

GROUP HEALTH INSURANCE.

BY

JAMES D. CRAIG.

Interest of employers in the welfare of their employees is becoming more and more a part of the daily duties incident to industry. Since compensation insurance became generally effective, employers have had an ever increasing feeling of responsibility for the health and happiness of those who make up their working force. This has not resulted altogether from a spirit of benevolence, for close observation and carefully prepared statistics have convinced a number of employers that such interest when exercised judiciously has inured to their own advantage through increased production resulting from a more stable and contented personnel. As a result employers are conducting educational classes for their employees, are giving increased consideration to the questions of working hours and conditions, to medical care, insurance, savings, etc., of employees as well as using influence in their community to improve housing, transportation, amusement and other public necessities and conveniences.

Among the more recent developments is the furnishing of insurance to employees as a class. Compelled by compensation laws in most states to insure against deaths, accidents, sicknesses and invalidity due to occupation, the employer is beginning to feel that his obligation goes even further and is commencing to consider that compensation for losses due to all deaths, incapacities and old age is a proper charge against industry. Provision for the payment of occupational and non-occupational losses may be made by the employer. Under the mandate of most states compensation must be paid for occupational losses, and liability therefor may be insured in State Funds, Private companies, either mutual or stock, or carried by the employer himself if conditions warrant. Liability for non-occupational losses is not compulsory and in the United States no agencies existed for insurance against these upon a scientific basis with ample guarantee until insurance companies entered the field. True, health insurance has been conducted by labor unions,

benevolent associations and thousands of other petty health insurance funds, but the issuance of blanket policies to employers, covering non-occupational deaths, accidents and old age pensions has not been undertaken by these organizations. Practical interest along these lines has developed on the part of both the employer and the employee only since insurance companies have completed their plans for the underwriting of these benefits. The question of life insurance to employees has been discussed before this society in the past and now the President requests that I bring to your attention the plans generally adopted by insurance companies for insuring under group health contracts the employees of any given employer.

ONLY EMPLOYEES OF ONE EMPLOYER TO BE INSURED.

In issuing Group Health insurance the first question to be decided is what shall constitute a group for this purpose. Any number of people affiliated for a certain purpose naturally form a group, but what limitations are necessary in order that a group will be acceptable for insurance in accordance with the principles of good underwriting? When Group Life insurance was in its initial stages numerous benevolent and fraternal associations endeavored to obtain insurance under group contracts, but as a rule such associations made this effort only because their insurance by other methods had not proven wholly satisfactory. Associations in an apparently satisfactory financial condition, gave no thought to Group Insurance, with the result that those which applied for coverage exercised a decided selection against the insurance companies. On the few associations which were insured or reinsured on the Group plan, the experience has not proven satisfactory. Such underwriting practice developed very strenuous objections on the part of the more financially prosperous fraternal associations, so that in some states the law was amended to prohibit even the reinsurance of such associations, and by mutual consent Section 101A of the New York Insurance Law and similar sections of the laws of other states were enacted, defining Group Life insurance as "that form of life insurance covering not less than fifty employees with or without medical examination, written under a policy issued to the employer," thus limiting Group Life insurance to employees of one employer only. The same general considerations that apply to Group Life insurance apply to Group Health insurance, and the most satisfactory results

will probably be obtained by limiting Group Health policies to the employees of one employer. If the employer is paying all the premiums he will generally want all of his employees covered, or all of a certain class. In this respect the underwriting of Group Health policies follows the practice and principle of Group Life insurance as defined in the New York law which decrees that the insurance shall be "upon all of his employees, or all of any class or classes thereof determined by conditions pertaining to the employment." It frequently happens, however, that the employees of a certain employer have in the past organized an association which includes part but not all of the personnel in the plant, and rather than take a Group Health policy covering all employees, the employer wishing to encourage membership in the existing organization, prefers to limit the insurance to those employees who are members thereof. Here again the general rule adopted in Group Life insurance and written in the law applies, that at least 75 per cent. of the total eligible employees should be members of the association. Additional safeguards are necessary and the contract should be issued to the employer, who should pay a substantial proportion of the premiums, in order to eliminate malingering by making the employee's return to work a matter of pecuniary interest to him. Also, by writing the policy to the employer he is made the responsible party on whom the company depends for the carrying out of the terms of the policy, as well as the payment of premiums, and if he is contributing a substantial part of the premiums he will have a more direct appreciation of his responsibilities as well as being in a better position to collect the employees contributions.

CONTINGENCIES INSURED AGAINST.

The Group Health contract insures against sickness contracted or injuries sustained during the term of the policy, which term is usually one year, with the privilege of renewal, as explained later. When the contract is issued for one year, and an employee suffers incapacity on the last day of the year, the benefits are nevertheless payable in the subsequent year, even though the policy expires and is nominally cancelled on the books of the company, while incapacity contracted before the commencement of the policy is not insured against, as only those employees actually working for full

time and for full pay at the inception of the contract are covered. With occupational accidents covered under compensation laws in the majority of the states it is not generally necessary to again insure such injuries under the Group Health policy, and the insurance under these contracts is therefore supplemental to the insurance under the Workmen's Compensation Acts. The exclusion of occupational accidents is not compulsory, although in practice most Group Health policies do exclude them, except when issued in a state where there is no compensation law and where such coverage is desired or where an employer is anxious to augment the benefits provided under the law.

COVERAGE.

