope of its power in order to completely exclude the state.

In the leading case now on appeal, *Winfield vs. the N. Y. Central & Hudson River Ry. Co.*, 216 N. Y. 284, N. E. 614, the court has emphasized the precise distinction long before taken in Iowa that the federal act is based solely upon negligence while under the compensation act negligence is immaterial, proceeding to say:

"We think it is evident also that Congress has recognized the difference between these two kinds of statutes. In enacting the Federal Employer's Liability Act it intended to pre-occupy and exclusively pre-empt the field in which the liability of certain employers engaged in interstate commerce to their employes is prescribed when the latter were injured as the result of negligence. It did not intend to enter upon the field of the compensation for industrial accidents which were not the result of negligence, but left that field open for occupancy by the state until such time as it should assume to legislate upon this subject."

To the same effect the case of *Rounsaville vs. Central Railroad Company*, 94 Atl. 392, and *West Jersey Trust Co. vs. Philadelphia & R. R. Co.*, 95 Atl. 753.

IOWA'S POSITION JUDICIALLY RECOGNIZED.

So far as the states are concerned in the issue now being urged on the federal Supreme Court, they rest on the prime and fundamental distinction running through the Iowa act, that of a coordination or equilibrium between employer's liability and workmen's compensation.

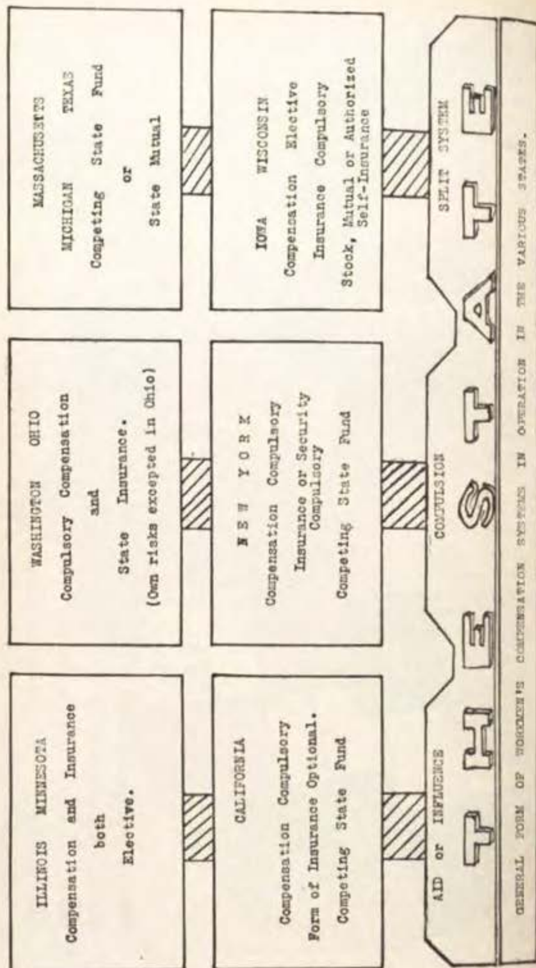
Judge Franchert in the case of *Gregutis vs. Waclark Wire Works*, 92 Atl. 355, says of the compensation act of New Jersey that "it is sometimes called the workmen's compensation act and sometimes called the employer's liability act;" and, "of course it has the characteristics of both." This description is believed to apply to the Iowa act even more closely and exactly

than to that of New Jersey. The belief is strong that the federal Supreme Court will not adhere to the old legalistic doctrine which places all kinds of accidents in one class but will recognize the fundamental situation on which the compensation system is grounded of the difference between accidents growing out of neglect and those proceeding from inevitable trade risks, together with the practical modern necessity of bringing both classes into something like an equilibrium or extension system of control and responsibility instead of fixing penalties on one and leaving the other wholly exempt.

"The principle of compensation" says Bruere, "is based upon the fact that in a machine driven industry an overwhelming proportion of all injuries are due not to deliberate fault, but to the risks inherent in machine operation." If this doctrine commands the approval of the federal supreme court the neglect or inaction of congress will no longer deprive the railway employes of this state of compensation for accidents arising from the necessary risks of the employment, but the provisions of our state law will become fully operative. We shall have practically the English system as already explained. The railways will then either reject the law entirely or accept it and abide by all its provisions. On the other hand if the position of the railway attorneys is maintained the railroads will pass entirely out from the jurisdiction of the state and responsibility for the failure to give railway employes the benefits of the compensation system will rest wholly on congress. There seems therefore, no call for a change in our action as applied to steam railways, and fortunately the time now will be short until the matter is finally determined by the United States Supreme Court.

