

ADDRESS

WALTER EBLING, *State Statistician*

I think I have the distinction of being about the only person who has been in this assembly for the first time. I have talked to a number of you growers, and I have been impressed with the age of your organization. I just met Mr. Treat, and he tells me it is just forty-six years ago that he attended the first meeting of this organization.

To those of you who are not acquainted with the work of a statistician, I wish to say that a statistician is one who has the responsibility of estimating various crops and livestock production. I have given very little time to cranberries. We have 182,000 farmers in this country, and the number of those engaged in the cranberry industry is exceedingly small. The dairy industry probably reaches 165,000 farms, whereas the cranberry industry reaches I don't know how many, but the number is limited. We are taking more interest lately, because there has been more effort to cover the agricultural field completely.

The matter of collecting agricultural statistics is the oldest government enterprise in agriculture. In 1839, long before we have any other type of agricultural enterprise, we have had this sort of work.

I am therefore particularly happy to have an opportunity to meet with you today, and to meet so many of you growers. I am also particularly happy to meet your group, because I have long known about it. You have a very interesting and specialized industry. As time goes on, I hope to become acquainted with many more of your members. I have asked your secretary to give me a list of the names of your producers. We may want to get information from you, and I am sure you will be glad to give us a few facts when we ask for them. I am happy to be with you, and hope I can meet with you again. Our crop reports come the first week in the month, and dairy reports right after that. Mr. Chambers was coming today, and I sandwiched this meeting in between the two.

COMPENSATION INSURANCE

A. B. SCOTT

This question of workingmen's compensation and insurance rates is a "hang-over" from last year. I don't know of how much interest it will be, but I will sketch it briefly. Last summer, after an increase of approximately 20 per cent in compensation insurance rates, I took the matter up with the Commissioner of Insurance, asking if it would be possible to have some rate adjustment made or some action taken to prevent the increase in rates. I will read his reply to my letter:

"The writer has discussed the contents of your letter of June 27 with the rating committee of the Wisconsin Compensation Rating and Inspection Bureau. We note your statement that the rates applicable to cranberry operations have increased almost 28% in the past year.

"For your better information, we can advise that the rates upon all classifications have been uniformly increased approximately 25% since May 1, 1931. The increase was made necessary by the following events:

"1. The last session of the legislature increased the benefits payable under the compensation law by approximately 5% and made certain

other changes, all of which tended to increase the cost of claims under the compensation law to a substantial extent.

"2. The gradual decrease in wage levels occurring during the past 18 months has resulted in about a 33 1/3% increase in exposure per \$100 of payroll throughout the state of Wisconsin. In other words, the rates during the first part of 1931 were based upon \$100 of payroll at the wage rate which prevailed in 1929, and it follows that when wage rates decrease, there is a corresponding increase in the exposure to hazard since \$100 of payroll now represents from one-third to one-half more hours of labor.

"3. Since jobs have become scarce and unemployment is prevalent to a large extent in all industries, men who have been injured prefer to prolong their injuries and remain at home drawing 70% of their wage from the insurance company rather than return to work with the uncertainty of losing their job at any time. Consequently, the increase in malingering has been tremendous.

"These three factors together with other less important considerations compelled the insurance companies to request a very large increase in rates, and after a careful review of all the facts this board permitted increases which totalled about 25%. The increase applied to your industry has been the same as that applied to all others and we can assure you there has been no discrimination in that regard.

"The experience in your classification indicates that there will be no further increase in the pure premium during the next year."

We still maintain that the rates are too high as compared to the losses suffered by cranberry growers. I wrote another letter to Mr. Mount on the 27th, and I presented the same claim. His answer is as follows:

"If you are of the opinion that the industry of cranberry growing should be made the subject of a separate classification, we suggest that you address a communication containing the facts to the Wisconsin Compensation Rating and Inspection Bureau, located at 312 East Wisconsin Avenue, Milwaukee, Wisconsin. The Rating Committee of this bureau will meet on December 13, and all such matters are referred to that committee for action.

