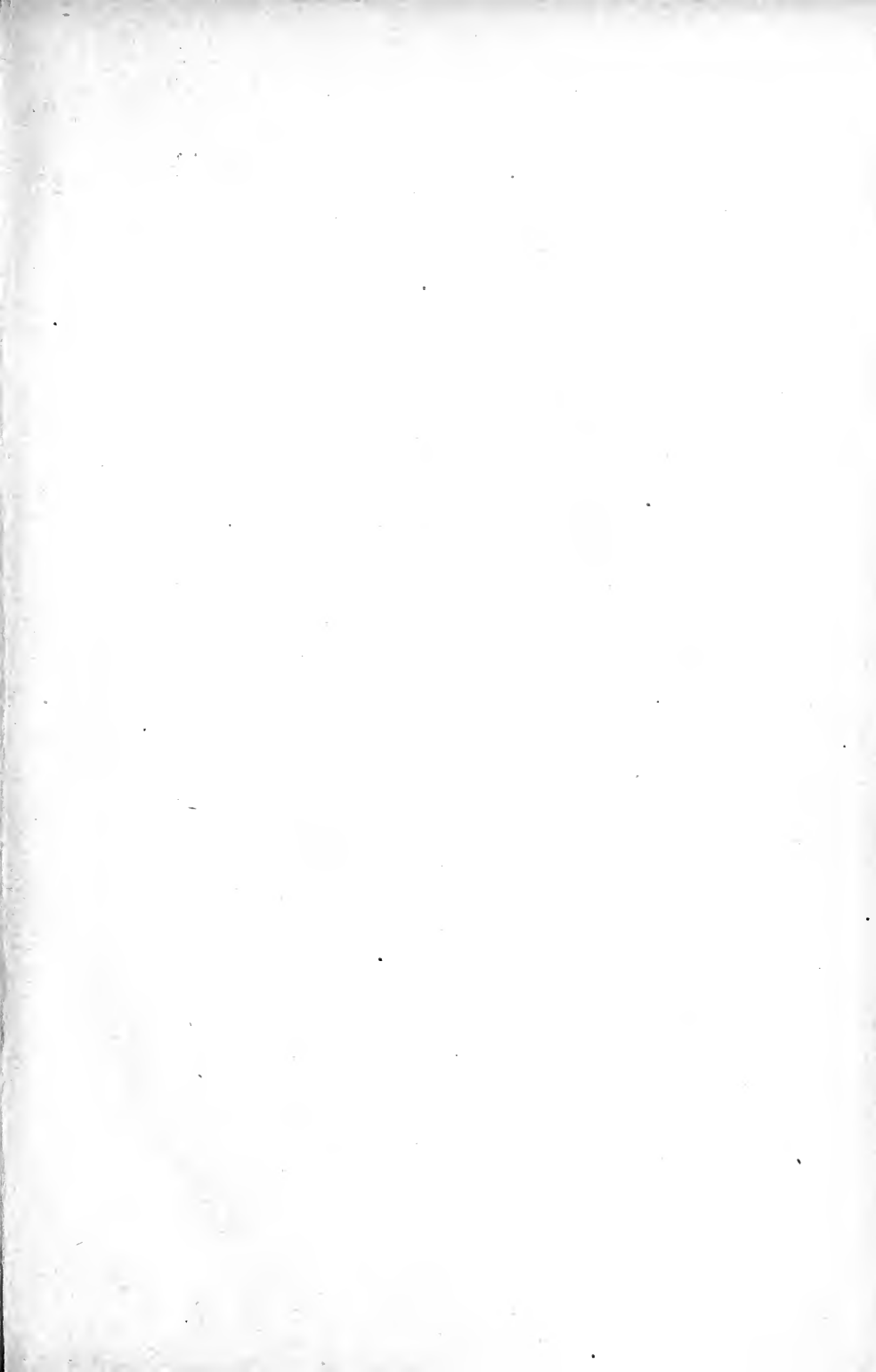
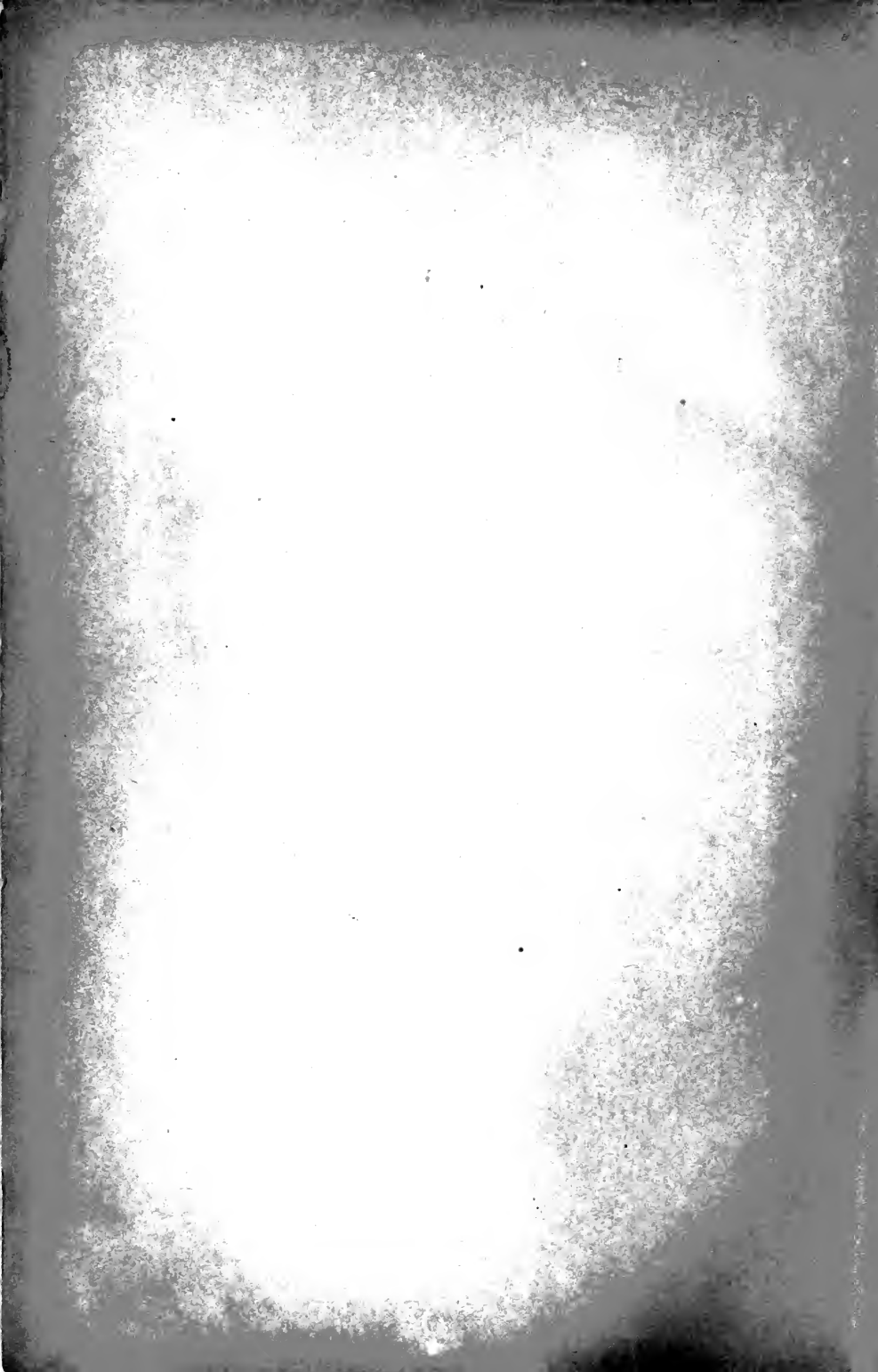


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THE PEOPLE'S INSURANCE

THE
PEOPLE'S INSURANCE

Explained by

THE CHANCELLOR OF THE EXCHEQUER

THE RIGHT HON. DAVID LLOYD GEORGE,
P.C., D.C.L., LL.D. (Wales), M.P.

THIRD EDITION, CONTAINING THE TEXT OF THE NATIONAL INSURANCE
ACT (1911), TOGETHER WITH EXPLANATIONS OF THE
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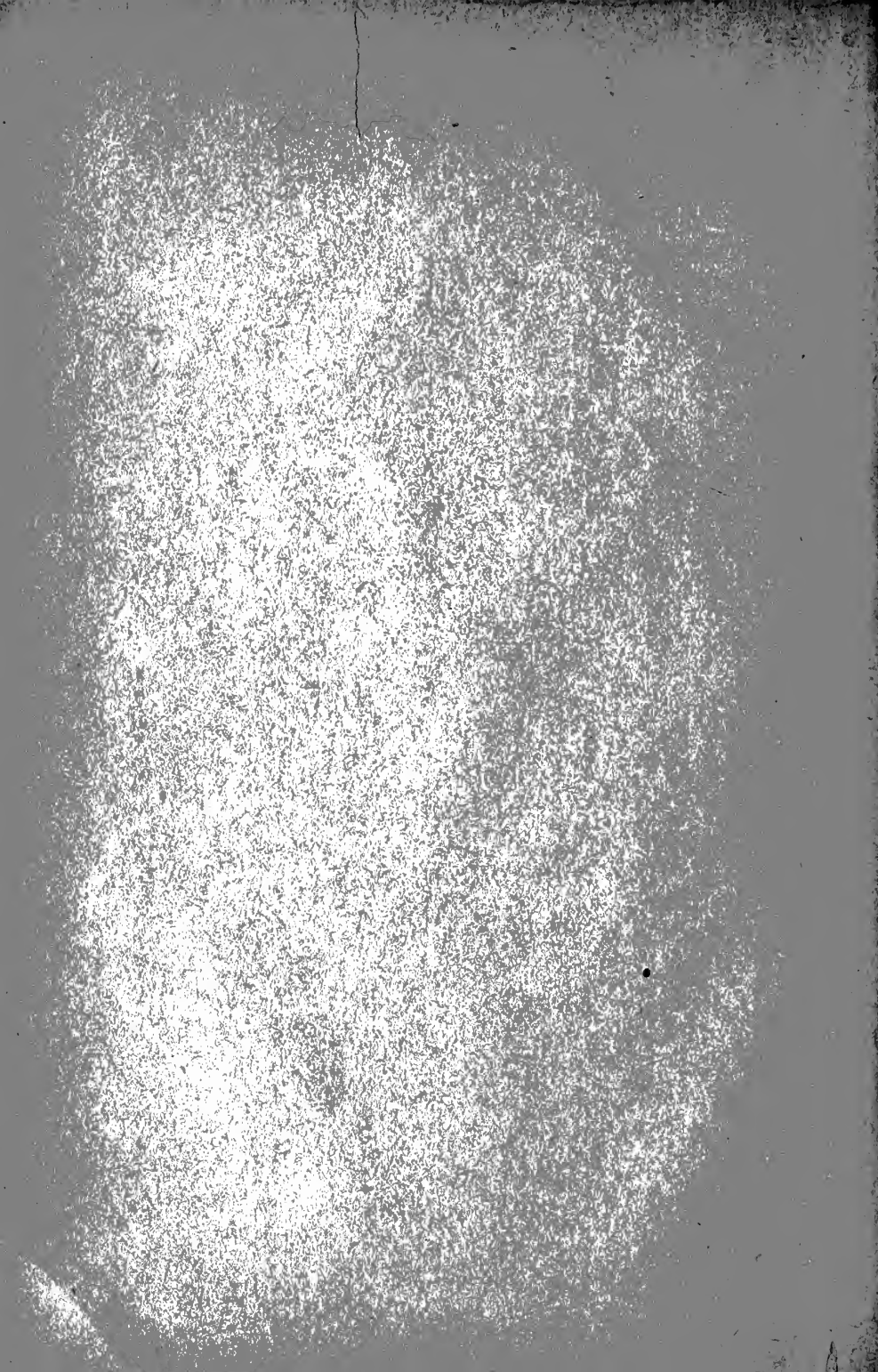
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THE REASONS FOR NATIONAL INSURANCE AND
AN OUTLINE OF THE BILL AS INTRODUCED

*From the Speech of the Right Hon. D. Lloyd George on
introducing the Bill in the House of Commons, May 4, 1911*

*This speech and the following Memoranda refer to the original Bill, and need to
be read now in the light of the actual text of the Act as given in subsequent
pages.*

PART I

THE REASONS FOR NATIONAL INSURANCE AND AN OUTLINE OF THE BILL AS INTRODUCED

I think it must be a relief to the Members of the House of Commons to turn from controversial questions for a moment to a question which, at any rate, has never been the subject of controversy between the parties in the State. I believe there is a general agreement as to the evil which has to be remedied. There is a general agreement as to its urgency, and I think I can go beyond that and say there is a general agreement as to the main proposals upon which the remedy ought to be based.