It is strongly urged that the position of Iowa would place the interstate railway carrier in a harder position than any private employer in subjecting him to both liability and compensation, the one by the federal government, the other by the state. It must be remembered that the federal act already provides in 35 U. S. St. L. Sec. 5, that "* * * in any action such common carrier may offset therein any sum it has contributed to any insurance, relief benefit or indemnity that may have been paid to the employe, etc."

If this does not sufficiently guard the carrier against the injustice of any double liability the duty and power to make such provision belongs wholly to congress not to the state.



COMPENSATION CASES.

Settlements Reported, Amounts Paid and Arbitration Cases Considered in Iowa During the Biennial Period.

Total number of compensation cases reported	6,869
Total number of cases reported closed by settlement	6,531
Total applications for arbitration	146
Percentage of applications for arbitration	2.122
Percentage of arbitrated cases compared to total	1.062

SETTLEMENTS IN CLOSED CASES.

Permanent Partial Disability Other Than Dismemberment—	
Number of cases	48
Compensation	$15,666.34
Amount medical	1,603.64
Temporary Partial Disability—	
Number of cases	4
Compensation	$ 81.32
Medical	39.00
Total Permanent Disability—	
Cases	4
Compensation	$ 2,623.82
Medical	311.75
Irregular Cases—	
Number of cases	194
Compensation	$11,403.30
Medical	8,232.60
Dismemberment Cases—	
Number of cases	266
Compensation	$55,092.93
Medical	7,472.70
Medical Only—	
Number of cases	1105
Amount Medical	$ 5,852.33
Temporary Total Disability—	
Number of cases	4849
Compensation	$167,257.67
Medical	64,642.56
Deaths—	
Number of cases	61
Compensation	$66,152.65
Burial	5,887.16
Total number closed cases	6531
Amount compensation paid in these cases	$318,278.03
Amount medical paid	94,041.74
Total amount compensation and medical paid	$412,319.77

ARBITRATION CASES.

Number of applications for arbitration to the department	146
Number of cases arbitrated	73
Number of cases pending	39
Number of cases settled without arbitration	34
Number of cases closed by arbitration	73
Number of cases appealed to district courts	7

WORKMEN'S COMPENSATION BUSINESS, 1914.

Reports of Companies to the Insurance Commissioner on Iowa Business Done in 1914.

Name of Company	(2) Gross premiums on policies written or renewed	(3) Earned premiums	Amount of All Payments to December 31, 1914 (4) Losses and claims	(5) Loss expense	(6) Total cols. 4 and 5	(7) Percentage of payments to earned premiums
Aetna Life Ins. Co., Hartford, Conn.	$ 32,322.66	$ 13,515.42	$ 5,624.62	$ 1,709.66	$ 7,334.28	54.3
Casualty Co. of America, New York, N. Y.	5,619.77	1,686.98	231.23	288.86	520.03	31
Employers Liab. Assur. Corp., Boston, Mass.	17,666.00	8,173.00	1,112.00	93.00	1,205.00	14.7
Employers Mut. Casualty Assn., Des Moines, Iowa	59,800.59	36,925.46	5,880.06	84.49	5,964.55	16.1
Fidelity & Casualty Co., New York, N. Y.	146,081.29	71,034.27	11,954.04	1,987.71	13,941.75	19.6
Fidelity & Deposit Co. of Md., Baltimore, Md.	26,724.13	14,280.77	2,490.10	73.74	2,563.84	17.9
Frankfort General Ins. Co., New York, N. Y.	334.00	211.00	74.00	20.00	94.00	44.6
Gen. Acc., Fire & Life Assur. Corp., U. S. B.	702.24	381.12	39.67		39.67	10.4
Globe Indemnity Co., New York, N. Y.	50,452.13	28,479.00	4,783.44	3,277.68	8,061.12	28.3
Hartford Acc. & Indemnity Co., Hartford, Conn.	3,781.12	1,773.12	151.00	56.67	207.67	11.7
Iowa Mutual Liability Co., Cedar Rapids, Iowa	19,768.79	11,888.90	1,684.47	1,385.44	3,069.91	25.8
Kansas City Casualty Co., Kansas City, Mo.	5,400.03	2,704.52	591.07		591.07	21.9
London & Lancashire Guar. & Acc. Co., New York	12,312.79	5,171.80	1,696.09		1,696.09	32.8
London Guar. & Acc. Co., Chicago, Ill.	109,594.16	56,968.52	10,417.08	1,425.01	11,842.09	20.8
Maryland Casualty Co., Baltimore, Md.	14,029.39	6,967.80	1,727.36	143.23	1,870.59	26.9
Massachusetts Bond. & Ins. Co., Boston, Mass.	10,086.29	5,043.14	1,370.06	269.44	1,639.50	32.5
New Amsterdam Cas. Co., New York, N. Y.	2,340.00	1,310.00	210.00	36.00	246.00	18.8
New England Casualty Co., Boston, Mass.	3,275.27	1,587.92	3,733.52	177.54	3,911.06	246.3
Ocean Acc. & Guar. Corp., New York, N. Y.	39,317.65	16,774.06	4,631.75	824.51	5,456.26	32.5
Royal Indemnity Co., New York, N. Y.	18,222.48	9,034.48	1,240.24	617.90	1,858.14	20.7
Southern Surety Co., Muskogee, Okla.	16,521.27	8,504.59	741.17	335.35	1,076.52	12.6
Southwestern Surety Ins. Co., Denison, Tex.	197.54	99.88	90.00		90.00	90
Standard Accident Ins. Co., Detroit, Mich.	8,685.41	4,394.00	1,472.41	114.89	1,587.30	36.6
Travelers Ins. Co., Hartford, Conn.	37,714.00	32,942.00	5,802.00	692.00	6,494.00	19.8
United States Casualty Co., New York, N. Y.	11,447.60	5,722.00	2,365.00	979.00	3,[illegible]	[illegible]
U. S. Fidelity & Guar. Co., Baltimore, Md.	10,106.86	7,897.88	873.90		873.90	11
Totals	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	24

