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## Disease Rates Under New Illinois Laws Are Given

### PRESENT ALTERNATIVE PLANS

**Assured May Buy Full Coverage Or Loss Contribution Scheme—Assigned Risk Still Problem**

The rates are now available for occupational disease coverage under the new laws which becomes effective in Illinois Oct. 1. The scale was prepared by the National Council on Compensation Insurance.

Employers will have the choice of purchasing full coverage or a plan under which the assured pays for 50 percent of every disease loss up to the maximum of $1,000 per case. The rates for the second plan will be 25 percent less than the full coverage rates.

A minimum premium of $5 is established. This is regarded as too low by most of the Chicago experts.

William Leslie, associate general manager National Bureau of Casualty & Surety Underwriters, returning from the meeting of the insurance commissioners in St. Paul, had a conference with the membership of the Casualty Managers Club of Chicago, following which he conferred with Chairman Angsten of the Illinois Industrial Commission. Mr. Leslie was particularly interested in the problem of assigning risks, which are unable to obtain occupational disease coverage. At the meeting with managers, the prevailing view was that the insuring of occupational disease under the new Illinois law should not be a problem if the assured does a proper job of housecleaning. However, it is recognized that a good many employers will be lax. The conclusion was that the companies as a group or through a committee would undertake to get the cooperation of the industrial commission in setting up requirements to which an assured must comply in order to get insurance. Then when an assured has complied with those requirements, the companies through their assigned risk committee would cooperate in seeing that coverage is obtained.

Under the new set up, occupational disease legislation in Illinois is entirely distinct from the law governing compensation for industrial accidents. Previously where an uncertain measure of disease liability was included in the workmen's compensation law, the companies have been getting a loading in the regular compensation premium. This loading will be eliminated effective Oct. 1 and a revised accident compensation scale promulgated.

Below are given the new rates for occupational disease coverage for the various classifications in Illinois:

| Code | Classification | O. D. Rate |
|---|---|---|
| 1164 | Mining-N.O.C. underground | 2.74 |
| 1165 | Mining-N.O.C.-surface | 1.95 |
| 1430 | Smelting-lead | 1.40 |
| 1438 | Smelting, sintering or refining-N. O. C. | .60 |
| 1472 | Distillation of wood | .07 |
| 1605 | Rock excavation | 2.13 |
| 1624 | Quarries-N. O. C. | 1.17 |
| 1710 | Stone crushing | 2.13 |
| 1741 | Flint and spar grinding | 8.29 |
| 1745 | Soapstone products mfg. | .22 |
| 1747 | Emery works | .22 |
| 1748 | Abrasive wheel mfg. | .56 |
| 1803 | Stone cutting and polishing | 7.06 |
| 1852 | Asbestos goods mfg. | 4.44 |
| 1860 | Abrasive paper mfg. | 2.13 |
| 2260 | Wool combing or scouring | .07 |
| 2280 | Hatter's fur mfg. | .16 |
| 2288 | Felting mfg. | .03 |
| 2538 | Hat mfg.-not straw | .06 |
| 2600 | Fur mfg.-not hatters | .06 |
| 2623 | Tanning | .13 |
| 2660 | Boot or shoe mfg. | .04 |
| 3081 | Foundries-iron-N. O. C. | 2.96 |
| 3082 | Foundries-steel castings | 2.96 |
| 3085 | Foundries-non-ferrous | 2.96 |
| 3089 | Pipe mfg.-cast iron | .44 |
| 3091 | Enameled iron ware mfg. | .86 |
| 3093 | Cast iron mfg.-centrifugal | .71 |
| 3122 | Cutlery mfg.-N. O. C. | .71 |
| 3169 | Stove mfg. | .27 |
| 3175 | Radiator or heater mfg. | .09 |
| 3188 | Plumber's supplies mfg. | .07 |
| 3224 | Agate or enamel ware mfg. | .39 |
| 3331 | Lead works | .80 |
| 3336 | Type foundries | .48 |
| 3364 | Oxy-acetylene welding | .08 |
| 3372 | Electroplating | .03 |