The question of coverage divides itself into the amount of weekly indemnity and the length of time during which such indemnity shall be paid. It is generally considered expedient to limit the maximum coverage to 66 $\frac{2}{3}$ per cent. of the average weekly earnings, but in no case to exceed \$40 a week. The period for which benefits are payable naturally varies with the desires of the employer and employees. The most usual period is 26 weeks, with no benefit payable for the first seven days of disability or in underwriting phraseology, "Foreign to occupation accidents and full health—26 weeks limit on both—seven days waiting period on both." While the large majority of the policies issued grant coverage for this period, and while it is desirable for experience and expense purposes to have a standard form of coverage as far as possible, nevertheless other periods are sometimes requested, the following of which are the most general. For the sake of completeness in this list the most usual period mentioned above is included:

1. Foreign to occupation accidents and full health—26 weeks limit on both—three days waiting period on both accident and health. Note: Disability peculiar to female excluded.

2. Foreign to occupation accidents and full health—26 weeks limit on both—seven days waiting period on both.

3. Foreign to occupation accidents coverage and full health—26 weeks limit on both—fourteen days waiting period on both.

4. Foreign to occupation accidents and full health—26 weeks limit on both—seven days waiting period on both except where sickness continues for at least 30 days, in which case full period of disability is paid for.

There is no limit, except that of life, to the time for which benefit can be payable, but 26 weeks is most customary, although 52 weeks is sometimes desired. After this latter period the insurance gradually changes from sickness to total and permanent disability insurance, partly for this reason and also from the fact that the demand therefor is negligible, but few companies extend the payment of benefit beyond one year.

ADVERSE SELECTION.

The problem of adverse selection in Group Health underwriting offers some difficulties, as there is opportunity for different forms of such selection. The Group Life insurance law of New York definitely provides that the amount of insurance shall be based upon some plan which will preclude individual selection and when the employer pays the premium requires either all of the employees or all in any one class to be covered but when part of the premium is paid by the employees permits the insurance if at least seventy-five per centum of the employees are covered.

In Group Health insurance the same principle applies. Individual selection must be precluded. In order to accomplish this a definite formula must be prescribed, stating clearly just which employees are covered (not less than 75 per cent. if employees pay part of the premium), when they are covered, how long the coverage is, and the method of determining the weekly benefit in such a way that it will apply automatically to each employee, and preclude individual selection. No individual employee should be given the privilege of selecting the amount of his benefit. In order to avoid insuring "floaters," employers often desire a clause in the formula to the effect that the insurance shall not commence until an employee has completed a definite period of service, such as three months or six months, which period is generally known as the "waiting period." Such a waiting period always applies to new employees, but employers are often desirous of having the contract cover all of the employees actually at work at the inception of the contract. If the waiting period is to apply for new employees, it would seem more logical that it should apply to employees who at the inception of the contract have not completed this period, but for some reason certain employers prefer to differentiate in this respect.

A problem which offers possibilities for considerable trouble is the insurance of those employees who are incapacitated at the inception of the contract and the formula should be very specific in its exclusion from insurance of such employees until they have returned to work in good health.

While the intention of the contract is to insure the employees of a given employer, cases have arisen where individuals working on part time are employees of more than one employer and the coverage under the policy issued to any one employer must therefore be very specific. As the contract is to cover employees working on full time and for full pay, such part time employees would seem to be excluded, but when the formula defines the amount of benefit as a percentage of the average weekly compensation and the premium is computed as a percentage of the payroll, the acceptance of this percentage on account of a part time employee would seem to carry a corresponding liability. The dangers incident to such payroll coverage should be carefully considered and some companies are very reluctant to consider this basis at all.

There is one risk that must be carried by the company, even though it results in adverse selection and increases the claim payments, and that is the risk of other insurance. A clause limiting the amount of benefit under the Group policy in any case where an employee carried individual health and accident insurance of such an amount to cause him to be over insured would not be satisfactory. When an employer insures his employees for a certain amount of weekly benefit, he expects that any incapacitated employee will receive this benefit regardless of any additional amounts which may be payable to the employee as the result of policies taken at his own expense. Should such additional benefits result in reducing the amount otherwise payable under the Group policy, the objective of the employer is nullified to a certain extent. From a practical standpoint a more satisfactory method is to allow the full coverage insured under the contract, irrespective of other insurance, and if this should result in abnormal claims, to increase the premium rate or in the case of a participating contract reduce the dividend. Of course, the original formula must be framed in such a manner with supplementary compensation or other insurance as not to permit the general over-insurance of all employees.

GENERAL NATURE OF THE GROUP HEALTH POLICY.

The Group contract differs very materially from the individual standard accident and health policy. There is no cancellation clause. The group policy must be renewed at the option of the employer, but the company reserves the right to adjust the premium rates each year. This change is in harmony with the spirit of the insurance. If an employer desires to protect his employees and after due consideration places this coverage through a group health policy, he should have the privilege of continuing it as long as he is willing to pay the necessary premium.

Another difference is the elimination of the standard provisions. These were designed to have the state act as a general supervisor over the terms and conditions of the policy contract as well as to exercise its care in the ultimate payment of claims on the theory that the individual insured was not able to fully protect himself. Under Group policies the employer acts somewhat in the capacity of the state. As a rule he is a competent business man capable of making and understanding contracts. The terms of the policy have met his requirements, and it is therefore to his advantage as well as that of the insurance company to see that the terms and conditions of the policy are adhered to. Each has a part to play and without cooperation, mutual good will and trust, the policy will not function properly. The employer pays the premiums and advises as to the changes from time to time in the personnel, the company pays all legitimate claims as promptly as practical and with as little ceremony as possible. The simpler the terms of the contract, the better. No applications are required from the employees and are consequently not made part of the policy. The employer makes one application for the benefit of all his employees, determines in general what coverage shall be given, and then sees that such coverage is included in the contract. While simplicity is desirable, nevertheless certain restrictions must be inserted, the more general of which are: Only incapacities shall be recognized, which are treated by a regular licensed practising physician, or incapacity contracted within the continental limits of the United States or Canada, or in any part of either, south of the 60th degree of North Latitude, also that no benefits shall be paid if caused by war or any act of war or riot, or while participating in, or in consequence of having participated in aeronautics. The exclusion from benefits for other causes such

as are usually outlined in the individual policy contracts, hardly need to be included in a group contract.