WORKMEN'S COMPENSATION BUSINESS, 1914—Continued.

Name of Company	(8) Present value of outstanding claims on compensation payments	(9) Unpaid med., surg., hosp. and other bills for statutory benefits	(10) Reserve for claims running for undetermined periods	(11) Additional reserve for claims as calculated by company	(12) Total cols. 6-8-9-10-11	(13) Percentage of payments and reserves to earned premiums	(14) Additional reserve for expenses of settlement as computed by Co.	(15) Totals cols. 12 and 14	(16) Acquisition cost of business in Iowa, percent
Aetna Life Ins. Co., Hartford, Conn.	$ 6,948.55				$ 14,282.83	105.7		$ 14,282.83	18.9
Casualty Co. of America, New York, N. Y.	100.00				620.03	37		620.03	17.5
Employers Liab. Assur. Corp., Boston, Mass.	640.00	$ 40.00		$ 2,569.00	4,454.00	54.5		4,454.00	15
Employers Mut. Casualty Assn., Des Moines, Iowa	2,252.97	1,160.65	$ 3,807.94		13,255.11	35.9	$ 386.79	13,641.90	.1
Fidelity & Casualty Co., New York, N. Y.		2,659.00	11,037.05	4,500.00	32,137.80	45.2	1,643.53	33,781.33	14.9
Fidelity & Deposit Co. of Md., Baltimore, Md.	3,870.11	1,658.73	3,158.89		11,251.59	78.8		11,251.59	20
Frankfort General Ins. Co., New York, N. Y.	70.00	65.00		10.00	239.00	113.4		139.00	15
Gen. Acc., Fire & Life Assur. Corp., U. S. B.	128.00				167.67	43.8		167.67	17.5
Globe Indemnity Co., New York, N. Y.	6,845.00	90.00			14,996.12	52.6		14,996.12	15
Hartford Acc. & Indem. Co., Hartford, Conn.	140.00	145.00			492.67	27.8		492.67	7.2
Iowa Mutual Liability Co., Cedar Rapids, Iowa				100.00	3,169.91	26.7		3,169.91	47.1
Kansas City Casualty Co., Kansas City, Mo.		55.00	241.00		887.07	32.8		887.07	7.8
London & Lancashire Guar. & Acc. Co., New York	1,150.00				2,846.09	55.2		2,846.09	29
London Guar. & Acc. Co., Chicago, Ill.	32,212.35	1,909.85	7,639.40		53,604.69	94		53,604.69	15
Maryland Casualty Co., Baltimore, Md.	2,722.00	449.00	150.00		5,191.59	77		5,191.59	19.9
Massachusetts Bond. & Ins. Co., Boston, Mass.	1,008.00	355.00	365.00		3,362.50	66.7		3,362.50	15
New Amsterdam Cas. Co., New York, N. Y.	175.00	76.00		203.00	800.00	53		800.00	15
New England Casualty Co., Boston, Mass.	220.00				4,131.06	260.2		4,131.06	15
Ocean Acc. & Guar. Corp., New York, N. Y.	79.90	200.00	4,040.00		9,776.16	105.4	600.00	10,376.16	17.2
Royal Indemnity Co., New York, N. Y.	901.00	484.00	391.00		3,834.14	42.4		3,834.14	13.5
Southern Surety Co., Muskogee, Okla.	296.50	271.50	2,137.50		3,882.02	34.8		3,882.02	17.2
Southwestern Surety Ins. Co., Denison, Tex.	2,500.00	100.00	65.00		2,755.00	275	50.00	2,805.00	17.5
Standard Accident Ins. Co., Detroit, Mich.	2,635.00	696.00	479.00		5,397.30	124.5	130.00	5,527.30	17.7
Travelers Ins. Co., Hartford, Conn.	3,454.00	916.00	2,679.00	6,575.00	20,118.00	61.1		20,118.00	16.9
United States Casualty Co., New York, N. Y.	875.00	274.00	226.00		5,139.00	90.4		5,139.00	11.7
U. S. Fidelity & Guar. Co., Baltimore, Md.	1,318.00	1,367.00	1,026.00		4,584.90	68.3		4,584.90	16.9
Totals	$ 70,637.38	$ 12,980.75	$ 37,802.78	$ 14,057.00	$221,396.25	62	$2,810.32	$224,206.57	17

