

The Federal Bureau of Dairy Industry cooperates with our department on the Swiss cheese project and furnishes a full time man for this purpose.

In closing, let me state again that it is the desire of the department to continue to be of real service to the industry. With this ideal before us, continual reorganization to meet changing conditions and needs has taken place. New methods of presenting new information in teaching and extension have been worked out. Some of the old courses have been dropped and new ones added; new research projects have been initiated and the personnel dealing with the cheese extension service has been augmented.

CHEESE MAKERS MUTUAL INSURANCE PLAN AND PROGRESS

By JOHN HICKS

Mr. Chairman, Members of the Wisconsin Cheese Makers Association, Ladies and Gentlemen: Last January as I was driving from Appleton to Milwaukee along Highway number 10, I came to a cheese factory. I stopped in to buy some cheese to take home. It was the first factory I was ever in. We got to talking and when he learned I was in the fire insurance business he began telling me about the high rates and the insurance problem in the industry. I was interested. It was new to me, and when I was in Madison a short time later I went into the insurance department to learn what I could about the cheese industry. I was referred to Professor Sammis. I was told he was secretary of the State Association and that he knew more about cheese and the cheese industry than any other man.

Professor Sammis told me that several attempts had been made to get relief from the insurance burden but none of them had been successful. We began to investigate. We accumulated insurance facts and figures from the fire marshal's office and elsewhere and the farther we went the more apparent it became that the only relief to this problem was a cheese makers mutual. A cheese makers mutual was needed. Needing a mutual is one thing and getting a mutual is something else. Getting it depended on how well the industry was organized so that concerted action could be taken. It also depended on how much interest the officers would take in it, and how much they were interested in their work.

I was surprised when I learned that the cheese industry is one of the most highly organized industries in the country. With the thirty branch associations which Professor Sammis has organized throughout the state, with the system of news letters sent out every two weeks whereby the activity of any branch is told about and sent to the other branches, it was very clear that any undertaking properly planned could be successful very easily if the industry wanted it.

Finally, these insurance facts and figures which had been accumulated were taken up with the officers and directors of your state asso-

ciation at a meeting here in Sheboygan last April 28th. They were discussed and a resolution was passed favoring the organization of a Cheese Makers Mutual. I was requested to work out the insurance plan and present it to the individual cheese makers. Mr. Whiting, your president, asked me to come to Oconto County where he lives and start there. If it had not been for the interest and the activity of Mr. Whiting, the Mutual would have died out at that time, as it has died out after the other attempts made during the last ten years.

Mr. Whiting signed the first application. He took the matter up with his branch association and through his leadership a start was made. Mr. Steve Suidzinski in Brown County did the same thing there. He showed the same interest and activity. Mr. L. E. Kopitzke, your vice-president, did the same thing in Shawano County and through the cooperation of those three leaders in your industry a start was made.

After that there was an incorporation meeting in Green Bay on June 28th and it was only fitting that those same three leaders in your industry were elected as directors of the Mutual. After that incorporation meeting the directors elected the officers who are Mr. Whiting, President; Mr. Otto Yordi, Hortonville, Vice-president; Prof. Sammis, Treasurer; and John Hicks, Secretary.

The purpose of the mutual is to increase the number of vice-presidents as the membership of the Mutual increases so that every section of the state will have official representation.

Last night at a meeting of the directors two more vice-presidents were elected. They are Mr. John Weutrich of Greenwood and Mr. C. C. Manning of Boscobel, both of whom are outstanding members in the cheese industry in their locality.

Getting back to my story of your organization, we were off to a fine start in the Northeastern part of the state but somebody had to take the lead in the far-off counties. Professor Sammis took up that burden through his constant contacts with the branch associations. He obtained the names of the cheese makers and sent them to me and so I would know where to call. It has been through the constant efforts of Professor Sammis during the last four or five months that the Mutual has now progressed to the point where issuing policies is certain.

Before policies can be issued the State Insurance Department requires that two hundred applications be signed. We have 193 and I have fifty or more names of cheese makers to call on just as soon as I can get to it. The date of issuing policies has been set on January first which should give us plenty of time to have more than two hundred—well over that number—and to be sure that everything is right.