"It is possible for cranberry growers as a class to organize their own compensation insurance company, either upon the stock or mutual plan. In this connection, we have requested the Insurance Department to write you.

"The Workmen's Compensation Act of Wisconsin is compulsory and any employer who usually employs three or more persons must make provision for meeting his liability under that act, either by insurance in a compensation insurance company or by carrying the risk himself with the approval of the Industrial Commission.

"Upon the subject of the present rates applicable to your industry, we refer you to our letter dated July 16, 1932 addressed to you as President of the Wisconsin State Cranberry Growers Association."

In a conversation with Mr. Lawton, secretary of the Workmen's Compensation Board, he stated at least 200 premiums would have to be paid in, before a mutual could be organized to work under a charter. I then wrote a letter to the Wisconsin Rating and Inspection Bureau, asking them why we couldn't get a separate rating, and what the possibilities would be. His answer reads as follows:

"Answering yours of December 12, it occurs to us that assigning the market and truck gardening classification to the work of harvesting and sorting cranberries is very fair and equitable. There would not appear to be any less hazard in connection with the harvesting and sorting of cranberries than there is in connection with the work of harvesting and sorting any other form of berry.

"The fact of whether or not the losses in connection with your industry have been excessive or light is merely an index and cannot

possibly be a determining factor, for the simple reason that work incident to harvesting and sorting cranberries would not develop sufficient experience in twenty-five years in the State of Wisconsin to furnish us with any defensible criteria. Before you could claim discrimination in the fixation of your rates, you would have to be able to prove discrimination insofar as similar operations are concerned, such as the harvesting, sorting, and packing of other berries.

"Naturally, all classifications of industry must necessarily be broad as an insurance principle, and must incorporate all risks falling within the various classifications, ranging from those with the least hazard to those with the most hazard. We are not prepared to make any definite statement, but, it would appear from your statement that possibly the harvesting, packing and sorting of cranberries would constitute a very good risk in comparison to other operations properly falling within the market and truck gardening classification."

Recently it came to my notice that there was an application from the insurance company for another increase in rates. If this increase takes effect, it will be a blanket increase of 21 per cent. I took that matter up with Mr. Mortensen at that time, as well as Mr. Lawton, and asked them to let us know when they had a public hearing in order that we may present our evidence in protesting such a rate, but they informed me that no such rate would be granted unless it could be made very clear that it was absolutely necessary.

While talking to Mr. Lawton, I inquired regarding rates for compensation insurance in other states and the plans under which it was handled. In the states of Washington and Ohio this class of insurance is handled entirely through an organization maintained by the state. The rate in Ohio is 16% lower than that in Wisconsin. New York and one or two other states, California is one I believe, have competing state organizations with the private corporations writing Workmen's Compensation Insurance. This tends to keep the rates from becoming too high.

Bringing the important points together for a review of the Workmen's Compensation Insurance question, we have:

1st. There apparently is no hope of getting a separate rate classification for cranberry growers due to the small amount of business that comes from their insurance premiums.

2nd. Any individual or corporation can elect to carry his own compensation insurance providing he can show the Industrial Commission that he is financially responsible to take care of any losses according to the loss rate tables in effect and will file with the commission a bond to that effect.

3rd. Organization of a mutual compensation insurance company requires that a minimum of 1500 employees be under its protection or that there will be a minimum of 200 premiums paid in annually to the mutual company.

4th. So far as our committee has gone into the matter, we are not prepared to advise the members of our association to consider the organization of a mutual company to take care of our compensation insurance. Before this is done, a considerable amount of data on rates and plans of operations of other mutuals should be gathered. Also a possible working plan of such an organization should be made including the listing of all the possible hazards, a plan of financing and a statement of estimated savings such an organization would give over the present rates.