WORKMEN'S COMPENSATION BUSINESS, 1915.

Reports of Companies to the Insurance Commissioner on Iowa Business Done in 1915.

Name of Company	(2) Gross premiums on policies written or renewed	(3) Earned premiums	Amount of All Payments to December 31, 1914			(7) Per'ct'g of pay'ts to earned prem's
			(4) Losses and claims	(5) Loss expense	(6) Total cols. 4 and 5	
Aetna Accident & Liability Company	$ 562.73	$ 380.32	$ 105.27		$ 105.27	27.68
Aetna Life Ins. Co. (Acct. Dept.)	34,916.32	20,016.42	6,016.82	$ 2,797.74	8,814.56	44.06
Casualty Company of America	8,455.26	3,582.10	2,168.15	184.21	2,352.36	66.
Employers' Liab. Assur. Corp.—U. S. B.	16,875.00	7,131.00	2,229.00	19.00	2,248.00	31.54
Employers' Mutual Casualty Assn.	60,109.64	36,966.30	14,107.83	146.50	14,254.33	38.83
European Accident Ins. Co.—U. S. B.	1,679.75	1,122.37		37.77	37.77	3.36
Fidelity & Casualty Co. of N. Y.	131,963.33	59,697.32	16,057.97	3,209.39	19,267.36	32.3
Fidelity & Deposit Co. of Maryland	27,032.55	14,504.69	3,168.77	51.68	3,220.45	22.2
Frankfort Gen'l Ins. Co.—U. S. B.	1,107.00	851.00	132.00	146.00	278.00	32.6
Gen'l Acc., Fire & Life Assur. Co.—U. S. B.	631.59	454.36	114.15	65.48	179.63	39.54
Globe Indemnity Co.	48,947.43	29,673.25	9,280.16	3,352.06	12,632.22	42.57
Guardian Casualty & Guaranty Co.	28,156.00	25,761.00	11,114.00	559.00	11,673.00	45.
Hartford Accident & Indemnity Co.	9,232.00	5,736.00	2,714.00	787.00	3,501.00	37.92
Iowa Mutual Liability Co.	41,236.46	31,758.68	5,610.70	66.35	5,677.05	17.87
London Guar. & Acct. Co.—U. S. B.	84,784.00	49,008.00	16,675.00	3,077.00	19,752.00	40.3
London & Lan. Ind. Co. of America	7,244.51	3,912.00	439.65	5.00	444.65	11.3
Maryland Casualty Co.	6,508.00	3,308.00	727.00	779.00	1,506.00	45.5
Massachusetts Bonding & Ins. Co.	9,052.72	6,035.82	1,453.20	404.28	1,857.48	30.77
New Amsterdam Casualty Co.	2,589.00	1,245.00	392.00	31.00	423.00	33.97
New England Equitable Ins. Co.	2,718.80	1,318.61	2,795.03	131.36	2,926.39	21.98
Ocean Acct. & Guar. Corp.—U. S. B.	43,758.57	25,436.15	3,323.93	542.33	3,866.26	15.2
Royal Indemnity Co.	14,128.02	7,459.02	1,809.37	1,082.43	2,891.80	38.77
Southern Surety Co.	18,365.64	9,187.32	2,360.60	1,657.62	4,018.22	44.8
Standard Accident Insurance Co.	8,559.00	4,656.00	1,995.85	227.14	2,222.99	47.7
Travelers Ins. Co. (Acct. Dept.)	41,925.00	23,482.00	8,117.00	953.00	9,070.00	38.63
Travelers Indemnity Co.	950.00	301.00	105.00	57.00	162.00	53.82
U. S. Casualty Co.	5,906.00	2,791.00	926.00	560.00	1,486.00	53.24
U. S. Fidelity & Guaranty Co.	10,939.89	6,015.73	1,362.39	16.10	1,378.49	22.9
Totals	$ 668,333.21	$ 381,790.36	$ 115,390.84	$ 20,045.44	$ 136,246.28	35.68