GROUP HEALTH PREMIUM RATES.

Premium Rates for Foreign to Occupational Accidents and Full Health.

In the different publications on health insurance it has been shown that the Manchester Unity 1907 Experience corresponds as closely with American experience as any published table. Mr. George D. Eldridge selected this table as that conforming most nearly to the experience of the Workmen's Circle of New York, while Mr. Dawson in discussing the disability experience (comprising both sickness and accident) of the Brotherhood of Locomotive Engineers and of the Westinghouse Airbrake Company's Relief Fund concluded that the sickness rates of mechanical industries corresponds rather closely with the experience of the British Friendly Society. The late Mr. Messenger stated that the Travelers' general health business would have a rate of sickness approximating that of the Manchester Unity if allowance was made for the fact that the health policy did not cover disability from accident. The Manchester Unity Tables have therefore come into general use as a basis in this country, and Mr. Cammack made use of these tables in computing foreign to occupational accidents and full health group rates. The Manchester Unity Tables show the rate of sickness for each age and by duration, but the practice in dealing with employers tending toward simplicity as far as practical and in harmony with individual health insurance has resulted in an average rate being generally adopted. Mr. Cammack advises that from an analysis of the group business of his company it was found that the aggregate accident and group health premium for the whole group business on the books compiled at the actual ages of employees was equivalent to the premium produced by considering all the employees to be age 40, and accordingly calculations so far have generally been based on this age. Mr. Cammack estimated that on commercial risks approximately 13 per cent. of the total amount of disability arises from occupational accidents. He then subdivided the rate of sickness of the Manchester Unity A H J group into periods of sickness according to the formulæ on pages 591-593 of the Report for 1912-1913 on the Administra-

tion of the National Insurance Act, Part I, and prepared premium rates for a full health and foreign to occupational accident group contract. The net premium at age 40 according to the A H J table for a benefit of \$10 a week from the second to the 27th week is \$7.28 and deducting 13 per cent. for occupational accidents, the net premium for foreign to occupational accidents and full health benefit is \$6.34. The experience of the Metropolitan Life on a group policy during the years 1915-1918 indicates that from the 2d to the 14th weeks the claims actually incurred were 71½ per cent. of the expected under the Manchester Unity A H J Table. For the 15th to the 27th week the Metropolitan experienced 158.3 per cent., or a total percentage for the 2d to the 27th week of 86.6 per cent., as compared with Mr. Cammack's 87 per cent. The Metropolitan's experience was on male lives exclusively, whereas the experience of the Manchester Unity includes some females. It may be that the Metropolitan's rate is higher than would be experienced under commercial policies generally, but if it is assumed that the Metropolitan's rate represents the normal for an average grade of men in a non-hazardous occupation insured under a health policy, the net premium of Mr. Cammack would apply only to such groups. If, however, a group is assumed to consist of 90 per cent. males and 10 per cent. females and that the female sickness rate is 200 per cent. of the male, then the net premium would be raised from \$6.34 to \$6.97 and a gross premium of \$10 a year would be required to provide for a loss ratio of 70 per cent.

For risks covering more than 10 per cent. females the rate would have to be increased accordingly, and while a reliable experience on females has not yet been published the experience of the Metropolitan indicates that substantial increases will be necessary. The general scale is

When the group consists of from 11 per cent. to 20 per cent. females increase of 15 per cent.

When the group consists of from 21 per cent. to 30 per cent. females increase of 25 per cent.

When the group consists of from 31 per cent. to 40 per cent. females increase of 35 per cent.

When the group consists of from 41 per cent. to 50 per cent. females increase of 45 per cent.

When the group consists of from 51 per cent. to 60 per cent. females increase of 55 per cent.

When the group consists of from 61 per cent. to 70 per cent. females increase of 65 per cent.

When the group consists of from 71 per cent. to 80 per cent. females increase of 75 per cent.

When the group consists of from 81 per cent. to 90 per cent. females increase of 85 per cent.

When the group consists of from 91 per cent. to 100 per cent. females increase of 95 per cent.

Period for which Indemnity is Payable Counting from Commencement of Disability.	Annual Premium for Indemnity of \$10.00 a Week.	Period for which Indemnity is Payable Counting from Commencement of Disability.	Annual Premium for Indemnity of \$10.00 a Week.
3 days	\$1.35	24 weeks	\$12.74
5 "	2.20	25 "	12.85
6 "	2.63	26 "	12.94
7 "	3.05	27 "	13.04
8 "	3.45	28 "	13.11
9 "	3.81	29 "	13.20
10 "	4.15	30 "	13.28
11 "	4.46	31 "	13.35
12 "	4.75	32 "	13.43
13 "	5.01	33 "	13.50
2 weeks	5.24	34 "	13.56
3 "	6.91	35 "	13.63
4 "	7.85	36 "	13.69
5 "	8.40	37 "	13.75
6 "	8.85	38 "	13.81
7 "	9.25	39 "	13.86
8 "	9.60	40 "	13.91
9 "	9.92	41 "	13.98
10 "	10.20	42 "	14.03
11 "	10.48	43 "	14.08
12 "	10.73	44 "	14.11
13 "	10.98	45 "	14.16
14 "	11.20	46 "	14.20
15 "	11.41	47 "	14.25
16 "	11.61	48 "	14.29
17 "	11.80	49 "	14.33
18 "	11.96	50 "	14.36
19 "	12.11	51 "	14.40
20 "	12.26	52 "	14.44
21 "	12.39	53 "	14.48
22 "	12.51	54 "	14.51
23 "	12.63		

