

Benefits payable under exclusive sick-leave programs and the income loss associated with such programs (shown in table 5) are excluded from table 9. Sick-leave benefits under plans that generally supplement insurance benefits are also excluded since the wage loss generally protected by this sick leave (that is, the first 3 to 7 days) is also excluded. The remaining income loss is not excluded since such sick-leave provisions do not give any appreciable protection against the portion of the loss resulting from sickness that is considered insurable under prevailing provisions.

In 1967 the degree of partial income replacement by insurance remained about the same as it was in 1966. Since 1959 the extent of protection offered by insurance has declined to some extent. After deduction of the income loss for the first

7 days of illness, for example, with an assumed replacement objective of two-thirds of the worker's income, insurance benefits covered 49 percent of the amount to be insured in 1959 but only 45 percent in 1967. It may be noted that these rates of income replacement are considerably higher than those shown for all forms of sickness benefits in table 7, such as the 30 percent for 1967. Yet it is clear that there is a considerable gap between the safeguard against income loss from short-term sickness currently available to American workers and the degree of protection that might be achieved. Ideally, if all workers were protected and all insurance plans provided two-thirds replacement of weekly wages after a 1-week waiting period, the rate of protection shown in table 9 would approach 100 percent.

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## Notes and Brief Reports

### Workmen's Compensation Payments and Costs, 1967\*

Workmen's compensation costs in the United States shot up to an average of \$1.07 per \$100 of payroll in covered employment in 1967, a record-high ratio for the post-World War II period. The increase from 1966 to 1967 was 5 cents, the largest increase reported for any single year since World War II.

Reflected in these higher costs was a higher-than-average increase in aggregate amounts expended under workmen's compensation programs for cash benefits and medical services. The estimated total of \$2,134 million paid out under State and Federal work-injury laws represented a 9-percent rise from the 1966 aggregate of \$1,958 million. At the same time, covered payrolls rose only 6.3 percent—from an estimated \$320 billion in 1966 to \$340 billion in 1967. As a result, total benefit outlays reached a new high of

0.63 percent of payroll. In 1966, the ratio was 0.61 percent.

The 9-percent rise in benefit payments almost matched the 9.7-percent increase registered for 1966, despite the fact that the 1967 growth in the covered labor force was less than half that for 1966 and the fact that wage levels did not rise as fast in 1967 as in 1966. Workers covered by workmen's compensation laws in an average week in 1967 numbered an estimated 54.7–54.9 million, an increase of approximately 1.3 million from 1966. In the preceding year, the increase had been almost 3 million. Average wages, on which cash benefits are based, advanced a little less than 4 percent from 1966 to 1967, compared with a rise of slightly more than 4 percent in the preceding year.

Apparently of great influence in pushing benefit levels upward were unusually high increases reported in work-accident rates and in medical care prices. According to the Health Interview Survey of the U.S. Public Health Service, there was a 10-percent increase in work-injury rates during the fiscal year 1967. An increase of only 3 percent occurred in the preceding year. Similarly, according to the consumer price index of the Bureau of Labor Statistics, hospital and medical care prices experienced a 7.0-percent increase in calendar year 1967, compared with a 4.4-percent rise for 1966.

Not to be overlooked for their effect on ag-

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\* Prepared in the Division of Economic and Long-Range Studies, Office of Research and Statistics, by Alfred M. Skolnik and Julius W. Hobson. Annual estimates of workmen's compensation payments in recent years have appeared in the January issues of the *Bulletin*.

gregate outlays are legislative changes in statutory benefit provisions. For seven States—Alaska, Nevada, New Jersey, Rhode Island, South Carolina, South Dakota, and Virginia—the 1967

benefit totals represented the first full year of experience under 1966 amendments that raised maximum weekly benefits for certain or all types of disability or for death. In 1967, 28 additional

Estimates of workmen's compensation payments, by State and type of insurance, 1967 and 1966 <sup>1</sup>

[In thousands]