WORKMEN'S COMPENSATION BUSINESS, 1915—Continued.

Name of Company	(8) Present value of outstanding claims on compensation payments	(9) Unpaid med., surg., hosp. and other bills for statutory benefits	(10) Reserve for claims running for undetermined periods	(11) Additional reserve for claims as calculated by company	(12) Total cols. 6-8-9-10-11	(13) Percentage of payments and reserves to earned premiums	(14) Additional reserves for expenses of settlement as Computed by Co.	(15) Totals cols. 12 and 14	(16) Acquisition cost of business in Iowa, percent
Aetna Accident & Liability Company					$ 105.27	27.68		$ 105.27	
Aetna Life Ins. Co. (Acct. Dept.)	$ 12,462.88	$ 100.00	$ 643.97		22,021.41	110.02		22,021.41	$ 5,237.45
Casualty Company of America	1,810.00	312.00			4,474.36	125.		4,474.36	1,368.29
Employers' Liab. Assur. Corp.—U. S. B.	255.00	50.00		$ 1,348.00	3,901.00	54.7		3,901.00	2,531.00
Employers' Mutual Casualty Assn.	14,181.05	363.90	2,053.20		31,802.47	86.4		31,802.47	551.27
European Accident Ins. Co.—U. S. B.				568.30	606.07	54.		606.07	
Fidelity & Casualty Co. of N. Y.		7,482.16	20,487.04	1,827.88	49,044.44	82.2	$ 967.07	50,011.51	16,231.49
Fidelity & Deposit Co. of Maryland	1,347.14	948.73	97.40		5,613.72	38.07		5,613.72	4,054.88
Frankfort Gen'l Ins. Co.—U. S. B.	75.00	33.00			386.00	45.3		386.00	106.05
Gen'l Acc., Fire & Life Assur. Co.—U. S. B.	250.00	25.00			454.63	100.		454.63	79.00
Globe Indemnity Co.	10,270.00	70.00			22,972.22	77.42		22,972.22	7,342.11
Guardian Casualty & Guaranty Co.	2,237.00				13,910.00	54.		13,910.00	3,130.56
Hartford Accident & Indemnity Co.	610.00	167.00	95.00		4,373.00	76.24		4,373.00	967.00
Iowa Mutual Liability Co.	1,417.00	432.00			7,526.05	23.71		7,526.05	6,024.65
London Guar. & Acct. Co.—U. S. B.	1,010.00	2,825.00	19,896.00		43,482.00	88.72		43,482.00	12,717.60
London & Lan. Ind. Co. of America	50.00	240.00	30.00		764.65	19.5	70.00	834.65	1,086.67
Maryland Casualty Co.	2,196.00	636.00			4,338.00	131.13		4,338.00	976.30
Massachusetts Bonding & Ins. Co.		149.00	879.00		2,885.48	47.61		2,885.48	1,077.80
New Amsterdam Casualty Co.	172.00	66.00			661.00	53.09		661.00	288.00
New England Equitable Ins. Co.	163.87				3,090.26	234.36		3,090.26	407.70
Ocean Acct. & Guar. Corp.—U. S. B.	2,455.00				6,321.26	24.8	200.00	6,521.26	6,082.43
Royal Indemnity Co.	382.00	2,310.00			5,584.80	74.87		5,584.80	1,902.15
Southern Surety Co.	750.00				4,768.22	51.9		4,768.22	1,589.88
Standard Accident Insurance Co.	1,375.16	116.00	188.00		3,902.15	83.8	250.00	4,152.15	1,288.85
Travelers Ins. Co. (Acct. Dept.)	3,888.00	870.00	2,648.00		16,476.00	70.16	900.00	17,376.00	6,288.75
Travelers Indemnity Co.	596.00		72.00		770.00	225.81		770.00	85.88
U. S. Casualty Co.	1,125.00	375.00			2,986.00	106.98		2,986.00	824.34
U. S. Fidelity & Guaranty Co.	1,715.00	113.00			3,206.49	58.3		3,206.49	1,552.80
Totals	$ 60,734.10	$ 17,663.78	$ 48,088.61	$ 2,744.18	$266,476.95	69.79	$2,387.07	$268,864.02	$ 83,937.90