With a basic rate of \$10 for a benefit of \$10 a week from the 2d to the 27th week inclusive so derived Mr. Cammack proceeded to prepare rates for other periods. To the premium so computed for the last few days of the first week an additional 20 per cent. was added, as there are certain circumstances of a practical nature which enter into a rate covering first week's sickness. It is a grave

question whether or not such full coverage should be granted, as malingering is encouraged and the cost of administration of this sickness will probably be increased out of proportion to the increase that could be made in the premium. The final rates so prepared by Mr. Cammack to cover benefits from 3 days to 54 weeks are presented in the table on page 87.

ADDITIONAL RATES WHERE OCCUPATIONAL ACCIDENTS ARE COVERED.

There are some industries that are not considered as sufficiently hazardous to be insured under the Workmen's Compensation Acts. There are also a few states without Workmen's Compensation Acts, and even in states where there are such acts, employers sometimes desire to increase the statutory benefits so that it becomes important to have a rate to cover such benefits. Messrs. Morris and Cammack prepared a manual, classifying into six subdivisions, from A to F inclusive, various industries according to the degree of hazard arising from accidents of occupation, and with their permission this classification is attached hereto.

Mr. Fallows, from data collected through the National Council of Workmen's Compensation Insurance in all the compensation states for the years of issue 1916 and 1917, prepared a differential to be applied to "the foreign to occupation accident and full health rate" for each of the six degrees of occupational hazard. The results of his calculations indicate that increases equal to the following percentages of the standard rate should be made in each of the different groups when benefits for occupational accidents are included in the coverage.

	Per Cent
Hazards indicated under Group A	6
Hazards indicated under Group B	20
Hazards indicated under Group C	40
Hazards indicated under Group D	70
Hazards indicated under Group E	80
Hazards indicated under Group F	140

ADJUSTMENT OF RATES IN CERTAIN CASES.

In the practical underwriting of group health policies, an employer frequently desires premium quotations on a percentage of the payroll basis—the conversion to this basis offers no difficulties,

although, as stated above, certain dangers are inherent to this basis. If the average salary is \$20 a week, or \$1,040 a year, and the benefit is 50 per cent. of the weekly salary, or \$10. a week, a basic rate of \$10 a year for \$10 of benefit will call for a premium of \$10 a year, or .96 per cent. of the salary—practically 1 per cent.

With the premiums on a payroll basis, an employer frequently wants some ready method of making allowance for employees on the waiting list. An actual audit of the payroll would eliminate these risks, but it is often more satisfactory to dispense with such an audit by making a reduction in the rate, and some companies therefore make a flat reduction of 5 per cent. if there is a one month's waiting period, 10 per cent. if there is a three months' waiting period, and 15 per cent. if there is a six months' waiting period. Under these reductions the waiting period on employees active at the inception of the policy should be enforced; all employees whose length of service is not sufficient excluded. If the employer desires to insure all of his employees at the time the policy is originally issued, irrespective of whether or not the waiting period has expired, but desires to place all new employees on the waiting period, then the reductions should not be more than one-half of those just stated.

An illustration of the detailed calculation of a premium involving all the different coverages outlined, might prove of interest. Assume a proposal from a laundry employing 40 per cent. of female lives for \$10 of weekly benefit for disability due to sickness and accidental injuries including those arising in the course of employment, with a minimum benefit not to exceed 26 weeks, but not paying indemnity for the first week of disability, and with the premium payable monthly.

	Basic Rate \$5.
Rate for Health Coverage and Non-Occupational Accidents—	
26 weeks	\$10.00
Loading on account of 40 per cent. Female Employees.....	3.50
Rate for Occupational Injuries—Laundry Group C 40 per cent. of	
Basic Rate	4.00
Total	\$17.50
Loading for Monthly Premiums 3 per cent.53
Total Annual Rate payable monthly	\$18.03
Monthly Rate	1.50

COMMISSION.

The question of commission is of peculiar interest to all. It is upon this question, more than any other, that incessant disputes have been waged. Upon it depends to a large extent the loss ratio. It may be claimed that one more directly connected with life insurance and without experience in compensation insurance is hardly familiar enough with the difficulties of the problem to discuss it intelligently, but the question is so big that it has affected life insurance, as well as the other branches, and any one interested in any branch of insurance must be without a sense of responsibility not to have a keen interest in its solution. Furthermore, life insurance has witnessed attempts to eliminate commission in the efforts of the Massachusetts Savings Banks, the Wisconsin Fund and those companies using the mail exclusively.

The service rendered by the agent is certainly appreciated by one connected with a company having thousands, and it is written that the laborer is worthy of his hire. Without attempting to appraise this value, it can be safely stated that fundamental differences in opinion center around it and the strongest argument for its complete elimination exists when remuneration is allowed in excess of what public opinion deems sufficient.