State	1967				1966				Percentage change in total payments, 1967 from 1966
	Total	Insurance losses paid by private insurance carriers <sup>2</sup>	State fund disbursements <sup>3</sup>	Self-insurance payments <sup>4</sup>	Total	Insurance losses paid by private insurance carriers <sup>2</sup>	State fund disbursements <sup>3</sup>	Self-insurance payments <sup>4</sup>	
Total.....	\$2,133,979	\$1,363,175	\$475,185	\$295,619	\$1,958,408	\$1,239,129	\$446,117	\$273,162	+9.0
Alabama.....	19,720	11,270	-----	8,450	17,747	10,142	-----	7,605	+11.1
Alaska.....	4,619	4,309	-----	310	4,138	3,858	-----	280	+11.6
Arizona.....	24,576	1,178	22,503	895	22,374	735	21,081	558	+9.8
Arkansas.....	15,120	12,750	-----	2,370	14,302	12,057	-----	2,245	+5.7
California.....	322,601	215,195	72,071	35,335	285,416	185,708	68,448	31,260	+13.0
Colorado.....	17,388	5,371	10,437	1,580	16,717	4,548	10,649	1,520	+4.0
Connecticut.....	26,237	24,137	-----	2,100	24,010	22,090	-----	1,920	+9.3
Delaware.....	3,840	3,095	-----	745	3,655	2,945	-----	710	+5.1
District of Columbia.....	7,181	6,661	-----	520	6,696	6,211	-----	485	+7.2
Florida.....	63,668	56,243	-----	7,425	58,793	51,937	-----	6,856	+8.3
Georgia.....	23,510	20,095	-----	3,415	21,723	18,568	-----	3,155	+8.2
Hawaii.....	9,524	6,834	-----	2,690	7,826	5,614	-----	2,212	+21.7
Idaho.....	5,786	3,585	1,736	465	5,861	3,861	1,460	540	-1.3
Illinois.....	111,437	93,557	-----	17,880	100,264	84,179	-----	16,085	+11.1
Indiana.....	31,547	26,872	-----	4,675	27,526	23,446	-----	4,080	+14.6
Iowa.....	15,155	12,125	-----	3,030	13,917	11,132	-----	2,785	+8.9
Kansas.....	15,629	14,286	-----	1,343	14,476	13,161	-----	1,315	+8.0
Kentucky.....	19,259	16,474	-----	2,785	17,670	15,115	-----	2,555	+9.0
Louisiana.....	48,231	41,941	-----	6,290	38,855	33,785	-----	5,070	+24.1
Maine.....	5,408	4,703	-----	705	4,854	4,219	-----	635	+11.4
Maryland.....	29,832	22,832	2,500	4,500	27,183	21,056	2,547	3,580	+9.7
Massachusetts.....	73,754	68,734	-----	5,020	73,705	68,690	-----	5,015	+1
Michigan.....	116,249	68,859	4,070	43,320	106,703	62,249	4,658	39,796	+8.9
Minnesota.....	33,696	28,316	-----	5,380	30,913	26,198	-----	4,715	+9.0
Mississippi.....	13,407	12,347	-----	1,060	13,005	11,970	-----	1,035	+3.1
Missouri.....	31,728	27,588	-----	4,140	28,412	24,707	-----	3,705	+11.7
Montana.....	8,082	2,811	3,776	1,495	7,622	2,433	3,777	1,412	+6.0
Nebraska.....	7,128	6,768	-----	360	6,205	5,895	-----	310	+14.9
Nevada.....	7,782	61	7,546	175	6,909	29	6,725	155	+12.6
New Hampshire.....	5,253	5,148	-----	105	5,875	5,760	-----	115	-10.6
New Jersey.....	102,227	92,179	-----	10,048	87,613	79,216	-----	8,397	+16.7
New Mexico.....	8,878	7,813	-----	1,065	9,347	8,227	-----	1,120	-5.0
New York.....	221,726	140,459	54,037	27,230	212,007	132,085	53,887	26,035	+4.6
North Carolina.....	22,449	19,154	-----	3,295	21,085	17,990	-----	3,095	+6.5
North Dakota.....	4,036	27	4,009	-----	3,903	34	3,869	-----	+3.4
Ohio.....	140,115	390	100,235	39,490	143,038	210	102,458	40,370	-2.0
Oklahoma.....	23,174	19,077	2,541	1,556	22,006	17,875	2,558	1,573	+5.3
Oregon.....	37,233	10,974	26,259	-----	32,565	8,474	24,091	-----	+14.3
Pennsylvania.....	81,865	50,827	5,828	25,210	75,008	47,607	4,301	23,100	+9.1
Rhode Island.....	7,829	7,409	-----	420	7,387	6,987	-----	400	+6.0
South Carolina.....	13,811	12,221	-----	1,590	11,694	10,349	-----	1,345	+18.1
South Dakota.....	2,335	2,030	-----	305	2,209	1,919	-----	290	+5.7
Tennessee.....	26,441	24,036	-----	2,405	22,770	20,660	-----	2,110	+16.1
Texas.....	98,478	98,478	-----	-----	94,667	94,667	-----	-----	+4.0
Utah.....	5,768	1,562	3,246	960	6,206	2,035	3,130	1,035	-7.1
Vermont.....	2,764	2,514	-----	250	2,494	2,269	-----	225	+10.8
Virginia.....	21,149	17,479	-----	3,670	19,311	15,961	-----	3,350	+9.5
Washington.....	48,238	2,234	45,654	350	40,407	1,676	38,471	260	+19.4
West Virginia.....	20,123	47	17,254	2,822	19,157	78	16,376	2,703	+5.0
Wisconsin.....	36,465	30,075	-----	6,390	34,509	28,464	-----	6,045	+5.7
Wyoming.....	2,435	45	2,390	-----	2,498	48	2,450	-----	-2.5
Federal workmen's compensation:									
Civilian employees <sup>5</sup> .....	75,185	-----	75,185	-----	61,512	-----	61,512	-----	+22.2
Other <sup>6</sup> .....	13,908	-----	13,908	-----	13,663	-----	13,663	-----	+1.8