Thirty per cent. of Pauperism attributable to Sickness

In this country, as my right hon. friend the President of the Local Government Board (Mr. Burns) said in his speech last week, 30 per cent. of the pauperism is attributable to sickness. A considerable percentage would probably have to be added to that for unemployment. The administration of the Old Age Pensions Act has revealed the fact there is a mass of poverty and destitution in this country which is too proud to wear the badge of pauperism, and which declines to pin that badge to its children. They would rather suffer from privation than do so. I am perfectly certain if this is the fact with regard to

persons of seventy years of age, there must be a multitude of people of that kind before they reach that age.

The Present Insurance and the Working Classes

The efforts made by the working classes to insure against the troubles of life indicate they are fully alive to the need of some provision being made. There are three contingencies against which they insure—death, sickness, and unemployment. Taking them in the order of urgency which the working classes attach to them, death would come first.

Against Death

There are 42,000,000 industrial policies of insurance against death issued in this country of small amounts where the payments are weekly, monthly, or occasionally quarterly. The friendly societies, without exception, have funeral benefits (and that accounts for about 6,000,000). The collecting societies are about 7,000,000, and those are also death benefits. Then the great industrial insurance companies have something like 30,000,000 policies. There is hardly a household in this country where there is not a policy of insurance against death.

I will not stop to account for it. After all, the oldest friendly societies in the world are burial societies. All that I would say here is we do not propose to deal with insurance against death. It is no part of our scheme at all, partly because the ground has been very thoroughly covered, although not very satisfactorily covered, and also because this, at any rate, is the easiest part of the problem and is a part of the problem which is not beset with the difficulties of vested interests. Fortunately, all the vested interests which deal with sickness and unemployment are of a thoroughly unselfish and beneficent character, and we shall be able, I think, to assist them, not merely without interfering with their rights and privileges, but by encouraging them to do the excellent work they have commenced and which they are doing so well.

Against Sickness

Sickness comes next in the order of urgency in the working-class mind. There are over 6,000,000 policies—that is hardly the word, perhaps, for friendly societies—but there is provision made by 6,000,000 people against sickness. Most of it includes a provision for medical aid. There are, I think, about 300,000 or 400,000 members who have insured for medical aid alone, but I think, almost without exception, the friendly societies include medical relief in the provision which they make. That is not, I think, the case with the trade unions. There are 700,000 members in the trade unions insured for sick benefits, but I do not think that includes medical relief. In addition to those, there are a good many unregistered assurances at works, where a man leaves a shilling a

month at the office for the purpose of paying the works' doctor. I should say, therefore, that between 6,000,000 and 7,000,000 people in this country have made some provision against sickness not all of it adequate, and a good deal of it defective.

Against Unemployment

Then comes the third class, the insurance against unemployment. Here not a tenth of the working classes have made any provision at all. You have only got 1,400,000 workmen who have insured against unemployment. It is true that perhaps about half of the employment of this country is not affected by the fluctuations of trade. I do not think agricultural labourers or railway servants are affected quite to the same extent. Then there is provision for short time in some of the trades. Taking the precarious trades affected by unemployment, I do not believe more than one-third or one-quarter of the people engaged in them are insured against unemployment.

That is the provision made at the present moment by the working classes: 42,000,000 policies against death, from 6,000,000 to 7,000,000 who have made some kind of provision against sickness, and 1,400,000 who have made some provision against unemployment.

Why the Government is taking Action

Now comes the question which leads up to the decision of the Government to take action.

What is the explanation that only a portion of the working classes have made provision against sickness and against unemployment? Is it that they consider it not necessary?

Quite the reverse, as I shall prove by figures. In fact, those who stand most

in need of it make up the bulk of the uninsured. Why? Because very few can afford to pay the premiums, and pay them continuously, which enable a man to provide against those three contingencies. As a matter of fact, you could not provide against all those three contingencies anything which would be worth a workman's while, without paying at any rate 1s. 6d. or 2s. per week at the very lowest. There are a multitude of the working classes who cannot spare that, and ought not to be asked to spare it, because it involves the deprivation of children of the necessaries of life. Therefore they are compelled to elect, and the vast majority choose, to insure against death alone. Those who can afford to take up two policies insure against death and sickness, and those who can afford to take up all three insure against death, sickness, and unemployment, but only in that order.

Why do not the Working Classes Insure against Death, Sickness, and Unemployment?

What are the explanations why they do not insure against all three?

(1) Low Wages

The first is that their wages are too low. I am talking now about the uninsured portion. Their wages are too low to enable them to insure against all three without some assistance.

(2) Difficulty of keeping up Premiums

The second difficulty, and it is the greatest of all, is that during a period of sickness or unemployment, when they are earning nothing, they cannot keep up the premiums. They may be able to do it for a fortnight or three

weeks, but when times of very bad trade come, when a man is out of work for weeks and weeks at a time, arrears run up with the friendly societies, and when the man gets work, it may be at the end of two or three months, those are not the first arrears which have to be met. There are arrears of rent, arrears of the grocery bill, and arrears for the necessaries of life. At any rate he cannot consider his friendly society only. The result is that a very considerable number of workmen find themselves quite unable to keep up the premiums when they have a family to look after.

Wages Spent in Other Ways

Undoubtedly there is another reason. It is no use shirking the fact that a proportion of workmen with good wages spend them in other ways, and therefore have nothing to spare with which to pay premiums to friendly societies. It has come to my notice, in many of these cases, that the women of the family make most heroic efforts to keep up the premiums to the friendly societies, and the officers of friendly societies, whom I have seen, have amazed me by telling me of the proportion of premiums of this kind paid by women out of the very wretched allowance given them to keep the household together.

Two Hundred and Fifty Thousand Lapses a Year

I think it is well we should look all the facts in the face before we come to consider the remedy. What does it mean in the way of lapses? I have inquired of friendly societies, and, as near as I can get at it, there are 250,000 lapses in a year. That is a

very considerable proportion of the 6,000,000 policies. The expectation of life at twenty is, I think, a little over forty years, and it means that in twenty years' time there are 5,000,000 lapses: that is, people who supported and joined friendly societies, and who have gone on paying the premiums for weeks, months, and even years, struggling along, until at last, when a very bad time of unemployment comes, they drop out and the premium lapses. It runs to millions in the course of a generation.

What does that mean? It means that the vast majority of the working men of this country at one time or other have been members of friendly societies, have felt the need for provision of this kind, and it is only because they have been driven, sometimes by their own habits, but in the majority of cases by circumstances over which they have no control—to abandon their policies.

Not One-half of the Workmen Insured against Sickness, not One-tenth against Unemployment

That is the reason why, at the present moment, not one half of the workmen of this country have made any provision for sickness and not one-tenth for unemployment.

I think it necessary to state these facts in order to show that there is a real need for some system which would aid the workmen over these difficulties. I do not think there is any better method, or one more practicable at the present moment, than a system of national insurance which would invoke the aid of the State and the aid of the employer to enable the workman to get over all these difficulties and make provision for himself for

sickness, and, as far as the most precarious trades are concerned, against unemployment.

The Plan of the Government for Sickness

I come at once to the plan of the Government.

The measure of the Government will be divided into two parts. The first will deal with sickness, and the second with unemployment. The sickness branch of the Bill will also be in two sections; one will be compulsory and the other voluntary.

The Compulsory Clauses

The compulsory part of the Bill involves a compulsory deduction from the wages of all the employed classes who earn weekly wages, or whose earnings are under the Income Tax limit. There will be a contribution, from the employer and a further contribution from the State. There are exceptions from the compulsory clause.

Exceptions from Compulsory Clauses—

(a) Special Provision for Soldiers and Sailors

The first will be in the Army and Navy. We are making special provision for soldiers and sailors. It is a crying scandal, I think, that at the present moment there are so many soldiers and sailors who have placed their lives at the disposal of the country, and are quite ready to sacrifice them, as we know from past experience, broken through ill-health. I am talking now of ill-health not due to misconduct. These men leave the Army without any provision from either public or private charity, and they are broken men for the rest of their

lives. I think it is a crying scandal that that should occur in a country like this, and I hope that this scheme will put an end to it. There will be special provision made for that. But these men will not be regarded as in the employed class for the purposes I am about to explain.

(b) Teachers

The same thing applies to the teachers, and I hope to be able, with the assistance of my right hon. friend the President of the Board of Education, to largely strengthen their present position. I think their provision is very inadequate, and, compared with the provision made in other countries, I think a very paltry allowance is made for their superannuation. I think the Irish case is a very bad case. I have had a number of Irish teachers before me, and some of them told me that they were getting about £1 a week. There are about 300 of them in the workhouses. They are doing their work for the Empire under very trying conditions, and I shall certainly consider it the duty of the Government, in any scheme of superannuation, to include the Irish teachers as well.

(c) People Employed under the Crown or Municipalities

We propose excepting all people employed under the Crown or under municipalities where, at the present moment, there is no deduction from their wages when they are ill, and where there is some superannuation allowance. There is no need to make provision for them because provision is already made.

(d) Commission Agents

The same thing will apply to commission agents employed by more than one person.

(e) Casual Labour

There is also an exception in the case of casual labour employed otherwise than for the purpose of the employer's trade or business. We think it is vital that casual labour should be included. Otherwise the same thing may happen here as I am told happens in Germany, where the exclusion of casual labour is rather encouraging its growth. That is a very bad thing in itself, and there is really no class which it is more important to include than casual labour. Casual labour at docks and in warehouses will be included.

(f) Golf Caddies

I think, too, that casual labour such as that of golf caddies should be brought in. I am making special provision for labour of that kind.

(g) Waiters

Hotel waiters will be another difficulty. They are not paid salaries. I am told they very often pay for the privilege of waiting, and we have to make special provision for them.