At the present time group health insurance has many of the characteristics of compensation insurance. In one respect, however, it differs radically inasmuch as it is not compulsory. Here it follows life insurance and can only exist through the enlightened attitude of employers. This enlightenment must be brought by the agent. His persuasiveness will be the determining factor in many a case. The whole country is his field and if he can but be made to feel his responsibility, it is easily within the realm of possibilities that a deep conviction will produce a persuasiveness resulting in the working man of the country being insured against sickness without in any wise sacrificing his independence by being brought under the paternal care of any government, either city, state or national. But in assuming this responsibility, does not the field man, as well as the office man, undertake to render real service and endeavor to provide that for which the public has a need and at a cost which will satisfy? What is this cost?

In England, with several years' experience under the National Health Insurance Act before them, the committee appointed to consider the proposed changes in the British Workmen's Compen-

sation law finally recommended that this insurance be carried by private carriers, that the loss ratio should be 70 per cent. of the premiums and that the companies should limit their margins for management, commission and profits, if any, to not more than 30 per cent. of the premium income, and of this not more than 5 per cent. should go for commissions. It has previously been pointed out that 70 per cent. of a \$10 basic rate should be approximately the net cost under certain conditions, and if the commission rate of approximately 5 per cent. can be made effective, the general plan would seem to be in close harmony with the recommendations of this committee. A flat percentage, however, does not seem to strictly compensate for the labor involved. The agent is often entitled to as much remuneration for closing a small case as for a large case, and his greatest task is accomplished when in the first year he persuades the employer of the general advantage of group insurance. If, therefore, a scale of commissions can be prepared under which the ultimate sum payable will not be excessive, but under which relatively larger compensation will be paid for smaller groups than for large ones, and under which larger commissions can be paid in the first year, all parties at interest would receive fair consideration. In accordance with these principles various scales of commissions are now in use by the various companies, the most common being,

(a) FIRST YEAR'S COMMISSIONS.

12½	per cent. for the first \$3000 of premium
7½	per cent. from \$3001 to \$6000
5	per cent. over \$6000

Renewal Commissions.

7½	per cent. for first \$2000 of premium
3	per cent. over \$2000

(b) FIRST YEAR'S COMMISSIONS.

17½	per cent. for the first \$5000 of premium
12½	per cent. from \$5001 to \$10,000
7½	per cent. from \$10,001 to \$25,000
2½	per cent. from \$25,001 to \$50,000
1½	per cent. over \$50,000

Renewal Commissions.

- 1½ per cent. for first \$50,000 for 9 years
 1 per cent. over \$50,000 for 9 years

(c) FIRST YEAR'S COMMISSIONS

- 10 per cent. for first \$5000 of premium
 7½ per cent. from \$5001 to \$10,000
 5 per cent. over \$10,000

Renewal Commissions.

- 5 per cent. for five years

While these scales allow more than 5 per cent. for the first year the renewals, as a total, are less than this percentage and ultimately the total commission will be but very little in excess thereof. This small excess would seem to be warranted when it is remembered that employers must still be educated and persuaded to apply for insurance and that it must be provided from funds otherwise available for expenses in the total 30 per cent. allowed.

The payment of a larger first year commission offers peculiar opportunity to an unscrupulous agent or broker to continually transfer the business of one employer from one company to another and apparently the only remedy for this is to have the companies refuse to be parties to such practices. The company with which I am connected has generally refused for a long time past to accept an individual risk when it is evident a policy in another company is being cancelled. In such cases it has been the practice to advise the applicant that the loss incident to such a transfer is his and any grievance against the other company can probably be adjusted with advantage to him by making the company acquainted with his feelings. In like manner much good will result if companies in general will refuse to substitute one of their group health policies for one of another company except when convinced that the employer is really desirous of and has good reasons for so doing. When so convinced the Metropolitan will accept a risk formerly carried by another company, but in order to be sure that it is the employer and not the agent who desires the change, refuses to pay any commission therefor. In behalf of the agents of the country it should be stated that but few such attempts are ever made.

CLASSIFICATIONS OF INDUSTRIES FOR GROUP DISABILITY INSURANCE COVERING
ACCIDENTS OF OCCUPATION ONLY.

Agriculture.

Proposed
Classifi-
cation

- B Florists and Nurserymen.
- B Fruit Growing.
- E Stock Ranging and Ranching.
- E General Farming and all Other Agriculture.

Mining.

- F Coal—Bituminous (Surface Mining).
- F Coal—Bituminous (Underground Mining).
- F Coal—Anthracite.
- E Iron (Surface Mining Only).
- F Iron (Underground Mining).
- E Copper (Surface Mining Only).
- F Copper (Underground Mining).
- E Lead and Zinc Mines (Surface Mining Only).
- F Lead and Zinc Mines (Underground Mining).
- E Other Metal Mines (Surface Mining Only).
- F Other Metal Mines (Underground—Includes Surface and Under-
ground Workers).
- D Salt Production.
- E Minerals (Clay, Shale, Feldspar, Phosphate, Tale, etc.).
- E Quarries (Slate, Stone and Marble).

Oil.

- D Mineral Oil Production, Refining and Distribution.
 - (1) Manufacture of gasoline from casinghead and natural gas.
 - (2) Oil transportation (pipe lines).
 - (3) Drilling wells (oil and water).

Construction.

- F Construction (Steel, Including Steel Bridges).
- D Construction (Wood, Brick and Stone).
 - (1) Dam and Dock Construction.
 - (2) Concrete bridges and building construction.
- E Shipbuilding (Iron and Steel).
- D Shipbuilding (Wood).
- D Road Construction (Including Sewers, Bridges, Etc.).
 - (1) Railroad construction of all kinds.
 - (2) Dredging, Excavating, and Grading.
 - (3) Sewers, ditches and caissons.

Iron and Steel and Other Metal Industries (Except Lead).