<sup>1</sup> Data for 1967 preliminary. Calendar-year figures, except that data for Montana and West Virginia, for Federal workmen's compensation, and for State fund disbursements in Maryland, Nevada, North Dakota, Oregon, Utah, and Wyoming represent fiscal years ended in 1966 and 1967. Includes benefit payments under the Longshoremen's and Harbor Workers' Compensation Act (and the Defense Bases Compensation Act) for the States in which such payments are made.

<sup>2</sup> Net cash and medical benefits paid during the calendar year by private insurance carriers under standard workmen's compensation policies. Data for 1966 from published and unpublished reports of the State insurance commissions, except in a few States where estimates were based on percentage changes from preceding years in direct losses incurred as reported by the National Council on Compensation Insurance. Data for 1967 obtained from A.M. Best Company, a national data-collecting agency for private insurance.

<sup>3</sup> Net cash and medical benefits paid by State funds compiled from State reports (published and unpublished); estimate for some States.

<sup>4</sup> Cash and medical benefits paid by self-insurers, plus the value of medical benefits paid by employers carrying workmen's compensation policies that do not include the standard medical coverage. Estimated from available State data.

<sup>5</sup> Payments to civilian Federal employees (including emergency relief workers) and their dependents under the Federal Employees' Compensation Act.

<sup>6</sup> Primarily payments made to dependents of reservists who died while on active duty in the Armed Forces, to individuals under the War Hazards Act, War Claims Act, and Civilian War Benefits Act, and to cases involving Civil Air Patrol and Reserve Officers Training Corps personnel and maritime war risks.

States raised cash benefits and five strengthened medical provisions, but the full force of these changes will not be felt until 1968.

In addition, the workmen's compensation program for Federal employees was liberalized under amendments to the Federal Employees' Compensation Act (FECA). Primarily as a result of these amendments, which went into effect October 1, 1966, payments to Federal civilian employees jumped 22 percent from fiscal year 1966 to fiscal year 1967. Even the program covering injuries to persons other than Federal civilian employees experienced a rise in payments, although a declining number of persons are affected by the program.

The major changes incorporated in the amendments to the FECA were (1) an increase of 12.5 percent in existing awards for disability or death to meet increasing living costs; (2) removal of dollar ceilings on monthly benefits and substitution of flexible maximums, which had the immediate effect of raising the maximum from \$525 to \$1,438 a month; and (3) extension of dependents' benefits to full-time students up to age 23 (previously, the age limit was 18).

Aggregate benefit payments by private insurance carriers continued to rise at a faster pace than did State fund disbursements. Private carriers were responsible for nearly 64 percent of total benefit payments, State funds and the Federal workmen's compensation programs together accounted for about 22 percent, and self-insurance payments continued to account for 14 percent of all payments as they did in 1966.

About one-third of the \$2,134 million in benefits in 1967 went for hospital and medical benefits, and two-thirds went for compensating the wage loss of injured or deceased workers. The proportions have not changed significantly since 1965. Of the \$1,409 million paid as cash compensation, it is estimated that about \$165 million represented survivor benefits in death cases. The estimated distribution of benefits, by type, is shown below.

[In millions]

Type of payment	1967	1966
Total.....	\$2,134	\$1,958
Medical and hospitalization.....	725	665
Compensation, total.....	1,409	1,293
Disability.....	1,244	1,143
Survivor.....	165	150

It should be noted that the 1967 data on direct losses paid by private insurance companies are from a new source. Arrangements were initiated this year with A. M. Best and Company, a national data-collecting agency for private insurance, to provide the data annually for each of the 51 jurisdictions. The 1966 data are based on the old source—reports of individual State insurance commissions—and include estimates for 12 States for which no data were available from the State commissions.