(h) Cab Drivers

Cab drivers are another class we propose to include.

All casual labour of this kind will be included. The man who offers to carry your bag for sixpence you can never draw in, but it is our intention to attract all casual labour possible within the ambit of our Bill.

The Amount of Contribution

I come to the amount of contribution. The workman now pays to his friendly society 6d. or 1s. The usual contribution to a friendly society is something between 6d. and 9d., as far as I have been able to discover, and anything under that produces benefits which are benefits I do not think it would be worth our while to include in an Act of Parliament.

The House will be interested to know what German workmen have to pay, because that was the first great scientific experiment in insurance on a national scale. It has been enormously successful. That is the testimony borne by all classes of Germans. I have taken some trouble to inquire, and the German Government have been exceedingly kind and helpful in placing information at our disposal. They have shown every disposition to be helpful throughout, and their testimony is that all classes of the community are very much benefited by it.

The German Plan

In Germany the payment is in proportion to wages, but the benefits are also in proportion to wages, so that the higher class of workman, who pays a very high contribution, gets a very substantial benefit.

There are in Germany, I think, five classes of invalidity contributors, and for sickness every man pays according to his income. They divide their insurance into two separate branches of sickness and invalidity. There are two separate branches, but we propose to include them in one branch. In Germany a man who earns 30s. pays 10½d. weekly for sickness and invalidity. There are not many of those. The

man who is paid 24s. a week, which I think is about the average wage in this country, if you were to strike an average, which it is a difficult thing to do—the man who is paid 24s. a week pays 9d. a week. For that 9d. the benefits he gets will not be equal to the benefits we shall be able to give under our Bill twenty years hence. The 20s. a week man pays 7½d., the 18s. man 6¾d., the 15s. man 5¾d., the 12s. man 4¾d., and the 9s. man 3¾d.

In Germany, Benefits to Lower Classes very Small

That is what the workman pays in Germany, and when you come down to these lower classes the benefits are so small that the workmen in Germany say they prefer to resort to parish relief as the benefits are much too inadequate.

For that reason we have decided in favour of one class, because if you have a scale which is proportionate it would be very difficult to give benefits to the lower class except by making special conditions which it would not be worth our while to make. It would certainly not give them a minimum allowance to keep their families from want.

Government Plan—One Scale for all Classes

So we have decided to have one scale for all classes, with a provision for the lowest wages. Therefore, we have decided to propose a deduction of 4d. for men and 3d. for women. That is about a halfpenny per day and a penny on Saturday, or, as somebody told me, about the price of two pints of the cheapest beer per week, or the price of an ounce of tobacco.

Now comes the difficulty of the man

who is earning 15s. a week and under, and who finds it rather difficult to pay 4d. a week.

We meet that case by saying that a man or woman who earns 2s. 6d. a day or less shall pay 3d., 2s. a day or less 2d., and 1s. 6d. a day or less 1d. a week.*

Let me make a very important exception. That would not include the cases where there is board and lodging in addition to the wage. These cases are excluded altogether. This is purely the case where the wage represents the whole payment.

The Difference Paid by Employer who Profits by Cheap Labour

Who will pay the difference? If you make the State pay the difference, then it means that the employers who pay high wages to their workmen will be taxed for the purpose of making up the diminished charge for workmen of other employers who are paying less, and I do not think that would be fair. We have come to the conclusion that the difference ought to be made up by the employer who profits by cheap labour, and therefore in the lowest case (in the case of 15s. a week and downwards) the employer will pay more.

I hope I have made it clear that our scale of deduction for the workmen is a uniform one, with the exception of that descending scale when you come to the very lowest wages and where you really cannot expect a man to pay 4d. a week.

Are Men of all Ages to be Included ?

There is another difficulty. Are we going to include in the benefits of the scheme men of all ages at the present moment? If we are, on what scale?

* Under the Act as passed, 3d., 1d., and *nil* respectively.

Are we going to charge the man of fifty more than the man of twenty-five? That is a question which, of course, presents itself the moment you begin to consider the actuarial position, because, after all, sickness doubles, trebles, and quadruples as you get along in life until when you get between sixty-five and seventy the average sickness in five years is fifty-two weeks. It begins with three or four days, then on to a week, then to a fortnight, and a man as he gets on in life becomes a heavier charge upon his friendly society, and no society can possibly take a man at fifty or forty-five on the same terms as if he were only sixteen or twenty unless they make special provision.

A Uniform Rate Charged

Of course, we are now starting a new scheme, and the Government have decided to do this: to charge a perfectly uniform rate throughout, calculating the loss on older lives—because there will be a heavy initial loss as the result of that operation—calculating that loss, anticipating it, and making provision to wipe it out in so many years. We have made provision to wipe the whole of that loss out, charging a perfectly uniform rate, in fifteen and a half years.*

After 15½ Years, Increasing Benefits

At the end of that time, of course, there will be a considerable sum that will have been realised for the purpose of increasing the benefits, and those who will come in early will then get the benefit of their thrift by having a considerable sum of money added to the sum which is available for increasing the benefits.

* Under the Act as passed, 18½ years.

Men Over 50

The only difference we make is with regard to men over fifty. We then propose to pay them reduced benefits.

Men Over 65

Men who are over sixty-five at the present moment we do not propose should join the scheme at all, because that is an impossible undertaking; the burden would be much too heavy, and, after all, we must be fair to the man who comes in young with his money. He must be encouraged, he must get his reward for it; and if we take over too heavy a burden in the way of those who are at present very old, the young people will suffer. I am told that is the criticism in Germany, that the young people do not get full value for their own money and the money of their employers.

We propose to admit everyone up to sixty-five to insurance so long as it is done within twelve months after the passing of the Act. We are going to give twelve months' grace. If they come in after twelve months they will come in on the terms either of paying a rate appropriate to their age or of taking reduced benefits, which comes to practically the same thing.

Mr. BALFOUR: Would not they come in at sixteen?

Men who come in at 16 and after 16

Mr. LLOYD GEORGE: A man may only start work at twenty-five, and if he comes in after the first twelve months he has to pay a rate appropriate to his age or to take reduced benefits for his life. There will not be very many such cases. The right hon. Gentleman is perfectly right: the rule would be that everybody would come

in at sixteen, but there may be people who come in after sixteen. In that case they will pay according to age or take reduced benefits. We make a certain exception about sixteen, because if a man has been training at a technical college, for instance, or in some other way he is usefully employed in training himself for life, then we do not insist upon sixteen as a rigid limit.

So much for the contribution by the employee.

The Employer's Contribution

Now we come to the contribution of the employer. What interest has the employer in the matter? His interest is the efficiency of his workmen, and there is no doubt at all that a great insurance scheme of this kind removes a great strain of pressing burden and anxiety from the shoulders of the working classes, and increases the efficiency of the workmen enormously. Working men have told me that many a time they have gone on working at their business because they dared not give it up, as they could not afford to, though they ought to have been in the doctor's hands. This procedure generally brings about a very bad breakdown, and not only that, when a man is below par neither the quantity nor the quality of his work is very good.

German Employers' Experience of Insurance

I have taken the trouble to make some inquiry from the German employers as to their experience of insurance from this point of view, and I have got a number of answers which, perhaps, later on the House would be interested in having circulated. Here

is one instance I had out of many. It is the opinion of an employer engaged in the steel industry. He said:—

“There can be no doubt that the Insurance Laws, together with the increase of wages, have exercised an enormously beneficial influence upon the health, standard of living, and the efficiency of workers.”

Another great employer of labour says:—

“That from the employers' standpoint these laws pay, since the efficiency of the workman is increased.”

There is this very curious position in Germany that the employers, and the largest employers, are voluntarily offering to increase their contributions to national insurance for increased benefits. That is the view taken by the employer in Germany.

What the German Employer Pays

What does he pay for sickness and invalidity insurance? He pays for a 30s. a week man 7½d. For a 24s. a week man the employer would pay 5¾d. and for an 18s. a week man he pays 4¼d. When it goes down below that the contribution is very much lower, and the benefits are very poor.

We propose that the employer should pay 3d. a week, the workman 4d., a woman worker 3d., and the employer 3d. for man and woman alike.

The State's Contribution

I come to the contribution of the State. The advantage of the scheme to the State is, of course, in a happy, contented, and prosperous people. The German contribution is not a very large one. I believe it is about

£2,500,000, and that includes Old Age Pensions. We have already got a burden of £13,000,000 a year for Old Age Pensions. But let me point this out to the House, that payment is equivalent to something like 5d. a week for employer and labourer under this scheme, and it makes matters very much easier. We certainly could not have offered the benefits which we are offering in this measure, 4d. for a workman and 3d. for an employer, had it not been that the whole burden of pensions over seventy years of age had been taken over by the State. The first actuarial fact borne in upon me the moment I came in contact with the actualities was that an enormous difference was thus made in the scheme, and that it greatly eased matters. Had it not been for that I should have proposed very much dearer and sterner terms both for the employer and the employed.

We do not propose that the State contribution should end with that £13,000,000. We propose that the State contribution shall be the equivalent of 2d. a member.

How the Difficulties of Workmen are met

I should like to point out how we are meeting the three difficulties experienced by contributaries in making provision for sickness. The first difficulty is the lowness of the wages. We are meeting that by a State contribution and a contribution from the employer which enables us to depress all round the amount of contribution demanded from the workman. More than that, we have a special scale for those whose wages are lower; that is how we meet the case of low wages.

I want to point out how we meet the case of the man who is unable to pay

because of sickness and of unemployment, because really this is the most serious difficulty that the workman has to encounter. We therefore propose special provisions for him.

In the friendly societies, as everyone knows who is acquainted with their working, during sickness, whether you are sick or whether you are unemployed, you have to go on paying steadily. It is true that, not being societies working for profit, and being really quite worthy of their name of friendly societies, with a great sense of brotherhood, they make special efforts to spare their men the last dire necessity of expulsion, but still they have to get their money, and what they do is this.

No Deductions from Benefits when a Man is Sick

When a man is sick he may get a nominal allowance of 10s. a week, but his 6d. or his 9d. will be deducted, so that where he is nominally getting 10s. he is really getting 9s. 6d. That is the time that 6d. is worth more than 2s. 6d. to a man in full wage. We propose to make no deduction at all from benefits, but where a man is receiving sick pay we do not propose that that should be counted against him at all. With regard to unemployment, there will be no deduction, and the mere fact that he has failed to pay from that time will not be reckoned against him when we come afterwards to compute the number of payments he has made.

Mr. BALFOUR: It will count exactly as if he had paid.

Mr. LLOYD GEORGE: That is a better way to put it.

Now I come to unemployment.

How the Workman Pays during Sickness and Unemployment

What is the workman to do when he is out of work? How is he to pay his contributions?

We propose allowing a 6 per cent. margin for unemployment; that means three weeks a year. As long as a man is employed you deduct 4d., but we allow a margin of three weeks a year for unemployment. That means in a cycle, say of four years—bad times may come once every four years let us say—a margin of twelve weeks of unemployment.

We propose to do more than that. After he has exhausted his twelve weeks, if he is still unemployed, then up to 25 per cent.—that means thirteen weeks a year—we still allow him, but at reduced benefits. Up to three weeks there is no reduction in his benefits at all. He is allowed that free margin for unemployment. Beyond that, up to thirteen weeks a year, he is allowed, without expulsion, or without his policy lapsing rather, to go on; but then there is a corresponding reduction in the benefits.