- E Steel Works (Open Hearth, Bessemer, Crucible, Casting Ingots, Puddling or Blooming—with or without Rolling Mills).
 - (1) High speed steel.
- E Steel and Iron Foundries.
 - (1) Stoves, ranges, furnaces and radiators.
 - (2) Car wheels.
 - (3) Brake shoes.
 - (4) Cast stair treads.
 - (5) Rebuilt machinery.
- E Steel Rolling.
 - (1) Galvanized sheet steel.
 - (2) Charcoal iron.
- E Tube, Rod and Pipe Mills.
 - (1) Nuts and Bolts.
- D Malleable Iron Works.
- E Wire Drawing and Wire Products.
- D Smelting (Electric Process) and Refining.
- E Other Smelting and Refining.
- D Non-Ferrous Metal Foundries.

Metal Products.

- D Automobiles, Aeroplanes and Agricultural Implements.
 - (1) Automobile wheels (metal or wood).
 - (2) Automobile bodies (metal).
- D Car and Railroad Shops.
- D Sheet Metal Products (Stamping and Pressing).
 - (1) Metal moulding and store fronts.
 - (2) Metal doors, sash and frames.
 - (3) Metal furniture.
 - (4) Oil stoves and heaters.
- D Steel Fabrication (Excluding Erecting).
 - (1) Electric traveling cranes.
- E Drop Forging.
 - (1) Drop forged tools.
 - (2) Blacksmithing.
- D Heavy Machinery and Other Heavy Metal Products (Cranes, Lathes, Safes, Stoves, Etc.).
 - (1) Steel pulleys.
 - (2) Cutting large gears (12" or over dia.).
 - (3) Cream separators.
 - (4) Pneumatic tools and machinery.
 - (5) Farm lighting units.
 - (6) Millwright work.
 - (7) Mechanical conveyors.
 - (8) Steam and electric machinery over 200 lbs.

- C Light Metal Products (Tools, Hardware, Etc.).
- (1) Automatic sprinklers.
 - (2) Ball bearings.
 - (3) Aeroplane hardware.
 - (4) Electric and mechanical appliances under 200 lbs.
 - (5) Small valves.
 - (6) Piston rings.
 - (7) Die sinking.
 - (8) Washing machines.
 - (9) Baby carriages.
 - (10) Cutlery.
 - (11) Band instruments.
 - (12) Auto accessories.
- C Light Machinery and Instruments of Precision (Sewing Machines, Typewriters, Clocks, Watches, Etc.).
- (1) Firearms.
 - (2) Telephone apparatus.
 - (3) Jewelry.
 - (4) Dials.
 - (5) Electrical and mechanical toys.
 - (6) Gas meters and electric meters, and water meters.
 - (7) Vacuum cleaners (portable).
 - (8) Optical instruments.
 - (9) Photographic instruments.
 - (10) Bicycles and motorcycles.
 - (11) Lawn mowers (hand and small power driven under 200 lbs.).
- D Boiler Making, Heavy Tanks, Etc.

Lead Industry.

- D Manufacturing White and Red Lead—Foundry Work and Manufacturing Lead Supplies, including Batteries.

Chemical and Allied Industries.

- D Fertilizer Production.
- C Paint and Varnish Factories.
- D Aniline Dyes (Coal Tar Dyes).
- F Explosives.
- (1) Aluminum and Bronze powders.
 - (2) Nitrated cotton.
 - (3) Shell charging and loading.
 - (4) Fuse, Detonator and Booster loading.
 - (5) Cap, Primer and Detonator loading.
 - (6) Cartridge manufacturing.
 - (7) Shell, Rocket and Single Light mfg.
 - (8) Fireworks.
- C Soap, Tallow and Glue.

- F Heavy Acids (Sulphuric, Nitric and Hydrofluoric, Etc.).
 - (1) Picric (not picrates)
 - (2) Carbolic acid.
 - (3) Muriatic acid.
 - (4) Phosphoric acid.
 - (5) Prussic acid.
- D Light Acids (Acetic, Citric, Etc.).
 - (1) Lactic acid.
 - (2) Oleic acid.
 - (3) Oxalic acid.
 - (4) Boracic acid.
 - (5) Phthalic acid.
 - (6) Stearic acid.
 - (7) Tannic acid.
- D General Chemical Manufacturing.
 - (1) Alkalis and extracts.
 - (2) Creosote, etc.
 - (3) Synthetic, products of coal tar.

Clay, Glass and Stone.

- C Brick, Tile, Terra Cotta and Pottery.
 - (1) Chinaware.
 - (2) Compolite.
- C Glass Factories (Excluding Polished Plate Glass).
 - (1) Cut Glass Ware.
 - (2) Bottles, jars, etc.
- D Polished Plate Glass.
- D Lime, Cement and Gypsum.
- D Marble and Stone Yards.
 - (1) Soda Fountains.
 - (2) Monumental work (Stone).

Clothing Industries.

- B Hat Factories (Felt).
 - (1) Manufacture of Felt.
- C Furriers.
- B All Other Clothing.
 - (1) Millinery and hat trimming.
 - (2) Straw Hats.

Food and Kindred Industries.

- C Dairy Products.
- C Flour and Grain Mills and Elevators.
- C Canneries (Fish).
- C Canneries (Meat, Fruit and Vegetables).
 - (1) Jellies and preserves.

- D Slaughter and Packing Houses and Stock Yards.
- C Sugar Factories and Refineries.
- C Manufacturing and Bottling Beverages.
- B Cereals, Prepared Food, Bakeries, Confectionery and All Other Food Products.
 - (1) Macaroni.
 - (2) Baking Powder.
 - (3) Coffee—cleaning, roasting, and grinding.