### State Variation in Benefit Payments

Although, nationally, benefit payments increased at similar rates in 1966 and 1967, the pattern of increases among the States showed variations—especially among those States reporting moderate increases in benefit payments. In 1967, 22 jurisdictions reported increases ranging from 5.0 percent to 9.9 percent, six States registered increases of less than 5 percent, and six States reported a decline in benefit payments. In 1966, the numbers of States in these ranges were 17, 12, and 3, respectively. For States reporting benefit increases of 10 percent or more, the pattern was more alike. In both 1966 and 1967, 11 States had increases of 10.0–14.9 percent. Seven jurisdictions had increases of 15 percent or more in 1967; nine States fell in this category in 1966.

A somewhat different perspective is obtained if the State distributions are viewed from the standpoint of covered employment and aggregate benefits paid out, mainly because covered employment and benefit payments are concentrated among a half-dozen large States. California, New York, Ohio, Michigan, Illinois, and New Jersey each reported benefit outlays of more than \$100 million in 1967; together they represented 48 percent of the Nation's total. These States accounted for 43 percent of the Nation's total covered employment.

Thus, though 22 jurisdictions in 1967 and 17 in 1966 reported increases of 5.0–9.9 percent, the jurisdictions falling in this category in 1967 accounted for only 34 percent of covered employment, compared with 46 percent in 1966. A major factor was that California and New York, which together accounted for more than 22 percent of

coverage and 25 percent of benefits in 1967, were included in this category in 1966 but not in the later year.

Similarly, the 18 jurisdictions reporting increases of 10 percent or more in 1967 represented 39 percent of the Nation's workers in covered employment, but the 20 States in this category in 1966 had accounted for only 32 percent of coverage in that year. The shift of California and New Jersey into this range in 1967 is largely responsible for the difference.

The experience of individual States also shows wide divergence from year to year. Of the 12 States with no increase or increases of less than 5 percent in benefit expenditures in 1967, only four had reported the same phenomenon in 1966. All the States with declining benefits in 1967 had experienced an increase in their level of benefit payments in 1966. At the other end of the spectrum, only Hawaii and Louisiana among the jurisdictions with increases of 15 percent or more had risen to a similar extent in 1966. For less than half the 23 jurisdictions with a greater-than-average rate of growth from 1966 to 1967, the increase continued a rise that had been higher than the national average in the preceding year.

Regionally, the Rocky Mountain States showed the least advances in benefit payments in 1967. The largest percentage increases were registered among the Pacific States and in a scattering of Midwest and Northeast industrial States.

### **Cost Relationships**

The amounts spent by employers to insure or self-insure their risks under workmen's compensation rose by \$370 million in 1967 to a new high of \$3,650 million. This was one of the largest absolute increases reported for any single year. The \$3,650 million consisted of (1) \$2,640 million in premiums paid to private carriers; (2) \$692 million in premiums paid to State funds (for the Federal programs financed through congressional appropriations, these "premiums" are the sum of the benefit payments and the costs of the administrative agency); and (3) about \$320 million as the cost of self-insurance benefits and administration.

The increase in workmen's compensation costs

from 1966 to 1967 was about 11 percent, far in excess of the percentage increase in payrolls in covered employment. As a result, costs in terms of aggregate payroll rose to \$1.07 per \$100, compared with \$1.02 per \$100 of payroll in 1966. This rate has been steadily spiraling since 1959, when it was as low as \$0.89.

Since amounts expended in benefits did not increase as fast as overall costs in 1967, the portion of the workmen's compensation premium dollar that was returned to insured workers in the form of medical and cash indemnity benefits dropped to about 58 percent—the lowest ratio since 1954. In 1966 the ratio was 60 percent.

For private carriers alone, the ratio of direct losses paid to direct premiums written (the loss ratio) reflected the same experience. The 1967 ratio of 51.6 percent was the lowest recorded since the 1954 low of 50.6 percent. A loss ratio based on losses incurred (which included amounts set aside to cover liabilities for future claims payments) would be higher.

Also experiencing a drastic drop in the ratio of benefits paid to premiums were the State funds. The 1967 ratio for these funds (excluding the Federal program) was 65 percent, a drop of five percentage points from the 70 percent registered in 1966. Only the year 1956 registered a lower ratio.

The loss ratios for private carriers and, to some extent, for State funds do not take into account the premium income that is returned to employers in the form of dividends. Data available from State insurance commissions indicate that dividends generally amount to 4–6 percent of premiums.

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## **Social Security Abroad**

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### **FURTHER SOCIAL SECURITY AMENDMENTS IN FRANCE\***

On July 26, 1968, the French National Assembly ratified the Social Security Reform Ordinances of August 21, 1967. The main objec-

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