I am still dealing with the difficulty of a man paying his contribution during sickness and unemployment, and I am just showing how the Government make special provision for the payment of contributions in these periods. Later on I will point out that it is also proposed that what is called a Distress Fund in friendly societies should be set up which will help the workman to pay arrears of contribution for unemployment or for some other reason. That is the compulsory clause as far as contributions are concerned.

The Voluntary Contributors

I now come to the voluntary contributors. There are two classes of voluntary contributors.

(1) The Small Tradesman, the Village Blacksmith and Schoolmaster

There are persons who, whilst not working for an employer, are engaged in some regular occupation and are mainly dependent on their earnings for their livelihood.

Take the village blacksmith who is not working for any employer, but is depending on his earnings for his livelihood. The same thing will apply to the small tradesman. I find looking through the lists of the friendly societies, in some of them there is a very high percentage of men who do not belong to the employed class in the ordinary sense of the term. For instance, in rural districts, you will find that all the publicans, all the tradesmen, the schoolmaster, the village blacksmith, and the man who is joinering on his own, who is not anybody's man, are members of friendly societies. We propose that they should be allowed to be members of this insurance scheme. They are really a great source of strength to the friendly societies. They help them in the management, and their business knowledge is of infinite value. It would be a great accession of strength to any scheme of this kind that we should still retain in it men of that type.

(2) Men who have been Employed and are now Working on their Own Account

Then there is the other class of men, those who have been employed working for others and have ceased to do so, and are working on their own account. So long as they have been contributors for five years we allow them still to join. With regard to this class, there is a difficulty in allowing them to come in at any age and at all ages.

With an employed class, you have always the test of employment for wages, but with this class, if a man is a trader, or is working on his own account, doing as little or as much as he likes, there is no test of that kind, and unless there is some sort of check you might have a rush of people who are fairly old coming in at the last moment to get benefits which are quite out of proportion to the contribution which they pay.

An Age Limit for the Voluntary Class

Therefore, as far as the voluntary class is concerned, we are bound to put a limit to the age at which they can be allowed to join at the uniform rate.

We propose that all those of that class who wish to join within six months, and who are forty-five years of age and under, can join at a rate which covers the 4*d.* or 3*d.* as the case may be, whether they are men or women, they themselves paying the employer's contribution. That would mean that they would pay 7*d.* for men and 6*d.* for women, and they, of course, get the benefit of the State contribution. Those over forty-five join at rates appropriate to their ages, but they also get the benefit of the State contribution for what it is worth to them, and, of course, it is worth a good deal.

Married Women who are not Workers

Another exception we are bound to make to this class of voluntary contributors. I do not think it would be advisable to allow married women who are not workers to join. It would be very difficult to check malingering—almost impossible, I am told by those who are working friendly societies and insurance work. There is no real test except the medical certificate, and that is not always conclusive. It is very

difficult, doctors tell me, in these cases, and it would be very dangerous to allow them to come in unless you have something like the test of work. You have, I think, about 700,000 married women who are workers and come into the compulsory scheme as workers, but I do not think we can possibly agree to married women unless they are workers.*

The Estimated Figures of Compulsory and Voluntary Contributors

I will give the numbers which, of course, must be approximate numbers, for we have not the latest Census returns, and therefore we have only to guess at what these figures should be. The estimate of population has been falsified in the case of Scotland, and we cannot tell at present how the estimates will be falsified both in England and Ireland. I have, therefore, to state the figures which have been arrived at by the actuaries, who have given a great deal of thought to the subject. We have had very able actuaries at our command, but the figures must, of course, be estimated according to the details which they have had at their disposal, and if it is found subsequently that the figures are wrong because the Census returns do not substantiate them, it will not be their fault.

First of all, as to employed contributors, we anticipate that 9,200,000 men will be in the compulsory class, and there will be 3,900,000 women, making a total of 13,100,000 in that class. Then the voluntary contributors will number 600,000 men and 200,000 women, making a total of 800,000. Of course, here, again, I have to say that we can only guess at the number of people likely to come in.

* Special provision is made for married women in the Act as passed. See section 44.

Deduction in case of Young Persons

Everybody, of whatever age, who is employed in this country on wages will come in. There will be a deduction in the case of young persons. I will state later on how we are going to deal with the deduction, but they will all come in. Otherwise there would be a premium on boy labour to that extent. If an employer got off without paying in respect of a boy of fifteen it would be an advantage to have boy labour, and therefore we propose that everybody should come in.*

Totals of Contributors

With the 800,000 voluntary contributors, the total will be 9,800,000 men, 4,100,000 women, making 13,900,000 altogether. But to that has to be added 800,000 persons under sixteen years of age, consisting of 500,000 boys and 300,000 girls. That makes a grand total of 14,700,000 persons who will, we hope, enjoy the Insurance scheme.

Benefits—(1) Medical Relief

Now I come to benefits. These will be distributed under three or four different heads.

There will be medical relief. There will be the curing side of the benefit, and there will also be allowance for the maintenance of a man and his family during the time of his sickness. I will deal first of all with the medical side of relief. There is no doubt that there is great reluctance on the part of workmen to resort to the Poor Law medical officer. That is admitted on all hands. It was stated both in the Majority and the Minority Reports of the Commission. He has to prove destitution, and although there is a liberal interpretation placed on that by Boards of Guardians, still it is a

* Later, 16 was fixed as the age at which insurance should begin.

humiliation which a man does not care to bear among his neighbours.

How the Doctor Fails to get Paid

What generally happens is this. When a workman falls ill, if he has no provision made for him, he hangs on as long as he can and until he gets very much worse. Then he goes to another doctor and runs up a bill, and when he gets well he does his very best to pay that and the other bills. He very often fails to do so. I have met many doctors who have told me that they have hundreds of pounds of bad debts of this kind which they could not think of pressing for payment of. What really is done now is that hundreds of thousands—I am not sure that I am not right in saying that millions—of men, women, and children get the services of such doctors. The heads of families get those services at the expense of the food of their children, or at the expense of good-natured doctors.

Doctors are very great sufferers indeed. One of them said to me: "A man fell ill and wanted my attendance. Well, I asked myself, What am I to do in this case? Here is this poor fellow, who owes me already £9 or £10, which he can never pay, but how can I refuse to go?" He could not refuse, and he went.

Present Proposals Pay the Doctor's Bill

I do not think it right that we should do our charity at the expense of the medical profession. What we propose to do is this. If one of the 14,700,000 persons, who practically include all the industrial population of this country, falls ill, he can command the service of a competent doctor, and command it with the knowledge that he can pay. But not only that; the doctor whose service he commands will know also

that he will be paid. That is going to make a very great difference in the doctoring of these people.

Doctors and their Relations with the Friendly Societies

I come now to a rather delicate task, because the doctors and the friendly societies are at variance on the subject. The doctors say that they are underpaid. Well, we all say we are underpaid. On the other hand, the friendly societies say, "No, it is just your greed." That is really the quarrel that is going on at the present time, and it has become very acute.

In some districts—they are rural districts—the doctor is paid half a crown per head per annum for members of friendly societies. In other districts the amount runs up to 6s. per head per annum, but on the average the doctoring for members of friendly societies is done at 4s. per head per annum. The doctors say, "We cannot do it," and I am inclined to agree with them.

This is not the opinion of the friendly societies that I am putting before the House. I have information from independent inquiries I have made of men who have really no interest in the matter—men who have passed through the stage of doing friendly societies' work, and who are very good judges.

Expense of Certain Drugs

They say that no doctor can possibly afford to give expensive drugs, and some of these are essential to the cure of certain diseases. These drugs cannot be purchased at the price paid to the doctor if he is to get anything for his professional services.

I am on the whole inclined to agree that the doctors have got a case for in-

creased payment, not as much as they ask, something far short of that, but at the same time something very substantial. The first thing which I think should be done is to separate the drugs from the doctors, because a patient, so long as he gets something discoloured and really nasty, is perfectly convinced that it must be a very good medicine. Therefore there ought to be no inducement for underpaid doctors to take it out in drugs. I am not sure but that the Majority Report of the Poor Law Commission recommended that change.

Separation of Drugs from Doctor's Attendance Charges

I suggest that there should be a separation of drugs from the doctor, whose business should be confined to prescribing. It should be for the chemist to dispense. At any rate, there should be a compulsory separation of the two. I believe in Scotland that is the practice at the present moment. There are only a few exceptions on the West coast where there are no chemists available, and where the doctor has to do the whole thing. There may be cases of that kind now, for you cannot expect a man to start a chemist's shop in a Highland glen. There the doctor would have to do both the doctoring and the supplying of the drugs he prescribes. Therefore we propose to make provision that, if there is no chemist available, the doctor should be allowed to go on as at the present moment, but wherever there is a chemist available there should be separation.

Improvement in Standard of Payment to Doctors

In addition to that, I think there ought to be provision for an improvement in the standard of payment to the

doctors. Sometimes, no doubt, they are quite adequately paid, but sometimes they certainly are not, and I think financial provision ought to be made in the scheme for raising the level to 4s. I have done so, and I hope that will meet the views of the House. So much for doctoring. There will be free doctoring for everybody who is a contributor to the scheme.

Maternity Benefits

The second branch of medical attention will be in cases of maternity. There are only one or two friendly societies at the present moment which allow any maternity benefit, but they are all alive to the necessity for it, and they are gradually going on to establish branches for maternity benefit. Undoubtedly there is no more urgent need. Women of the working classes in critical cases are neglected sadly, sometimes through carelessness, but oftener through poverty, and that is an injury not only to the woman herself, but to the children who are born. A good deal of infant mortality and a good deal of anæmic and rickety disease among the poorer class of children are very often due to the neglect in motherhood.

We propose to take the maternity benefit of the Hearts of Oak Society which, I think, has established a most successful benefit scheme in this respect. We propose that there should be a 30s. benefit in those cases which would cover the doctoring and the nursing, but only conditional upon those who are women workers not returning to work for four weeks, for I am told that in the mills there are very often cases where the women work up to the last moment and the maternity is over in a comparatively few days. I believe we ought to make

some provision in the interest of humanity to prevent that from taking place.

Proposals as to Suppression of Consumption

I have now to refer to another branch of medical benefit.

We propose to do something to deal with the terrible scourge of consumption.

There are, I believe, in this country about four or five hundred thousand persons who are suffering from tubercular disease. From the friendly societies' point of view that is a very serious item, because of the dragging length of the illness. The average illness of patients of the Foresters, I think, was fifty-eight weeks. They received fifty-eight weeks' allowance on an average.

Prevalency of the Disease

Out of the total sick pay of the Foresters about 25 per cent. was due to tuberculosis.

There are 75,000 deaths every year in Great Britain and Ireland from tuberculosis, and, a much more serious matter, if you take the ages between fourteen and fifty-five among males, one out of three dies of tuberculosis between those ages in what should be the very period of greatest strength and vigour and service. It is a very sinister fact that at the very period which is responsible for the continued life of the race one out of three between those ages is stricken down by tuberculosis. It kills as many in this kingdom in a single year as all the zymotic diseases put together, and a very terrible fact in connection with it is that the moment a man is attacked and compromised he becomes a recruit

in the destructive army, and proceeds to injure mortally even those to whom he is most attached and to scatter infection and death in his own household.