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## Claimant's Attorney Wins Fee in Interference Suit

Adjusters for casualty companies must be cautious about interfering with the relations between a claimant and his attorney. The New York court of appeals has just decided against the company in a suit for his fee brought by the injured's attorney on the ground that representatives of the company induced the claimant to repudiate the attorney, and settle without him. The allegations were that the attorney was retained by the injured claimant, but that representatives of the company threatened the claimant that unless he repudiated his retainer he would receive no compensation for his injuries. After the claimant broke off with the attorney, the company paid $25,000 and took a general release. The attorney thereupon brought suit and recovered a verdict for $6,250, on an alleged agreement of 25 percent of the recovery. The court reduced this, with the consent of the lawyer, to $2,500 as the reasonable value of the lawyer's services in investigating the claim, interviewing the witnesses, taking photographs, etc. The judgment as reduced was affirmed by the New York court of appeals.

## Indemnity Policy Test Case Is Ruled Upon in Illinois

What appears to be the first test under the Illinois law to provide claimants a direct recourse against the insurance company under automobile liability policies has been ruled upon by the Illinois appellate court, 1st district, in the case of Trust Co. of Chicago vs. Iroquois Auto Insurance Underwriters, Inc.

The law provides that "the insurance company shall be liable to the person entitled to recover for death or injury when caused by the insured, in the same manner and to the same extent that such carrier is liable to the insured." The curious effect of this is, if taken literally, that the claimant is left just where he was before the law was passed, under so-called "indemnity" policies. Such laws were passed in most states for the very purpose of giving the injured claimant the benefit of the insurance when the insured driver is unable to pay. The policy in this case was an "indemnity" policy, by which payment was promised only to reimburse the insured after he had paid the injured. In this case the insured had not paid the injured.

Without going into the reasoning which led to its conclusion the appellate court said that the indemnity provision was contrary to the statute and therefore ineffective and void. The case was remanded with directions to enter a judgment in favor of plaintiff for the amount of its claims. The trust company held a judgment of $3,000 for the death of Juzang.

Undoubtedly the appellate court gave the effect to the law that was intended, but it had to go easy in giving its reasoning.

## Dust Disease Procedure

NEW YORK, June 24.—Approval of rules and rates for classifications subject to specific dust hazards under the state law, prepared by the Compensation Insurance Rating Board of New York having been given by Superintendent L. H. Pink, became effective coincident with operation of dust disease amendments to the statute. All carriers have been advised by General Manager L. S. Senior of the method to be followed.

## Purchases Building

The State Automobile, an automobile reciprocal of Indianapolis has bought the Medical Arts building in that city on southeast corner of Michigan and Pennsylvania streets, of which it will occupy two floors and the basement for home office purposes.

# *Riders for High-L Discount Plans A*

Companies have now been furnished by the Massachusetts Rating & Inspection Bureau with copies of retrospective premium and premium discount endorsements for compensation risks. These riders doubtless will serve as models for other states.

Large risks that do not elect to be retrospectively rated, will receive in Massachusetts a rebate of 11.4 percent on that portion of the premium above $5,000. The bureau does not state whether commissions will be reduced on the premium above $5,000. In the retrospective plan no commission is paid on any premium above the retrospective minimum.

The premium discount endorsement is to be attached to each policy for which the estimated annual premium amounts to at least $2,000, where the retrospective plan is not used. No policy may be canceled and rewritten for this purpose.

**Text of Discount Rider**

The premium discount endorsement reads:

It is agreed that all premium for the policy in excess of $5,000 developed by the application of the standard rates of the Massachusetts Rating & Inspection Bureau shall be reduced 11.4 percent; provided, however, that the provisions of this endorsement apply solely to the premium for operations covered by the policy which, for purposes of premium determination, are subject to the jurisdiction of said bureau.

The retrospective premium endorsement, omitting the table of rating values, reads:

Additional percentage of standard premium required by paragraph 5 (a) of this endorsement: —— percent.

