

opportunity to work in a larger risk. Then, too, the experience of a risk in a hazardous trade is a more reliable guide to the risk's future performance than the experience of a risk of similar size in a non-hazardous trade for the same reason: the hazardous trade producing more accidents and, therefore, is a better chance of getting an indicative average. In experience rating, it is primarily the cost of the accidents rather than their number so that severity within limits also has a major effect upon our consideration of the risk's experience. All other conditions being equal, for example, we would actually not rely as much on the experience of the risk if it all resulted from one serious case as we would if it reflected a lot of less serious cases more frequently occurring. The first instance probably would never occur again for years, because of the workings of chance; while the second would probably approximately repeat year after year. As a result of this condition in experience rating, accidents are treated under two distinct groups: the low-frequency high-cost cases such as the deaths and permanent total disability cases, and the high-frequency low-cost cases which cover all other compensation cases and also medical costs.

One other feature of experience rating is of very decided importance. This is the application of the principle of "weighting" the experience of the risk in determining a future premium rate. The principle of the "weighted experience" provides that the same degree of importance shall not be attached uniformly to the experience developed in all years of the risk's operation but that each year shall be arbitrarily graded so as to give the most weight or credence to the latest experience. As a matter of fact, the weights assigned to the five years of experience are represented by the factors .40, .50, .30, 1.00, and 1.00, beginning with the earliest year's experience. In other words, the experience of the two latest years is accepted at its face value, while but 80 per cent, 60 per cent, and 40 per cent of the experience of the third latest year, fourth latest year and earliest year respectively are retained for rating purposes. The reason for this feature of experience rating is again to restrict the influence of conditions which are not considered reflective of the risk's loss cost prospects for the immediate future.

Suppose we have a risk where five years ago it was under the management of persons not interested in any way in accident prevention or in the use of safety equipment. During that year probably there would have occurred numerous accidents as a result of such attitude on the part of the assured. Suppose that during the last two years, however, new blood had been brought into the firm which had been thoroughly sold on accident prevention and extensive safety programs had been inaugurated and all evidence indicated a continuation of this practice. It does not seem logical that the shortcomings of the risk in the earlier years of the risk's history should unduly influence the future rate of the risk. While unquestionably the risk's earlier experience should be reflected in the rating, its effect on the future rate for the risk should be modified in the light of the more modern conditions. The weighted experience principle which we follow does just exactly this. In other words, it makes the assured pay in full for the most recent conditions in his plant and it does not drag out unduly the penalty for some particular condition which may or may not be reflected in the present conditions of the risk.

ADJOURNMENT.

TWENTY-SECOND ANNUAL SAFETY CONGRESS NATIONAL SAFETY COUNCIL



Safety Organization and Program

WEDNESDAY AFTERNOON SESSION

October 4, 1933

The special session devoted to problems in connection with Safety Organization and Program was called to order by J. E. Culliney, Bethlehem Steel Co., Bethlehem, Pa. He welcomed the delegates in the name of the Executive Committee of the National Safety Council, and then introduced George Opp, safety engineer, The Detroit Edison Company, Detroit, who presided during the session. Chairman Opp outlined the discussion in view and introduced the first speaker.

Mechanical Safeguarding and Engineering Revision

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The speaker said in part: Many speakers have presented statistics so often to prove that most accidents are due to causes other than the lack of mechanical guarding, that many have reached the conclusion that the job is done, in so far as this very important phase of safety is concerned. In fact, they have sold this point so well that many of the safety engineers of the country have lost their jobs within the past few years. Management everywhere evidently believed them and since it was necessary to reduce overhead expense, their services were dispensed with, as their departure would not be missed. I can't say that I sympathize with these chaps; in most instances it was good riddance. They were the fellows who told management every time a worker got hurt that the machine was properly guarded and that the accident was due to the carelessness or the clumsiness of the worker. They did not, however, tell management that with additional engineering the machine could be guarded, and with little additional expense, so that regardless of the carelessness of the worker, it would be impossible for him to be hurt.

No—mechanical safeguarding and engineering is not completed—it is practically in its infancy. The answer we recognize this fact the greater will be the improvement in this field of safety.

Let us consider for a moment the report of the Division of Safety and Hygiene of the Industrial Commission of Ohio, and then determine whether or not mechanical safeguarding has reached the point of perfection that many would have us believe. In 1932, 131,519 total claims were filed with the Commission. Of this number—

45,123 were due to cuts and lacerations; 25,723 crushes and bruises; 19,710 sprains