COMPENSATION BUSINESS 1914 AND 1915.

The tables on preceding pages from the annual reports of the State Insurance Department summarize the reports of companies carrying compensation insurance in Iowa for 1914 and 1915. The number of companies the first year was 26 and the second year 28. The total of premiums received in 1914 was $683,666.86 and in 1915 it was $668,333.21. The percentage of payments to earned premiums the first year averaged 24 and for the second year 35.68. The following notations explain the various columns in the two tables and indicate the basis of computation of all items:

Column 2. Including the gross premiums on all policies written or renewed in each of the respective years plus the additional premiums on such policies, less the return premiums, refund premiums and reinsurance.

Col. 4. Losses and claims include all payments for medical, surgical, hospital, burial and other statutory benefits other than compensation payments.

Col. 5. Included with "loss expense" is all payments for legal expense, including attorneys and witness fees and court costs, salaries and expenses of adjusters and only such other payments as apply exclusively to the investigation, adjustment and settlement of losses and claims under or on account of compensation policies issued in the respective years.

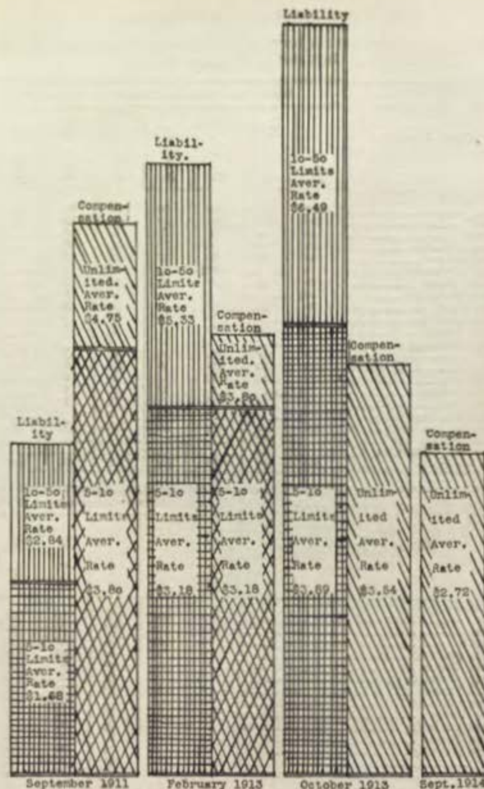
Col. 8. In calculating the present value of determined claims, not greater than 5% interest is taken.

Col. 10. In this column is entered the present value of claims to run for undetermined periods with same interest basis as used in column 8. On temporary total cases the disability period may be estimated by taking not over twice the probable period as given by the attending surgeon in his last report.

Col. 11. Includes such reserves for claims as may be calculated by the company.

Col. 14. Includes such reserves for loss and claims expenses as may be calculated by the company.

Col. 16. The percentage of the cost of acquiring the business to premiums received is entered as of the years as shown or total cost. The cost consists of the following items: Rent of agency or branch office; cost of furniture and equipment; compensation of clerical force in agency or branch office; clerical and supervising cost of policies written in agencies; telephone, telegraph, postage, etc., at agency or branch office, amount of salaries of resident or branch office managers; contingent commissions to resident or branch office managers; payments to agents under profit sharing contracts; commissions to general agents; commissions to brokers and local agents; salaries and commissions of special agents; traveling expenses of managers, agents and solicitors; cost of collection of premiums in agencies.