It is agreed that the premium for the policy shall be determined as follows:

1. Elements in development of retrospective premium—The computation of the retrospective premium is based upon the following elements:

(a) Standard premium—The premium computed in accordance with the provisions of the policy, other than this endorsement, shall be known as the standard premium. The earned standard premium shall be used to determine the basic premium, the minimum retrospective premium and the maximum retrospective premium.

(b) Basic premium—The basic premium is that percentage of the earned standard premium stated in the "basic premium" column of the "table of rating values" schedule which forms a part of this endorsement.

(c) Incurred losses—Incurred losses, under the policy, shall mean the actual paid losses and the reserves as estimated by the company for unpaid losses.

* * *

2. Retrospective premium—The retrospective premium is the sum of:

(a) The basic premium; and

(b) The incurred losses; and

(c) 15 percent of the incurred losses.

The retrospective premium is the premium for the policy, provided, however, that if such premium is less than the minimum retrospective premium, the minimum retrospective premium shall be the premium for the policy; and if such premium is more than the maximum retrospective premium, the maximum retrospective premium shall be the premium for the policy.

Minimum retrospective premium—The minimum retrospective premium is that percentage of the earned standard premium stated in the "minimum retrospective premium" column of the "table of rating values" schedule.

Maximum retrospective premium—The maximum retrospective premium is that percentage of the earned standard premium stated in the "maximum retrospective premium" column of the "table of rating values" schedule

* * *

3. Initial computation of retrospective premium—Within six months after the termination of the policy the company shall make an audit of the records of the employer in order to compute the earned standard premium, and to determine therefrom, the basic premium.

ter court now sustains its contention The definite understanding is the C. I. T. will continue the National Surety Corporation as a distinct entity, with Vincent Callen as its president. The department recently concluded an examination of the company as of Dec. 31, 1935, finding it in a highly prosperous condition.

## Riders for High-low and Discount Plans Are Given

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sons and experience of the agents of the state will be helpful to the insurance commissioner in making his decision as to the future of the plan, President Carroll K. Steele has sent out a question to members of the Massachusetts Association of Insurance Agents to be answered before July 15. The questions asked are as follows:

1. Have you any compensation risk in your territory which develops a premium of $5,000 or more? If so, how many of those risks?

2. Have you explained the retrospective plan of rating to any of your customers or prospects in your territory who are eligible?

3. Have any of the risks above referred to accepted the retrospective rating plan? If so, how many?

4. Will you present the plan to each risk in your section having more than $5,000 in premium?

5. How many of the risks above referred to are in mutual companies? In stock companies?

6. Has the presentation of this plan to those risks now insured in mutual companies enabled you to secure the business for stock companies?

## Holds Outing at Freeport

The Freeport Motor Casualty held its annual agency meeting and golf outing at Freeport, Ill., for agents in northern Illinois and Chicago area.

Paul F. Seitz, president, presided at the meeting and reported healthy gains in business for the first five months of 1936. Gustave Bartels of the auto theft division of the states attorney's office, Chicago, described how thefts have been reduced and how insurance companies have cooperated by reducing rates. Special Agent Hoyman of the northern Illinois territory; Leon F. Knipschild, claims department; C. P. Young, secretary and treasurer; C. W. Richards and Chas. M. Fish, underwriting department, also spoke.