Annual Number of Deaths from Consumption

There are forty-three counties and towns in Great Britain each with a population of about 75,000, and there are throughout the country 75,000 deaths each year from this disease. If a single one of those counties or towns were devastated by plague so that everybody, man, woman, and child, were destroyed there and the place left desolate, and the same thing happened a second year, I do not think we would wait a single session to take action. All the resources of this country would be placed at the disposal of science to crush out this disease.

Possibility of Stamping Out the Disease

I do not say that they can cure it, but doctors think they can cure it. They are confident they can. Men who have devoted a great deal of attention to the subject, and are the most confident of all those who have engaged in experiments, are full of bright hopes that they can stamp it out. But they can only do it if they have the means, and I propose to ask the House to give them.

Provision in Germany, Great Britain and Ireland compared

In Germany they have done great things in this respect. They have established a chain of sanatoria all over the country, and the results are amazing. The number of cures that are effected is very large.

In this country there are practically only 2,000 beds in sanatoria for tubercular patients. There are only 4,000 beds in sanatoria altogether, and half of those are occupied by other patients, so that there are only 2,000 beds when there are four or five hundred thousand people suffering from the disease.

Proposals of the Bill

I really think it is about time that the nation as a whole, that the State, should take the matter in hand, because the State has suffered.

The proposal of the Government is that we should first of all assist local charities and local authorities to build sanatoria throughout the country. We propose to set aside £1,500,000 as a capital sum for the purpose of aiding local people in building sanatoria.

We have already, through the munificence and zeal of my hon. Friend the Member for Montgomery (Mr. David Davies), raised a very considerable sum of money, which enabled us to build a succession of them right across Wales.

Maintenance of Sanatoria

If the same thing were done throughout England and Wales, Scotland, and Ireland, I believe we would soon stamp out the most heartrending and painful disease that ever afflicted the human race. We have to provide maintenance for that.

This is our proposal: that we should take a contribution of 1s. per member per annum for the whole of those who are insured compulsorily and voluntarily, and that in addition to that the State should find 4d., so that there would be 1s. 4d. per member for the purpose of raising a fund for the maintenance of these institutions.

Not an Additional Contribution, but a Benefit

This is not an additional contribution. I am done with contributions. There are no more contributions—not for management or anything. This is purely a benefit. What we propose is that out of that fund a shilling should be taken from each member, and that the State should add fourpence. That will mean a fund of a million a year for the purpose of maintaining these institutions, and I am assured by those who have taken the matter carefully into consideration, including the President of the Local Government Board and his very able staff, that that sum will enable us at any rate to do something for the purpose of stamping out this terrible scourge.

Sick Allowance

I come next to the sick allowance for the purpose of maintaining the families of the sick persons who are insured. In the friendly societies I think the allowance is six months, then it is dropped again to half. In some societies it is still further dropped, generally at twelve months.

Duration of Grant

I propose that the first stage should be a three months' grant, because the real reason why six months' allowance is given is because of tubercular patients. They are the people who take over three months on the fund. Outside of them a man is generally either cured or off the fund before that period.

I propose that in the first three months there should be an allowance of 10s. per week. Power will be given to the society to extend that to twenty-six weeks if they think it necessary. I point out later on that there

are funds for that purpose, but, perhaps, at any rate, a start should be made with three months at 10s. Afterwards the allowance will be reduced to 5s. for another three months.* After that, at the end of the six months, if a man is broken down altogether, there is a permanent disablement allowance of 5s. as long as he is unable to earn his living in any way. That is for men.

Grant for Women

For women the contribution is lower, and as we are keeping the accounts separate, the actuaries say we would not be justified in giving more than 7s. 6d. per week for the first three months, and then 5s.† We do not propose to make the allowance less in that case.

Waiting Period of Six Months

There will be a waiting period of six months in the case of sickness. No man will be allowed to get his sickness allowance within six months after he has joined the society. No man is entitled to claim for a disablement allowance unless he has paid for two years. In Germany this has been extended to five years.)

Allowance Conditional on Strict Obedience to Doctor's Orders

The allowance is conditional in every case on the patient obeying the doctor's orders—a very difficult thing to do. But at any rate you cannot allow a man artificially to perpetuate his sickness at the expense of the community by defying every rule that is laid down for his cure by the professional gentleman who is in charge of him. In Germany they have this power. They give instructions as to

what a man is to do, and if he does not obey them his allowance is docked, and I think it is a very salutary rule. I have no doubt it will be very liberally interpreted, but still it is a very necessary rule.

The Case of Illness Due to Contributor's Own Misconduct

There is another rule. The friendly societies do not admit sick allowance to any man whose illness is due to his own misconduct. What we have done in that case is this. If a man's illness is due to his own misconduct we do not allow him sick pay, but he is entitled to a doctor, not merely for his own sake, but for the sake of the community, and because eventually he will come back again, and he will fall on the sick fund and the burden will be much heavier.

Exceptions to the General Rule

Now I come to the exceptions. In the case of persons over fifty years of age at the date of insurance, the men will only be entitled to 7s. a week and the women to 6s. a week, unless they have paid five hundred contributions. Men and women over sixty years of age will only be entitled to 5s.* Persons under twenty-one years of age, if unmarried males, will be entitled to 5s., and, if females, to 4s.†

Scheme to Check Malingering

There is another very important exception from the point of view of checking malingering. When you come to the lower rate of wages you must not give a sick allowance which would make it more profitable for a man to be sick than to be working.

* Amended to 6s. for the first thirteen weeks, and 5s. for the second thirteen weeks.

† Amended to 6s. for the first thirteen weeks, and 5s. for the second thirteen weeks for males, and 5s. and 4s. respectively for females.

* Amended to 10s. for twenty-six weeks.

† Amended to 7s. 6d. for twenty-six weeks.

Therefore, we propose that where the sick benefit is more than two-thirds of the wages the amount shall be reduced. But seeing that with the low wages, the insured person is either, through himself or through the employer, paying exactly the same contribution, we propose that in that case there should be an alternative scheme of benefit which would be the exact equivalent in actuarial value.

Over-age Benefits

For instance, you might give a pension at sixty-five or sixty-six, as the case may be, but they must submit to our scheme, which will be the actuarial equivalent of the amount by which their benefits are reduced.

Under-age Benefits

Now I come to the person under sixteen, and with regard to him we propose that he should get no sick pay allowance, but that he should get medical attendance and the benefit of the sanatorium, and that the rest of the money should be invested, in order to accelerate the period of his getting increased benefits. That is to pay off the loss which is due to taking on men of older ages, and the money will be applied for the purpose of wiping off that loss. The sooner you do that the sooner will the young person come to increased benefit, so that you are really investing it for his own future advantage.

AN HON. MEMBER: Is that for girls also?

MR. LLOYD GEORGE: Oh, yes. After paying for the doctor, after paying for the sanatorium, after paying maternity benefit, after paying 10s. a week sick allowance for men and 7s. 6d. for women, and the disablement allowance of 5s., there will be left a balance

of £1,750,000 in the hands of those who administer the funds. That is the actuarial calculation.

Alternative Benefits

We do not propose now to distribute those benefits, because we want to give an interest to those who are administering the funds, to administer them economically, and to declare alternative benefits; if they save the amounts which we anticipate they can save. We propose, therefore, to have a list of alternative benefits, optional benefits, and additional benefits. The first benefits, as I have indicated, will be the compulsory minimum benefits. They will be in every scheme.

Additional Benefits

I now come to the additional benefits from which the society may choose, with this surplus at their disposal. This surplus will be £1,750,000 immediately the scheme begins to work, but at the end of fifteen years and a half, when the loss on the older persons has been wiped out, you will then have an addition of something like £5,500,000 to the fund, and, of course, that will involve a further contribution from the State of £1,500,000 per annum. That means £7,000,000, which will be added to the income of the scheme after this initial deficit has been wiped out—a surplus now of nearly £2,000,000 for additional benefits; a further surplus of £7,000,000 after declaring those benefits which I have mentioned, and which will be available for the declaration of additional benefits.

What is the kind of additional benefits we have in mind?

Medical Treatment

The first is medical treatment, not merely for the working man himself,

but for his family. If the societies who administer the funds like to pay for that, they have the money at their disposal.

Increase in Sickness Benefit

An increase of the sickness and disablement benefit and convalescent homes are other additional benefits. I have a long list of additional benefits of that kind from which they can choose, but I think the most interesting of all would be that, when the fifteen years and a half have elapsed, when the loss has been paid off, and when you have released a fund of £7,000,000 between the State and the contributors, we shall then be within sight of declaring either a pension at sixty-five, or, what I think would be better still—and I propose this as an alternative—if a man does not choose to take his pension at sixty-five, but prefers to go on working, he shall increase his pension at a later stage in proportion to each additional year he goes on working. So much for the benefits.

Collection

I now come to the machinery of the Bill. Collection is the first thing. We shall collect our funds by means of stamps. That is purely the German system. A card is given to a workman; he takes it to his employer at the end of the week, the employer puts on the workman's 4d. stamp and his own 3d. stamp; he deducts the 4d. out of the wages of the man, and he pays the 3d. himself; the card is in the possession of the man, who takes it to the post office, whence it is transmitted to the central office.

The employer does not necessarily know—there is nothing on the face of the card to say—what society the man belongs to. It is entirely a matter for

himself. The card is sent along to the central office, and the whole of the money is paid to the central office.

Benefits to be Distributed through Friendly Societies

Then comes the question: Who is to dispense the benefits?

In this country we have fortunately a number of very well-organised, well-managed, well-conducted benefit societies who have a great tradition behind them, and an accumulation of experience which is very valuable when you come to deal with questions like malingering. We propose, as far as we possibly can, to work through those societies. We propose that all the benefits shall be dispensed through what the Bill would call "approved societies."

Definition of an "Approved" Society

What are the conditions attaching to an approved society? It must be a society with at least 10,000 members,* otherwise, it becomes a matter of very great complication which is much more difficult to manage from the actuarial and financial point of view. It must be precluded by its constitution from distributing any of its funds otherwise than by way of benefits, whether benefits under this Act or not, amongst its members. It must not be a dividing society; it must be a benefit society which provides for sickness and for old age. Therefore it cannot be a society that divides its profits at the end of each year. It cannot be a society that allows anybody to make a profit out of this branch of its business, and it must be mutual so far as this branch of its business is concerned. Its affairs must be subject to the absolute control of

* This limitation was abandoned.

its own members; it must be self-governing, and its constitution must provide for the election of its committees and representatives and officers.

Necessity for Local Committees

There are other conditions. It must provide a reasonable security that the funds will be dispensed in the way the Act provides. It must have local committees. There are several societies, as hon. Members know very well, which have branches. There are other societies which are purely central. Both are very excellent societies in their way. The Hearts of Oak, I believe, is a centralised society. The Foresters, I believe, is a society with branches, and the Oddfellows the same. But the societies which have central control and no branches must have some sort of local committees and management; otherwise it will be quite impossible to distribute the benefits, and it will be very difficult to arrange about doctoring and other matters.