LIABILITY AND COMPENSATION RATES IN WISCONSIN.

In above chart "Liability" means insurance against the common law liability of an employer who has rejected the workmen's compensation law. "Compensation" means insurance under the compensation law. "Rates" are a simple average of 100 representative classes.

The "5-10 Limits" mean that insurance is limited to $5,000 to one person and to $10,000 for one accident to several persons. "10-50 Limits" mean insurance limited to $10,000 to one person and $50,000 for one accident to several. This gives substantially full coverage. "Unlimited" means full coverage insurance.

—From Bulletin Industrial Commission of Wisconsin, June 1, 1915.

COMPENSATION AWARDS.

Schedule of Compensation Awards, by Weeks of Payment, for Specified Injuries in Various States.

Nature of Injury	Weeks for Which Compensation is Payable in							
	Iowa	Conn. (1)	Ill. (2)	Mass. (2)	Mich.	Minn. (1)	Nebr. (1)	Nev.
Loss of—								
Arm	200	208	200	50	200	200	215	217
Hand	150	156	150	50	150	150	175	173
Thumb	40	38	60	12	60	60	----	65
One phalange	20	90	30	12	30	30	----	----
Index finger	30	38	35	12	35	35	----	39
One phalange	15	----	17½	12	17½	17½	----	----
Middle finger	25	30	30	12	30	30	----	30
One phalange	12½	----	15	12	15	15	----	----
Ring finger	20	25	20	12	20	20	----	22
One phalange	10	----	10	20	10	10	----	----
Little finger	15	20	15	12	15	15	----	17
One phalange	7½	----	7½	12	7½	7½	----	----
Leg	175	182	175	50	175	175	215	196
Foot	125	130	125	50	125	125	150	132
Great toe	25	38	30	12	30	30	----	30
One phalange	12½	----	15	12	15	15	----	13
Other toe	15	13	10	12	10	10	----	11
One phalange	7½	----	5	12	5	5	----	5½
Sight of one eye	100	104	100	50	100	100	125	108
Hearing, one ear	----	52	----	----	----	----	----	----
Hearing, both ears	----	156	----	----	----	----	----	----
Total disability	400	520	416	500	500	400	200	435

Nature of Injury	Weeks for Which Compensation is Payable in					
	N. J. (2)	Ohio	Oregon (4)	R. I. (2)	Tex. (2)	Wis.
Loss of—						
Arm	200	200	416	50	50	240
Hand	150	150	329	50	50	180
Thumb	60	60	104	12	12	40
One phalange	30	30	52	12	12	20
Index finger	35	35	69	12	12	20
One phalange	17½	12	23	12	12	10
Middle finger	30	30	39	12	12	15
One phalange	15	10	13	12	12	5
Ring finger	20	20	35	12	12	8
One phalange	10	7	12	12	12	4
Little finger	15	15	26	12	12	10
One phalange	7½	5	9	12	12	4
Leg	175	175	381	50	50	160
Foot	125	125	277	50	50	120
Great toe	30	30	43	12	12	20
One phalange	15	----	----	12	12	10
Other toe	10	10	17	12	12	4
One phalange	5	----	----	12	12	4
Sight of one eye	100	100	172	50	50	120
Hearing, one ear	----	----	208	----	----	40
Hearing, both ears	----	----	416	----	----	160
Total disability	400	(a)	(a)	500	400	478

1. Payments under this schedule are exclusive or in lieu of all other payments.
2. Payments under this schedule are in addition to payments on account of temporary total disability.
3. Thereafter a pension during life.
4. The periods named in this column are to be reduced by any time for which payments on account of temporary total disability have been made.
5. Payments during life.

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COMPARISON OF COMPENSATION BY STATES.

Total Compensation for Each Kind of Accident, on the Basis of a Wage of $14.00 Per Week.