Now that the end of this organization period is so clearly in view, it is well to consider the proposition and results of the Mutual. In the first place, we recognize you cannot make something good from something bad. You cannot make good cheese from bad milk and we cannot have a good insurance company from bad risks. Therefore, we are calling only on those cheese makers who are well established in

their business and who are well rated by their neighbors. In that way bad risks will be avoided. In the second place, we cannot expect a good experience from factories that are almost on fire. If the clearance between the smoke stack and the roof boards is too small, if the wiring is in bad condition and the fuses are over-loaded, if the place is dirty and run down, we cannot expect a profit on that business. So we will install a most rigid inspection service and insist that our recommendations be carried out. In that way careless losses will be avoided.

In the third place we are going to try to install some kind of fire protection. In every factory there should be at least one fire extinguisher with the underwriter's label attached, on each floor of the factory. Negotiations are now under way for buying those in quantity lots direct from the manufacturers at the lowest prices.

So with that program of selection and inspection of factories combined with fire prevention and fire protection, the final cost to our members will be at as low a figure as sound insurance can be bought. By sound insurance I mean insurance that pays cash on the barrel head when you have a loss and at the full amount.

You would be surprised at the number of policies I see where long delay in payment and probably a law suit seem inevitable in case of loss. You would be surprised by stories told me of cheese makers who had losses. One man had a four thousand dollar loss and he was paid two thousand dollars. Another man lost \$2200 when his fire loss was settled and he was advised by his attorney that he could not collect. Still another man received most of his money but it came to him in dribs over a year's time.

Now you don't want that kind of insurance, but I wonder how certain you are whether you have it or not. Furthermore, I wonder how certain you are that your present insurance connection will last. Many of the stock companies are not writing cheese factories. Many of those who do are threatening to discontinue.

Only three weeks ago I received a long distance telephone call from one of the leading cheese makers in Clark County; he asked me to write his fire insurance. The stock companies had cancelled his policies without warning. That could have happened to any of you. In another county the cheese makers were all insured in one of the old farm mutuals. They said we are satisfied here; our cost is lower than yours. Conditions in that farm mutual changed, and the cheese makers were virtually forced out and asked to buy their insurance elsewhere. That could have happened to anybody. Those things have actually happened recently in the industry within my own personal knowledge. Undoubtedly they have been happening for a great many years. But why do they happen, why are rates high, why are there any losses, why didn't anybody want your business? Those are important questions. They lead up to my last question—why in the face of those conditions can the Cheese Makers Mutual become successful?

Now, there is no mystery involved. The Mutual is not going to do the impossible. In answer to those questions I point to history. Study

the history and origin of other class mutuals, such as The Lumbermen's Mutual, The Cannery Exchange. Study the origin of those great insurance organizations and you will find they were created years ago by the very same conditions that now prevail in the cheese industry. Losses were high, rates were high and nobody wanted the business. Then the trouble was in those industries the same as the trouble is today in this industry, that no individual had enough of that business so that he would take an interest in it.

Who is writing the business today in the cheese industry? There is nobody except the local agents of the old line companies who have a few factories each. There is nobody except the farm mutuals who have a few factories in their localities. There is nobody except the general writing companies who have a few factories each. Nobody in particular is writing your insurance. Nobody has enough volume so that they can spend money in servicing it and preventing fires to bring down your cost. No one cares about it, and when your business burns you get a bad reputation.

Now gentlemen, the only thing that the cheese makers mutual is, is a method. It is a method of accumulating a safe volume of this business into one place so that the management can take an interest in it and can spend money in eliminating hazards and avoiding fires. It is a sound business and a highly specialized business and it will accomplish its purpose just as surely in the cheese industry as it has in the other industries. This mutual has been made possible by the highly organized condition of the industry. It has been given to you by the activity of this year's officers of your association. Give them credit for it. Thank you.

PRESIDENT WHITING: We will have to have ten minutes each for our last three speakers because we must be ready for this parade. The next we have on our program is "The California Cheese Industry. How Makers are Paid" by Prof. C. A. Phillips of the University of California. I take great pleasure in introducing to you Prof. C. A. Phillips.

THE CALIFORNIA CHEESE INDUSTRY. HOW MAKERS ARE PAID

By PROFESSOR C. A. PHILLIPS

Mr. Chairman, Ladies and Gentlemen: My family and I were fortunate enough to obtain a year's leave from our work in California and travel during the summer to the eastern coast, before coming back to Wisconsin to spend several months. We arrived in the northwestern county of the State of Connecticut the day they were having a Farm Bureau picnic. The principal address of the day was given by Governor Ross of that state, formerly a professor of Yale University. He had visited California during the previous summer and in the address compared the parched condition of California lands and the dry streams to the beautiful green hillsides of Litchfield County of Con-