No Interference with Funds or Management of the Societies

There are other things about keeping books and so forth, and there must be a valuation. We do not propose to interfere in the slightest degree with the funds of these friendly societies, funds which they have voluntarily collected, except to this extent: The moment you have a scheme which brings in 3*d.* from an employer and 3*d.* from the State for purposes which are identical with the purposes for which these other funds have been accumulated, you release enormous funds for other purposes. You cannot allow those sums to be distributed in cash amongst the members; they must

be used for kindred purposes; and we propose that the friendly societies should submit schemes for the purpose, with additional benefits, but of a kindred character.

That is the only interference we propose with the present funds of the friendly societies. We propose to allow them to have the most absolute right to admit members or to refuse them. It is a matter I considered for a very long time, whether you should compel them to take members, and I came to the conclusion that it is far better to leave it to ordinary free competition amongst them.

Nature of Various Societies not Altered

A good many more societies, I have no doubt, will spring up the moment we have a scheme of this character, and it is far better to leave it to competition amongst them. They pride themselves a good deal upon the right to choose their own associates, as most people do, and there are some people they would not care to have forced upon those societies, and I think they have a right to say, "We do not want them."

Not only that, some of these societies have purposes which are sectarian, or let us say religious, and some of them are political. Gloucestershire, I find, is split up into Conservative friendly societies and Liberal friendly societies, both of them more or less actuarially sound. I need hardly say that if there are any sectarian or political societies anywhere you cannot exclude them from Ireland. I think there are one or two there which have purposes which are not either actuarial or altogether financial, but which I think are partly, perhaps, political.

The Trade Unions

Then, of course, there are the trades unions. Their purpose is not altogether that of friendly societies. We propose—I will say later on how there shall be no abuse of the power—to give them absolute freedom. It would be quite impossible for the State to administer some of their rules. Take the Hearts of Oak. The Hearts of Oak take power to exclude men of a quarrelsome disposition. I have been watching events in Parliament from the solitude of Kent for some time, and I have wondered how many of my comrades and colleagues would survive the Hearts of Oak test if it were rigidly imposed on them.

Societies have Powers to Expel Undesirables

Then there are rules with regard to exclusion on grounds of conduct, and they interpret rules of that kind, I think, very largely according to the regularity with which a man pays his subscriptions. After all, they are clubs, and they want to have the right to prevent a man who is objectionable to them entering their club. I do not propose to interfere with that at all. I will come later on to deal with persons who are not fortunate enough to get admission to any of those clubs. They have to be dealt with by themselves.

We propose that the societies should administer and manage their business in this respect exactly as they are doing at the present moment.

The Age Question

You come, then, to the question of age, and that is a difficult question. You are now allowing men to enter those societies who are giving benefits at all ages, and you must not give any

sort of inducement to any society to depress its age limits. Otherwise you might have, say, the Hearts of Oak with an average age of forty years, and you might have the Foresters with an average of thirty, and unless you make special provision to equalise that matter by a system of credits, you will find that those societies whose ages are very young will gain an enormous advantage over those whose members are of all ages.

Adjustment Suggested

We have got an adjustment, which is rather a complicated one. I think, for the moment, I had better let it wait until the Bill comes on. We propose to equalise the ages by a system of credits, so that there shall be no inducements for any society to exclude any man, nominally on the ground of a quarrelsome disposition, but really because he is sixty years of age.

Valuation

We come now to valuation. How do we propose that they shall administer the fund, and what is our check? We propose a valuation every three years of their funds. Then we have credit for their account at the centre of all money paid in by their members, and paid in by the employers in respect of their members, and, of course, they will have the credit of the *2d.* contributed by the State. I propose that there should be a valuation of their assets upon this basis. If there is a surplus, then they will have power to declare additional benefits, so that surplus will be an inducement to them to manage economically and carefully, because a society that manages carefully and economically can declare larger benefits for its members, and therefore will attract larger custom,

and will have a larger number of members than a society that manages its affairs badly and uneconomically.

The Valuation of a Society with Branches

For valuation it is very simple to take the Hearts of Oak, as you there simply reckon up the whole of the value of their assets—but take a society with branches; the branches you value separately, which is more or less what is done now. If there is a surplus you cannot allow that branch to take the whole of the surplus, otherwise you would find a very healthy neighbourhood in one district declaring enormous benefits; while other neighbourhoods not so healthy would be very badly off indeed, and people would not bear each other's burdens, as I think they ought to do in a system of this kind.

Inducements for Economical Administration of Branches

At the same time there must be an inducement for the branch to be administered economically, and I propose they should get half of their surplus and pay the other half to the centre, because, on the other hand, when there is a deficiency, as I shall point out later, the centre must come to their rescue.

Course to be Taken in Case of Deficiency

Suppose there is a deficiency, what happens? If the insurance office finds there is a deficiency, and that they are not in an actuarial position to pay even minimum benefits, then the central insurance office will have power to do one of two things, either to compel them to reduce their benefits or to increase their levy, or to make a special levy.

The Real Check on Malingering

That is the real check on malingering. You cannot check malingering by doctors' certificates. There is no doctor but will tell you that there are certain diseases in which it is quite impossible to say whether a man is shamming or not. Therefore you must depend really upon each member being almost a detective to spy on his associates. That is really the only way to do it. If a society has such a number of malingerers that it becomes insolvent or bankrupt, what happens is that there is an additional levy, or the benefits are depressed.

Then the members would say: "Why is this? It is because 'So-and-so' is always sick. He is no more sick than I am." There is no more effective method for suppressing vice than to make it unpopular amongst the man's associates, and the same thing applies to malingering. In a very short time you would soon get a real stop put to the malingerer, because the workmen themselves would not stand it, and would begin to report on those they considered malingerers.

Scheme for those who will not join Societies

Now comes the question: What are we to do with the residue? You will get men who have been either rejected by the societies or who have left their societies through their carelessness. You may find men who say, "We will not join any society." You cannot compel a man to join a society. If he chooses to remain outside he can do so, but he does it at his own cost. Every inducement is offered to a man in this scheme to join a society, and I will show how that works.

The Post Office Contributors

We propose that all the men in a county who have not joined a society should be collected together in a body called Post Office Contributors. You will form a fund of those people. Most of the people who remain outside will be uninsurable lives, men who would be rejected by all sorts of societies, because really they are ill at the time, or display symptoms of illness, and they are therefore quite uninsurable, or they may be drunkards. Those are the sort of reasons for which a society now excludes them. That must necessarily make it impossible for us to pay the same benefits to the Post Office Contributors as would be paid to men who are in the friendly societies, because they contain pretty well all the bad lives. It will be largely a temporary difficulty and a dwindling one, for the simple reason that in future men will be taken on at the age of sixteen, and at that age the vast majority of people have not developed any kind of fatal disease. Therefore it will dwindle almost to nothing in the future, and this difficulty is purely temporary. It will be a body of people who are not a very good insurable proposition.

Distribution of the Funds

What shall we do with them? We shall distribute the funds first of all in medical needs. They have paid their own contribution, and there is the contribution from the State, and the contribution of the employer. You will make a deduction for medical relief, and for sanatoria, and you will distribute the balance on purely deposit principles. There are societies in this country which do this thing now; it is really a kind of banking transaction. You pay an amount in and you draw

to the extent you paid in. With this condition in these cases that you will get a number of lives that will drop, and still a balance of people who will not withdraw the whole of their deposits. I propose that that should go to swell the fund. Therefore those who are inside the Post Office Society will be able to draw to that extent upon the fund, and will get that additional advantage.

No Inducement to become a Post Office Contributor

It is quite clear there is no inducement to join the Post Office contribution, and we do not want that there should be. We want to give all inducements we can to the societies to govern themselves and take responsibility, and as they have taken the whole of the responsibility, the government must be left in the hands of the societies. If you put on a State representative, or if you put on an employers' representative, you are dividing responsibility, and they will always come back to you and say the employer or the State ought to pay an extra penny as the whole responsibility is cast on them.

The only other thing I will say about the Post Office Contributors is this. We propose that they should have to wait for fifty-two weeks after paying contributions before they get any relief at all. That is by way of having some kind of test, at any rate when they enter into the Post Office Society, that they are fit for labour.

Administration of the Fund

How are you to administer this fund? The Post Office cannot administer it because they certainly cannot go on appointing doctors, and checking malingering, and managing the funds generally.

County Health Committees

We propose therefore to set up Committees that we will call County Health Committees. There will be a membership between nine and eighteen, chosen in three batches, a third by the county councils, a third by the approved societies in the districts, and failing agreement amongst them by the insurance office, and a third by the Post Office insurers. We propose that the State should also have a fourth of the whole body to represent its interests in the County Health Committee.

Administration of Sanatorium Funds

This County Health Committee we propose shall administer the whole of the sanatorium fund. We do not propose that the sanatorium funds should be left to the societies, because, after all, that has to be done in the districts where there are no societies. We propose that the whole of the shilling, or, rather, 1s. 4d., per member which goes to create the fund to establish sanatoria shall be entirely in the hands of the County Health Committee. Instead of a sanatorium for each county we propose that there should be grouping for the purpose of sanatoria. We propose that the whole of the funds of the Post Office insurers, including medical relief, shall also be administered by the County Committee.

Possible Agreement by Society with County Health Committee for Medical Work

We are also putting forward another proposition. If any approved society chooses to come to terms with the County Health Committee to do its medical work for it, we propose that

they shall have the power to do so, and to make arrangements for that purpose. But if they agree, the County Health Committees can take over the medical part of the work of approved societies if they choose to do so. It is purely a matter of arrangement on both sides.

A Further Power as Regards Medical Benefits or Sanatoria

There will be a further power. If a County Health Committee are anxious to spend more money than they have funds at their disposal upon either the medical side or the sanatoria side, the county councils have power to agree to sanction further expenditure, provided the Treasury also agree. One-half the additional expenditure will come out of the rates, and the other half out of the Treasury.

A Check on the County Health Committee

I want to make it quite clear that the County Health Committees have no right to incur expenditure and then pass it on to the ratepayer. They must submit the expenditure before it is incurred both to the Treasury and to the county council. If both those bodies approve the expenditure, then the County Health Committees may, if they choose, incur that extra expenditure.

Recommendations in Regard to Questions of Public Health

There are one or two other functions, to which I attach great importance, which the County Health Committees will have to discharge. They will have to consider generally the needs of the county and borough with regard to all questions of public health, and to make

such reports and recommendations in regard thereto as they may deem fit. I shall point out later on that they have power beyond that of merely making reports and recommendations; otherwise those reports and recommendations would be thrown into the wastepaper basket. There is already a plethora of reports and recommendations, and there must be some power of that kind.

Lectures, etc.

They will have power also to make provision for the giving of lectures and the publication of information on questions relating to health. This has been a very important power in Germany, because there is appalling ignorance of the most elementary conditions of health—diet, air, and fresh air especially, light, and the danger of the excessive use of alcohol and narcotics. All these questions affect the health of the community. It has been of enormous advantage in Germany to have lectures of this kind and other means of disseminating information upon these points. We also hope that the doctors will assist by imposing conditions which will improve the health of the community.