Leather Industries (Excluding Artificial Leather).

- C Heavy Leather Goods.
 - (1) Mechanical packings.
 - (2) Shoe soles, etc.
 - (3) Belting (leather).
- B Shoes and Other Light Leather Goods, Tanneries.

Lumber and Furniture.

- F Woodsmen and Loggers.
- F Lumber Yards and Saw and Planing Mills.
 - (1) Cooperage.
 - (2) Wood boxes and shooks.
 - (3) Excelsior mfg.
 - (4) Wooden baskets.
- D Furniture and Woodworking (Including Carriage Manufacturing and Musical Instruments)—Pianos, Organs, Etc.
 - (1) Vencer Auto Bodies.
 - (2) Picture frame mfg.
 - (3) Upholstered furniture.
 - (4) Wooden dairy supplies.
 - (5) Bobbins and spools.
 - (6) Pencils, crayons, etc.
 - (7) Incubators and refrigerators.
 - (8) Canes, crutches, and umbrella handles.
 - (9) Wooden toys.

Paper and Pulp Manufacturing.

- D Paper and Ground Wood Pulp Mills.
 - (1) Paper pails.
 - (2) Water-proof roofing papers.
 - (3) Building paper.
- D Sulphide Soda Pulp Mills.
- B Paper Boxes.
 - (1) Paper bags.
- C All Other Paper Manufacturing.
 - (1) Envelopes.
 - (2) Writing paper.

- (3) Paper mache.
- (4) Paper novelties (Dennison novelties).

Printing.

- B Printing, Bookbinding and Publishing.
 - (1) Lithographing.
 - (2) Engraving.
 - (3) Label mfg.

Textile Industries.

- B Bleaching, Dyeing, Printing and Finishing.
- B Hemp, Jute, Rope and Cordage.
 - (1) Oakum.
 - (2) Grass rugs.
 - (3) Asbestos spinning and weaving.
 - (4) Curled hair, wadding and waste.
 - (5) Fibre goods mfg.
 - (6) Bagging.
- B All Other Textiles (Wool, Cotton, Silk, Etc.).
 - (1) Knitting mills.
 - (2) Thread mills.
 - (3) Braids and shoe laces.
 - (4) Shade cloth mfg.
 - (5) Silk throwing.

Miscellaneous Industries.

- D Artificial Leather (Using Pyroxylin Composition).
- B Cigars and Tobacco.
- C Electric Cables and Supplies.
 - (1) Electrical installation contractors.
 - (2) Manufacturing of electric insulators (bakelite, rubber, etc.).
- C Rubber.
- C Brooms and Brushes.
- C Buttons (Excluding Metal, Rubber and Composition).
- D Celluloid and Celluloid Articles (Pyroxylin Composition).
- B Drugs (Sundries, Including Perfume, Chewing Gum, Etc.).
 - (1) No soap mfg.
- C Cottonseed Oil Production (and Other Vegetable Oil Production).
- E Ice Manufacturing (Harvesting and Distributing).

Transportation and Public Service.

- F Water Transportation (Employees on Vessels other than River Navigation).
- F Water Transportation (Harbor and Dock Employees and Employees on Vessels on Rivers).
- C Electric and Street Railroads.

- D Livery Stables, Auto Service Stations, Bus, Cab, Truck, Transfer, Etc.
 - (1) Automobile distributing.
 - (2) Automobile repairing and selling.
- D Express Companies.
- C Telegraph.
- C Telephone.
- C Subway and Elevated Railroads.
- C Police.
- A School.
- E Firemen.
- O Gas Works.
- D Electric Light and Power.

Clerical and Professional.

- A Clerical (Banks, Insurance, Etc., and Other Office Forces).
- B Medical, Nurses, Sanatorium, Hospitals, Etc.
- C Theatrical.
 - (1) Production and distribution of motion picture films.

Trade and Service.

- C Wholesale Merchants and Dealers.
 - (1) Jobbers and commission merchants.
- A Retail Merchants and Dealers.
- D Warehouse and Cold Storage Plants.
 - (1) Distribution of Contractors' supplies.
 - (2) Storage of chickens, butter and eggs.
 - (3) Furniture, etc.
- B Hotels and Restaurants.
- B Laundries (Including Dry Cleaning).
- D Coal Delivery.

GROUP HEALTH POLICY

BLANK

No. _____ G.H.

_____ premium
_____ for each
dollar of weekly ben-
efit insured hereunder.

LIFE INSURANCE COMPANY

Incorporated by the State of New York

A Mutual Life Insurance Company

(Hereinafter Called the Company)

Hereby Agrees

on receipt of due notice and proof that any Employee of the

SPECIMEN

(Hereinafter called the employer)

insured hereunder in accordance with the provisions of the Formula herein-
after contained, is wholly and continuously disabled and prevented from
performing any and every duty of his or her occupation by non-occupational
accidental bodily injury sustained or by sickness contracted during the term
of this Policy and while insured hereunder (accidental, bodily injuries due
to or arising out of the employee's course of employment, or sickness for
which the insured is not treated by a licensed practicing physician
..... excepted.)

To Pay to such incapacitated employee the weekly idemnities provided in
the Formula for the period of such continuous disability or until the In-
sured is able to engage in some suitable occupation or employment for wage
or profit, but in no case will indemnity be payable during the first
days of incapacity nor for more than weeks' thereafter.