**The Insurance Women's Association of Portland, Ore.,** elected Mildred Coleman as president.

## Disease Rates Under New Illinois Law Are Given

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| | | |
|---|---|---|
| 3507 | Agricultural machinery mfg. | [illegible] |
| 3515 | Textile machinery mfg. | [illegible] |
| 3518 | Printing or bookbinding machinery mfg. | [illegible] |
| 3558 | Boot or shoe machinery mfg. | [illegible] |
| 3559 | Confectioners machinery mfg. | [illegible] |
| 3561 | Sewing machine mfg. | [illegible] |
| 3644 | Valve mfg. | [illegible] |
| 3647 | Battery mfg.—storage | [illegible] |
| 3683 | Thermometer mfg. | [illegible] |
| 3805 | Automobile or aircraft [illegible] mfg. | [illegible] |
| 3807 | Automobile radiator mfg. | [illegible] |
| 3808 | Automobile mfg. or assembling | [illegible] |
| 3822 | Automobile body mfg.—pleasure car | [illegible] |
| 3823 | Automobile body mfg.—truck bodies | [illegible] |
| 3830 | Aeroplane mfg. | [illegible] |
| 3881 | Car mfg.—railroad | [illegible] |
| 3883 | Car wheel mfg. | [illegible] |
| 4021 | Brick and clay products mfg. | [illegible] |
| 4024 | Refractory Products mfg. | [illegible] |
| 4053 | China or tableware mfg. | [illegible] |
| 4054 | Terra cotta mfg. | [illegible] |
| 4061 | Potteries—hand molded | [illegible] |
| 4062 | Potteries—press forming | [illegible] |
| 4101 | Plate glass mfg. | [illegible] |
| 4102 | Glass mfg.—sheet—window glass | [illegible] |
| 4111 | Glassware mfg.—no blowing machines | [illegible] |
| 4114 | Glassware mfg.—N. O. C. | [illegible] |
| 4299 | Printing | [illegible] |
| 4304 | Newspaper publishing | [illegible] |
| 4308 | Linotype or hand composition | [illegible] |
| 4400 | Rubber reclaiming | [illegible] |
| 4417 | Rubber boot or shoe mfg. | [illegible] |
| 4420 | Rubber tire mfg. | [illegible] |
| 4439 | Lacquer mfg. | [illegible] |
| 4440 | Pyroxylin mfg. | [illegible] |
| 4452 | Pyroxylin goods mfg. | [illegible] |
| 4470 | Cable insulation | [illegible] |
| 4484 | Composition goods mfg. | [illegible] |
| 4492 | Leather mfg.—imitation | [illegible] |
| 4536 | Acid mfg.—sulphuric | [illegible] |
| 4558 | Paint mfg. | [illegible] |
| 4567 | Red or white lead mfg. | [illegible] |
| 5469 | Cleaning or renovating outside surfaces of bldgs. | [illegible] |
| 5508 | Street or road construction—rock excavation | [illegible] |
| 5954 | Whiting mfg. | [illegible] |
| 6251 | Tunneling—not pneumatic | [illegible] |
| 6252 | Shaft sinking | [illegible] |
| 6257 | Caisson work—pneumatic | [illegible] |
| 6258 | Caisson work—foundations for bldgs. | [illegible] |
| 9600 | Taxidermists | [illegible] |

It is interesting to compare the Illinois rates with those in other states. Whereas in Illinois there is a rate of $2.96 for foundries, in California there are two foundry classifications, one of which takes a rate of $2.83 and the other $3.29.

## Huge Loss to State Fund

NEW YORK, June 24.—The 17th victim in the Bronx apartment building collapse died today. The general contractor and a number of the sub-contractors on the job carried compensation insurance in the New York state fund. What the aggregate liability to the carrier, for those killed and the considerable number injured will be can not be conjectured now. It is bound to be heavy.

## Pass Auto Inspection Bill

NEWARK, June 24.—Two motor vehicle measures have been passed by the New Jersey legislature and are before Governor Hoffman for signature. Both had the backing of casualty companies. One provides for the compulsory examination of automobiles while the other gives motor vehicle inspectors police power. There will be a charge of [illegible] cents for the examination of the car, which must be paid by the owner. The fine for the first offense will not exceed $100 and $200 will be levied against anyone refusing to make repairs or adjustments suggested by the inspector. Arrests by inspectors may be made only for violations which occur on highways.

## Los Angeles Stag Dinner

The Casualty & Surety Field Men's Association of Los Angeles held a stag dinner with J. E. Tucker, special agent Globe Indemnity and president of the club, presiding.

## Incorporate Bus, Truck Agency

The Transportation Insurers of Richmond, Va., has been incorporated and will specialize in writing motor bus and truck coverage. L. C. Witherspoon is president.