Powers in Cases of Excessive Sickness

What are the further powers of the County Health Committees? The societies, as I have pointed out, are responsible for their own sickness. It is not fair to make them responsible for the cost of sickness that is due to somebody else's fault. Sometimes there is excessive sickness in a district, due to bad sanitation, to bad housing conditions, and generally to the neglect on the part of the local authorities to enforce such powers as they have got,

either through ignorance, through incapacity, or very often through a combination of interests.

Inquiries into Cause of Excessive Sickness

What we propose is that the County Health Committee shall have power to go to the Local Government Board whenever there is excessive sickness coming on the funds of the society, and apply for an inquiry into the cause of that sickness. Wherever the Commissioners of the Local Government Board find that it is due to neglect by the authority to discharge functions imposed by an Act of Parliament for the housing of the people, or for improved sanitation, they shall have the power of imposing that excess, not on the societies who are not at fault, but upon the local authorities who are at fault. That will be a much more effective check than the old obsolete form of *mandamus*.

Finance of the Scheme

I come now to the finance of the scheme. In the first year the sums paid by all classes of contributors will amount to nearly £20,000,000, of which employers will contribute nearly £9,000,000, and the employees £11,000,000. The expenditure on benefits and administration will, in consequence of the waiting periods, be only £7,000,000 in 1912-13, but will have risen to £20,000,000 in 1915-16, when the additional benefits begin to be granted.

By 1922-23 the State contribution will also have risen. In the first year there will be no charge, because the Act does not come into operation until May 1st next year. There must be time to make arrangements. There

will be only a charge for the necessary expenses of making preparation. But in 1912-13 the charge on the State will be £1,742,000; in 1913-14, £3,359,000; and in 1915-16—a full year—£4,563,000. That is the expense, so far as the State and the contributors are concerned, of that part of the scheme.

Unemployment Insurance

I will now briefly outline the unemployment insurance. My explanation will be considerably curtailed, owing to the fact that the Home Secretary very fully explained to the House the year before last the principles upon which the Government intended to proceed.

The scheme only applies to one-sixth of the industrial population. We propose to apply it only to the precarious trades, which are liable to very considerable fluctuations. The benefit will be of a very simple character; it is purely a weekly allowance. The machinery is already set up, therefore it will not be necessary to explain that. The machinery will be the Labour Exchanges and the existing unions which deal with unemployment. I will not say anything about the suffering caused by unemployment.

All I will say is that, whoever is to blame for these great fluctuations in trade, the workman is the least to blame. He does not guide or gear the machine of commerce and industry; the direction and speed are left almost entirely to others. Therefore he is not responsible, although he bears almost all the real privation.

Possibility of Foreseeing Periods of Unemployment

It is about time we did something in this matter, because it is not some-

thing which has happened once or twice, but something that comes regularly every so many years. We know it will come, and we know that distress will come with it; therefore we ought to take some means to alleviate the misery caused by phenomena which we can reckon on almost with certainty to within a year or two of its advent.

The Effort made by the Trades Unions

No real effort has been made except by the trades unions. That, of course, is a purely voluntary matter, and the burden is a very heavy one. It only applies, in their case, to very few trades, and I think to only about 1,400,000 workmen altogether. The others cannot afford it. Other trades have attempted it, but have laid it down because they could not afford the expense.

Unsuccessful Experiments on the Continent

On the Continent many efforts have been made, mostly failures, because they were all on the voluntary principle. In Cologne there was a great effort. It ended in about 1,800 people being insured out of a population of 200,000 or 300,000. There it meant people who knew they would be out of work, and who insured against almost certain unemployment in the winter. That is very little good.

I came back, after examining some of these schemes, with the conviction that you must have, at any rate, three or four conditions. You must have a trade basis, to begin with. A municipal basis will not do; it must be a trade basis, because the fluctuations are according to trades. You must start with the more precarious trades. The scheme must be compulsory.

I also came to the conclusion that the workmen's unsupported efforts are quite useless.

Two Groups of Trades taken in the Bill

These are the principles that we have incorporated in our Bill. We have started, first of all, by taking two groups of trades, and we propose to organise them individually—the engineering group and the building group. They include building, construction of works, ship-building, mechanical engineering, and the construction of vehicles. These are the trades in which you have the most serious fluctuations—I think for a very good reason. The depression seems to fall more heavily on these trades; it seems to concentrate upon them, because they produce the permanent instruments of industry.

Unemployment Distress Allowance

We propose that in these trades a fund shall be raised for the purpose of paying an unemployment distress allowance. I ought to say here that you have not the same basis for actuarial calculation that you have in reference to sickness. It is very necessary to warn, not merely the House, but rather more especially the workmen upon this point. You cannot say with the almost certainty that you can in sickness that a certain fund will produce such and such benefits. In the case of sickness you have nearly 100 years' experience behind you, and you have the facts with regard to sickness and death. You have not the facts with regard to unemployment, and the question is very difficult.

All we know is that in certain branches of trade unemployment is prevalent and appalling. Some trades

meet it by short time, but in other trades you cannot do that. As a matter of fact, in the building trade you may get men working overtime in one place at the very time when 20 per cent. of the workmen are out of work in another.

Proposals as to Amounts to be Paid by Workman and Employer

We propose that the workman should pay $2\frac{1}{2}d.$ per week and the employer $2\frac{1}{2}d.$, and that the State should take upon itself one-fourth of the total income. We propose that there should be an abatement to those employers who choose to pay for their workmen by the year.

The extent of that abatement is very considerable. If you take the two contributions of employers and workmen at $2\frac{1}{2}d.$, they come to 21s. 8d. per annum. We propose that the employer who will undertake to insure a workman for the whole of a year can do so for 15s. He will get the whole benefit of the reduction. It is proposed that the workman shall pay the full $2\frac{1}{2}d.$, but that the employer should get the whole benefit of the abatement. It seems a very serious abatement. It is practically telling him that he can take one-half if he undertakes to insure the workman for a year at a time. It is an inducement to him to give regular employment; it is a discouragement of casual labour; it is a reward to the employer who keeps his workmen for a whole year. It is a very heavy one, but I think it worth while. That is the only exception made to the employer.

Benefits

We propose, by way of benefits, to give, in the engineering trade, 7s. per week unemployed pay, and in the build-

ing trade 6s. for a maximum of fifteen weeks. The number of weeks is limited to fifteen, because, I again say here, there is no basis of actuarial calculation, and you will have to watch the thing.

Distress Fund

Now, you will have a huge distress fund, to which the employers will contribute very nearly £1,000,000 and the State £700,000 or £800,000 for the purpose of relieving the distress, and to enable the workmen to insure where otherwise they could not do it. But you cannot guarantee that it will work out at these figures.

Method of Working

Having consulted the very best actuaries at our disposal, we are firmly convinced that the fund will work out in this way. What will happen? The workman who is out of work will go to the Labour Exchange. We want someone there to check him, so that you will not have a man who is not genuinely unemployed getting unemployed pay. Therefore you have to do this through the Labour Exchange. The man will take his card and they will offer him a job. If he refuses a job, then comes the question: Who is to decide whether he is unemployed or not? We have appointed an impartial court of referees to decide this; we cannot leave it to the Labour Exchanges entirely, or to the workmen, to decide whether the man is to take a job or the 7s. unemployed benefit.

Those Excluded from Sharing in Distress Fund

There will be no payment for a workman dismissed through his own misconduct. There will be no payment

under this scheme where there is unemployment by reason of strikes or lock-outs, because this scheme has absolutely nothing to do with them. It is purely a relief scheme for unemployment which is due to fluctuations of trade.

Case of Trade Unions

Take now the trade unions which insure themselves against unemployment. We propose in that case that they should reap the benefit, but we cannot possibly hand over State funds—certainly not employers' funds—to an organisation, the object of which, in the main, is to fight out questions of wages and conditions of labour with the employers. What we propose is that the trade union shall pay its unemployed benefit to the men and claim from the fund repayment in respect of the amount which the men would have been entitled to draw had they gone direct to the Labour Exchanges. The State in effect allows trade unions to spend this money, and at the same time it protects against the unfairness of subsidising what after all is a war-chest—as the trade unions admit.

Particulars of Methods of Payment of Benefits

There is no payment for the first week of unemployment. Besides, no man can draw more than one week's benefit for five weeks of contribution, so that the real loafer soon drops out. The meshes of the Labour Exchange net might not catch him at first, but eventually and automatically he will work himself out, owing to the fact that he is not a regular contributor, and therefore he will come to an end of his right to obtain benefits.

We also propose that where there is

a society established on the Ghent model for the purpose of providing unemployed pay generally for the people, say, in the neighbourhood, to give a contribution of one-sixth to that fund for the purpose of enabling them to dispense unemployed pay.

Other Trades may apply for inclusion under the Scheme

If any other trade wishes to come in they are to have, what I think they call in the Court of Chancery, "liberty to apply." If they make out their case and are prepared to make their contribution, it will be possible to include them in our scheme. But for the moment we propose to begin to work the experiment with these trades, which are the very worst trades from the point of view of unemployment.

Finance of Present Scheme

This scheme will apply to over 2,400,000 workmen. The contributions of the workmen will be £1,100,000. The contributions of the employers will be £900,000. The cost to the State—

Mr. AUSTEN CHAMBERLAIN: But you said the contribution from the workmen and the employers are to be the same.

Mr. LLOYD GEORGE: I thought I had made it quite clear that there is a very considerable abatement to the employer. It is equivalent to £200,000 on the whole scheme—to the employers if they undertake the responsibility of insuring the whole of their workmen by the year.

The cost to the State will be approximately £750,000 a year. The expenditure will undoubtedly fluctuate with the state of trade, and a fund will therefore have to be created for the purpose of dealing with times of very great distress. That is the position as

far as both of these branches are concerned. The total sum to be raised in the first year is £24,500,000, of which the State will contribute £2,500,000. By the fourth year the State's contribution will have risen to nearly £5,500,000. That is the finance of the scheme.

Number Benefited

I have explained to the House as best I could this great matter, and I thank Members for the courtesy with which they have listened to me. I have explained as best I could the details of our scheme—the system of contributions and of benefits and the machinery whereby something like 15,000,000 of people will be insured, at any rate against the acute distress which now darkens the homes of the workmen wherever there is sickness and unemployment.

Proposals at least a Partial Remedy

I do not pretend that this is a complete remedy. Before you get a complete remedy for these social evils you will have to cut in deeper. But I think it is partly a remedy. I think it does more. It lays bare a good many of those social evils, and forces the State, as a State, to pay attention to them. It does more than that. Meanwhile, till the advent of a complete remedy, this scheme does alleviate an immense mass of human suffering, and I am going to appeal, not merely to those who support the Government in this House, but to the House as a whole, to the men of all parties, to assist us.

Not a Party Measure

I can honestly say that I have endeavoured to eliminate from the scheme any matter which would cause legitimate offence to the reasonable susceptibilities of any party in the

House. I feel that otherwise I would have no right to appeal, not only for support, but for co-operation. I appeal to the House of Commons to help the Government not merely to carry this Bill through but to fashion it; to strengthen it where it is weak, to improve it where it is faulty. I am sure if this is done we shall have achieved something which will be worthy of our labours.

**A Measure that will Relieve Untold
Misery in Myriads of Homes**

Here we are in the year of the crowning of the King. Men from

all parts of this great Empire are coming not merely to celebrate the present splendour of the Empire, but also to take counsel together as to the best means of promoting its future welfare. I think that now would be a very opportune moment for us in the Homeland to carry through a measure that will relieve untold misery in myriads of homes—misery that is undeserved; that will help to prevent a good deal of wretchedness, and which will arm the nation to fight until it conquers “the pestilence that walketh in darkness, and the destruction that wasteth at noonday.”