Premiums.—This Policy is issued for the term of twelve months from
the day of19.. (commencing and ending
12 o'clock noon standard time at New York City) in consideration of the
application of the Employer, the addition of new employees, if any, and the
payment of Dollars and Cents on the delivery of this
contract and payment on the day of each month thereafter during
the term of this contract, at the Home Office of the Company in New York
City, in exchange for an official receipt signed by an officer of the Company,
of such further premiums at the rate of Dollars
and Cents per for each \$1.00 of Weekly In-
demnity insured hereunder as determined by the application of the Formula
to the Schedule of Employees filed with the Company as hereinafter pro-

vided, subject however, to the provisions for premium adjustment hereinafter contained.

Formula.—This insurance shall cover, (a) employees actually working at the effective date of this Policy, (b) employees then absent, after they return to work in good health and (c) new employees; provided however, that in no such case shall any employee be covered unless and until he has completed an aggregate period of service of months on full time and for full pay, and is then employed on such basis.

The amount of insurance as to each employee covered hereunder shall be for the period of continuous disability (no payment to be made for the first days nor after the week of disability) payable in accordance with the conditions of the Policy.

Weekly Indemnity for Total Incapacity

Payable for Weeks

Participating.

Conditions.

Insurance on Eligible Employees.—The employer shall furnish the Company as promptly as practicable, on schedules furnished by the Company for the purpose, the names of all employees as they become eligible to new or additional insurance hereunder, with the necessary data as to each to determine the amount of the premium. For such new or additional insurance, a premium of half the regular monthly premium shall be charged for the particular month within which such insurance commenced, irrespective of the day of the month on which such insurance became effective, and regular premium thereafter.

Insurance on Discontinued Employees.—The insurance on each employee shall cease when he or she shall leave the service of the Employer, be dismissed therefrom, pensioned or otherwise discontinued actually working for said Employer.

The Employer shall furnish the Company as promptly as practicable after the day of each calendar month the names of all employees whose insurance hereunder is to be reduced, with the amount and date such excess insurance was discontinued, together with the names of all persons ceasing to be in his employment during the preceding month and upon whom insurance hereunder is to be discontinued, with the date each said person left such employment and such insurance hereunder was discontinued. An unearned premium will be returnable on account of discontinuance of insurance on such persons equal to half of the monthly premium payable for such insurance for the particular month during which the insurance was discontinued.

Premium Adjustment.—The Company will furnish the Employer a statement of premium adjustment according to the above rates which shall be made monthly, taking into account the changes in coverage by reason of additions, increases, reductions and discontinuances, if any. The Company shall have the right and opportunity to inspect, as often as it may reason-

ably require, the payrolls or other records of the Employer so as to verify or determine the insurance covered hereunder and compute the premium charge therefor.

Modifications.—No Agent has authority to change this policy or to waive any of its provisions. No change in this Policy shall be valid, unless approved by an executive officer of the Company and such approval shall be endorsed thereon.

Limitations.—This insurance shall not cover injuries sustained or sickness contracted or suffered outside of the continental limits of the United States in North America, or Canada, or in any part of either, north of the 60th degree of north latitude, or if occasioned by war or any act of war, or while participating in or in consequence of having participated in aeronautics.

Claim Payments.—Immediate notice of an accident to or sickness of an employee shall be given by the Employer to the Company and formal proofs thereof shall be made by the Employer. Such notice and proofs shall be upon blanks furnished by the Company and such proofs shall be delivered to the Company at its Home Office in New York City within thirty days after such notice.

Subsequent proofs of claim shall be submitted by the Employer at such intervals (not oftener than weekly) as the Company may require and such proofs of claim shall be signed by a licensed practising physician or physicians actually attending the employee on account of whom proofs are submitted. The Company shall have the right and opportunity to examine the person of any employee when and so often as it may reasonably require while benefit is claimed on account of such employee.

Assignment.—No assignment of this Policy or of any benefit payable hereunder shall be effectual against the Company, unless it is filed at the Home Office of the Company while the insurance is in force. The Company assumes no responsibility for the validity of any assignment.

*Policy Paid.*⁶—If any premium be not paid when due, this Policy shall be void.

It is agreed that the foregoing provision which voids this Policy in case any premium shall be overdue, shall not be considered in any respect waived by any act of grace by the Company in the acceptance of overdue premiums upon this or any other policy.

Renewal Privileges.—This Policy may be renewed from year to year for a further term of one year by and with the consent of the Company at such premium rates as may be determined by the Company.

Participation.—This Policy is a participating contract and the Company will annually ascertain and apportion any divisible surplus accruing under policies of this class. Such distribution shall be paid to the Employer in cash.

Contract.—This Policy, together with the application of the Employer and all schedules furnished, shall constitute the entire contract between the parties.

In Witness Whereof, the Blank Life Insurance Company has caused this Policy to be executed this day of

District

NumberG.H.

BLANK
LIFE INSURANCE COMPANY
NEW YORK

Participating
GROUP
HEALTH POLICY

Providing Indemnity by Weekly Benefits against Total Incapacity for Work resulting from Sickness or Accidental Injury as herein Limited and Provided

Insurance on the Lives of Employees of

.....

of.....

Date of Policy

.....19....

NOTICE TO HOLDER

Payments are invalid unless made in exchange for an official Home Office receipt signed by an Executive Officer (President, Vice-President, Secretary or Actuary) of the Company and countersigned by the Company's Cashier at the Home Office or by a District Superintendent.

The Company's agents have no authority to waive forfeiture, alter or amend the contract, to accept premiums in arrears or to extend due date of such premiums.

In the event of the total incapacity for work of any of the Insured, the holder should promptly advise the Home Office, in New York, or the District Office through which premium payments have been made.