States	Total disability	Wife, 2 children	Special Case Wages $14.00 Per Week												
			Thb.	1st.	2d.	3d.	4th.	Great toe	Other toe	Hand	Arm	Foot	Leg	Eye	Total
Average	$ 3,071	$ 2,512	$ 361	$ 240	$ 189	$ 144	$ 114	$ 204	$ 87	$1,139	$1,472	$ 965	$1,355	$ 784	$11,737
Arizona	4,000	4,000	No schedule												
California	1,420	2,184	No schedule												
Connecticut	3,640	2,184	266	266	210	175	140	266	91	1,092	1,456	910	1,274	728	12,698
§Illinois	T3,500[d]	2,912	420	245	210	140	105	210	70	1,050	1,400	875	1,225	700	13,062
Iowa	2,800	2,100	280	210	175	140	105	175	105	1,050	1,400	875	1,225	700	11,340
Kansas	2,912	2,184	No schedule												
Maryland	50%L	2,184	----	----	----	----	----	----	----	25%L	----	25%L	----	10%L	----
§Massachusetts	T4,000	4,000	112	112	112	112	112	112	112	466	466	466	466	466	11,114
Michigan	3,500	2,100	420	245	210	140	105	210	70	1,050	1,400	875	1,225	700	12,250
Minnesota	2,800	2,100	420	245	210	240	105	210	70	1,050	1,400	875	1,225	700	11,550
§Nebraska	2,100[f]	2,450	----	----	----	----	----	----	----	1,225	1,505	1,050	1,505	875	10,710
Nevada	2,600	3,000	450	270	210	150	120	210	75	1,200	1,500	1,050	1,350	750	12,985
New Hampshire	2,100	2,100	No schedule												
§New Jersey	T2,300	1,800	420	245	210	140	105	210	70	1,050	1,400	875	1,225	700	11,340
§New York	9.33[e]	4.20[e]	560	429	280	233	140	355	149	2,240	2,912	1,912	2,688	1,196	15,094
§Ohio	9.33[e]	2,912	560	327	280	187	140	280	93	1,400	1,367	1,167	1,628	983	11,774
§Oregon	35[b]	30[b]	600	400	225	200	150	250	100	1,900	2,400	1,600	2,200	1,000	11,025
Pennsylvania	2,800	1,800	----	----	----	----	----	----	----	1,225	1,505	1,050	1,505	875	10,850
Rhode Island	3,500	2,100	84	84	84	88	84	84	84	350	350	350	350	350	7,938
Texas	3,360	2,520	101	101	101	101	101	101	101	420	420	420	420	420	8,687
Washington	6[e]	20[b]	Determined		by	Department		Maximum		1,500					
West Virginia	6[e]	20[b]	Determined		by	Department		Maximum		1,248					
Wisconsin	4,368	2,912	364	182	136	73	91	182	36	1,456	2,184	1,092	2,184	1,456	16,716

[c]Plus $5.60 per week for life.
[d]Plus $5.28 per week for life.
[e]Per week for life.
[b]Per month for life.
L—For life.
§Plus other consideration.
T—Plus compensation for temporary disability.

From New Jersey Report, 1914.

PERCENTAGE OF DISABILITY.

Computed Percentages for Specified Injuries Compared to Total Disability Based on Schedules of Compensation Awards Under the Laws of the Various States.

Nature of Injury	Percentage in Each State Named									
	Iowa	Conn.	Mass.	Mich.	Minn.	Nev.	N. J.	R. I.	Tex.	Wis.
Loss of—										
Arm	50	40	10	40	50	27	50	10	12	50
Hand	38	30	10	50	38	40	38	10	13	33
Thumb	10	7	2	12	15	15	15	2	3	8
One phalange	5	4	2	6	8	------	8	2	2	4
Index finger	8	7	3	7	9	9	9	2	3	4
One phalange	4	------	2	4	4	------	4	2	3	2
Middle finger	6	6	2	6	8	7	8	2	3	2
One phalange	3	------	2	3	4	------	4	2	5	1
Ring finger	5	5	2	4	5	5	5	2	3	2
One phalange	3	------	2	2	3	------	3	2	3	1
Little finger	4	4	2	3	4	4	4	2	3	2
One phalange	2	------	2	2	3	------	2	2	3	1
Leg	44	35	10	35	44	45	44	10	13	25
Foot	31	25	10	25	31	35	31	10	12	25
Great toe	6	7	2	6	8	7	8	2	3	4
One phalange	3	------	2	3	4	3	4	2	2	2
Other toe	1	3	2	2	3	3	3	2	3	1
One phalange	2	------	2	1	1	1	1	2	3	1
Sight of one eye	25	20	10	20	25	25	25	10	13	25
Hearing, one ear	------	10	------	------	------	------	------	------	------	8
Hearing, both ears	------	30	------	------	------	------	------	------	------	20

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