

WORKMEN'S COMPENSATION AND INSURANCE

To apply the premium discount plan, first the total premium is calculated in accordance with the provisions of the manual (This premium is the standard premium discussed under the topic heading "Retrospective rating" in this chapter.) The first \$1,000 of this standard premium is charged in full without discount. The next \$4,000 is subject to a discount that varies by state and by type of carrier. The next \$95,000 is subject to a different rate of discount, and the premium over \$100,000 is also subject to a different discount.

Most states have approved the premium discount plan on an interstate basis, so that premiums developed in all these states taken together are used to develop the discount. Table 11-E shows discounts that prevail.

TABLE 11-E
DISCOUNTS APPLICABLE UNDER
PREMIUM DISCOUNT PLAN

	Standard Premium (Dollars)	Stock Carriers	Nonstock Carriers
First	1,000	None	None
Next	4,000	9 0%	3 0%
Next	95,000	14 0%	6 0%
Over	100,000	16 5%	8 5%

Loss and expense constants

Workmen's compensation policies involving small premiums are proportionally more expensive to handle than those involving larger premiums. To make up for this difference, a special charge is added to policies with premiums of less than \$500 per year. One charge, called an expense constant, is usually \$10. Similarly, the loss experience on a small risk is generally more unfavorable than on larger risks. To offset this difference, a loss constant is applied in most states designed to equalize the loss experience of the small and large risks. In no case will the loss and expense constants make the final premium more than \$500.

Thus, if the loss and expense constants for a particular risk total \$25, this charge would be added to any premium that is not over \$475. To a premium over \$475, only enough of the loss and expense constants would be added to bring the premium to \$500.

Occupational Disease

Compensation laws are limited not only to persons and employments included, but also to injuries covered. In some states, injuries resulting from the employee's intoxication, wilful misconduct, or gross negligence are excluded. Coverage may also be limited by definitions or lists, or both.

The usual definition of a compensable injury is one "arising out of and in the course of the employment." Most of the early laws covered only "accidental injuries." Some laws omitted the word "accidental" but specifically excluded occupational diseases.

Under a few laws, however, the term "injury" or "personal injury" has come by definition or by court interpretation to include occupational diseases. Nearly all the states have amended their laws to embrace occupational diseases either by listing them in a schedule or by general inclusion.

The important distinction between an accidental injury and an occupational disease is that an accident occurs at a specific time, ordinarily discovered readily, and usually leaves no question as to the particular employer in whose employment the accident occurred. On the other hand, occupational diseases may develop slowly, unknown to the employer and employee until disability occurs. The disease usually develops over an extended period of time during which the employee may work for different employers with similar exposures.

It is now generally recognized that occupational diseases should be compensated, and some provision for doing so is made in all but one of the states. Some of the laws list the diseases that are included, others cover all occupational diseases. In recent years, there has been increasing use of general coverage.

In the case of occupational diseases, the amounts of compensation for disability or death, medical care, or coverage are usually the same as those for accidental injuries except with respect to silicosis, asbestosis, and other dust diseases.

So that employers can obtain information relative to occupational diseases suffered by applicants for employment, some states have placed considerable responsibility upon the employee. An employee in these states is penalized for false representation, for fail-