SCOPE OF THE INSURANCE SCHEMES

*Compiled from Explanatory Memoranda issued by the Treasury and the
Board of Trade at the time the Bill was introduced*

*Some of the proposals explained need to be considered in the light of the
amendments adopted later.*

PART II

SCOPE OF THE INSURANCE SCHEMES

A.—INSURANCE AGAINST SICKNESS

I. THE OBJECTS OF THE SCHEME.

To effect Insurance against Sickness and Breakdown

To act as a Measure for the Reduction of Sickness

THE Bill is intended to effect as wide an insurance as possible of the working population against *sickness and breakdown*. It is also intended to make the Bill as far as possible a preventive measure operating to reduce the amount of sickness. Both the Majority and Minority Reports of the Poor Law Commission call special attention to the utter inadequacy of our methods for preventing and curing sickness amongst the industrial classes. This Bill contains several provisions designed to amend this unsatisfactory state of things. In other words, it is, as described in the title, a Bill for "National Health Insurance and the Prevention of Sickness," the title "Invalidity Insurance" being by no means a suitable one for English purposes.

Points of Difference from the German Scheme:—

(1) Administration by Friendly Societies

The plan differs from the German scheme of sickness and invalidity insurances in the following respects:—

It is proposed that under proper safeguards the administration of the

fund should be handed over to the great friendly societies either already established in this country or hereafter to be founded under the Act. As all deficits due to malingering will have to be borne either in levies or loss of benefits by the members of a defaulting society, and not by the State or the employer, there is every inducement to economy. Bad management will be promptly and effectively penalised. Good management will be rewarded.

In Germany the system is much more bureaucratic in its management, and does not nearly to the same extent adopt the principle of self-government.

(2) Deficiency in starting the Scheme to be wiped out in 15 to 16 years

In starting a universal scheme there must necessarily be a very heavy burden during the earlier years of its operation, owing to a large number of persons entering it at an age when their contributions are actuarially inadequate to ensure the benefits guaranteed by the Bill. Unless financial arrangements are made to liquidate the loss so arising it will fall on future generations of insurers.

The finance of the present scheme will be so arranged that the deficiency inevitable in starting a scheme which

includes all ages shall in fifteen to sixteen years be completely wiped out.* At the end of that period the administrators of the funds will be in a position to declare increased benefits, *e.g.*, the reduction of the pension age.

(3) Rates of Weekly Payments Produce Proportionately Higher Rates than in Germany

The fact that the superannuation of all persons over 70 is undertaken by the Government in this country, whereas in Germany it is a burden on the contributory scheme, makes an enormous difference in the rates of weekly payments, which suffice under the proposed scheme to produce higher benefits than those conferred by the German scheme. Moreover, the German Government makes no contribution to the cost of sickness as distinguished from invalidity, whereas the present scheme proposes to pay one-quarter of such cost in the case of women and two-ninths in the case of men.

(4) Other Points of Difference

There are several other points of difference between this scheme and the German system, *e.g.*, it is not proposed to adopt the German plan of dividing the industrial population into five classes according to the rate of wages earned—and not, as in Germany, to set up separate machinery for sickness and invalidity. By taking this course, and by the machinery which has been adopted for the collection of contributions, the inconvenience and trouble likely to be caused to employers will be greatly diminished.

There are other points of variation, notably in the measure of control given

* Under the Act as passed, 18½ years.

to the workmen, which will appear later on. Another paper is being circulated to give particulars of the German insurance.

2. THE SCOPE OF THE SCHEME.

Bill will Extend to Whole of U.K.

The Bill will extend to the whole of the United Kingdom.

The Bill will partly rest upon compulsion. It is proposed that the insurance moneys should in part be collected at the source by deductions from wages. It is therefore necessary to decide how far this compulsion should go—that is, what classes of persons should be compulsorily included and what should be the position of persons who choose to join the scheme voluntarily. The following proposals are made:—

Classes of Persons Compulsorily Included

The compulsory deduction from wages will extend to all persons of whatever nationality under contract of service, whether paid by the hour, day, week, month, or year, to include artisans, mechanics, miners, clerks, shop assistants, servants, sailors in the mercantile marine, un pensionable employees of local authorities, railway employees, golf caddies, &c., &c.

The compulsory deduction will also extend to out-workers in such classes of work as may be covered by Order of the Home Office under the Factory and Workshop Act, 1901. It will also include cases of joint employment, *e.g.*, employment in a mine through gangers, the mine-owner being made responsible.

Exceptions to the Compulsory Inclusions

It will not extend to—

(1) Agents paid by commission or fees, and employed by more than one employer.

(2) Such persons as washerwomen, sempstresses, &c., executing small orders on their own account.

(3) Wives employed by husbands.

(4) Extremely precarious personal employments, *e.g.*, luggage carriers, not connected with a trade or business.

(5) Casual domestic employment.

(6) Jobbing occupations, *e.g.*, gardeners, if working on their own account.

(7) Persons receiving more than £160 a year from their employers by way of salary.

Case of Soldiers and Sailors

(8) Soldiers and sailors, who will be dealt with separately.

A reduced deduction from wages will be made in these cases (the soldier, sailor, &c., being cared for while in the service of the Crown) to provide the necessary reserve against the time when the service ceases, with further assistance from public funds to make special provision for invalid soldiers and sailors.

(9) Pensionable employees of the Crown or of local authorities.

The Treasury will have power by regulations to extend the compulsory deduction from wages to other classes of employees not included in the definition.

Responsibility of Employers

In the case of persons employed for no money wage, or appointed by one person and paid by others, the employer will be made responsible for seeing that the person employed is insured.

The class of persons such as cab-drivers or boatmen, who live by "working" a cab or boat for which they pay the employer, will also be included.

Case of Occasional Employment

There is a large class of persons who only go into employment occasionally (say, for a period of less than thirty-nine weeks in the year), and it may be considered that there is no reason why the State should require such persons to insure themselves, as it is unfair to enforce contributions which might never materialise into benefits. Exemption from deductions from wages will, therefore, be allowed on request in such cases to (1) persons who prove that they have a pension or income of £26 a year; (2) married women and persons dependent on the labour of other persons who do not habitually go to work in one of the employments which fall within the initial definitions. The employer will be liable to contribute in such cases.

So far as the Bill does not rest upon compulsion as above defined, it is proposed to allow all other persons to join the scheme or not as they may choose, provided that they are engaged in some occupation by which they seek their livelihood. It has been necessary to exclude married women (non-workers) from insurance, because it is impossible to devise any scheme to control claims for sick pay in such cases.

3. THE CONTRIBUTIONS.

Contributions will cease at 70. Persons over 65 years of age at the commencement will not be taken into insurance.

Rates of Contributions

The rates for employed persons will be uniform—

For men, 4*d.* a week, deductible from wages.

For women, 3*d.* a week, deductible from wages.

For the employer, 3*d.* a week for both sexes.

The State's Contribution

The State's contribution will be the payment of two-ninths of the benefits in the case of men, and one-fourth in the case of women. It will not be paid in the case of persons of foreign nationality who have not become naturalised.

Variations in Apportionment of Rates

These contributions will be subject to a variation in the apportionment as between employer and employee in the case of persons over the age of 21 where the person employed does not receive "board and lodging," as under* :—

If the wages do not exceed 1*s.* 6*d.* a day, the employer is to pay 6*d.* for men, 5*d.* for women; the employee is to pay 1*d.*

If the wages do not exceed 2*s.* a day, the employer is to pay 5*d.* for men, 4*d.* for women; the employee is to pay 2*d.*

If the wages do not exceed 2*s.* 6*d.* a day, the employer is to pay 4*d.* for men, 3*d.* for women; the employee 3*d.*

If the wages exceed 2*s.* 6*d.* a day, the employer is to pay 3*d.*; the man 4*d.*, the woman 3*d.*

Voluntary Insurance

Persons who are entitled to insure voluntarily, and who are under the age of 45 at the commencement of the scheme, will be given six months to join the insurance on paying 7*d.* (if

men), 6*d.* (if women). Such persons if over 45 and persons under 45 joining subsequently to the six months will be required to pay rates increasing according to their ages, in no case less than 7*d.* (or 6*d.*).

4. THE BENEFITS.

Minimum Benefits :—

The contributions have been calculated to enable the approved societies who administer them (see heading 5 below) to grant certain minimum benefits, and if the societies manage their business prudently they will also be able to grant some one or more of certain additional benefits.

The minimum benefits will comprise—

(1) Medical Attendance

(a) Medical attendance throughout life for the person insured. The societies will be responsible for making arrangements with doctors for attending upon sick members, but prohibited from making any arrangement under which the doctor would be required to provide medicine for any insured person. The societies will have to provide these expenses themselves, except in special circumstances in rural districts.

(2) Sanatorium Fund

(b) 1*s.* 3*d.* a head annually for a sanatorium fund throughout life. It is further proposed to pay a capital sum of £1,500,000 into a special fund to be used in making grants for building sanatoria, on condition that funds are also raised locally, and to make an additional yearly grant of 1*d.* per member to the sanatorium fund, as explained later. The total income available for preventive work is thus 1*s.* 4*d.*

* For rates finally adopted, see page 165.

a head annually, and it should be added that power is taken to use the additional grant of 1*d.* for research purposes.

(3) Sickness Benefits*

(c) 10*s.* a week in sickness for men and 7*s.* 6*d.* a week for women for 13 weeks from the fourth day of sickness in each case, and 5*s.* for the next 13 weeks. Members over 50 and under 60, who have not made 500 contributions, will receive 7*s.* a week only for the first 13 weeks if men, and 6*s.* only if women; and if over 60 such members will receive 5*s.* in both cases.

(d) 5*s.* for the remainder of sickness.

(4) Maternity Insurance

(e) A maternity benefit of 30*s.* payable from the father's insurance unless the mother is an insured person, when it will be paid from her insurance.

Limits of the Benefits in Certain Cases (Youth and Old Age)

Benefits (c) and (d) cease at 70 for both sexes.

Young (unmarried) persons under the age of 21 will receive smaller benefits under (c) and (d) at the rate of 5*s.* for the boys and 4*s.* for the girls.*

Boys and girls under the age of 16 will only be entitled to medical attendance and sanatorium treatment, the balance of their contributions being accumulated in order to enable the whole scheme to be extended at an earlier date than would otherwise be possible.

Margin of 10 Per Cent. Profit Anticipated

According to the actuarial calculations which have been made the proposed contributions will provide a

* For rates of benefit finally adopted, see page 168.

margin of approximately 10 per cent. in addition to the amounts required for the payment of the minimum benefits, the societies' costs of administration, and the liquidation of the original deficit in fifteen to sixteen years.*

This margin will, if the actuarial anticipations are realised, be made available for the grant of "additional" benefits, as provided for in the Bill, as soon as experience shows that it can safely be devoted to that purpose.

Application of the Margin

Well-managed societies will thus almost from the outset be able to make a very substantial addition to the standard schedule of benefits, while in all cases the existence of the margin will operate to prevent deficiencies arising from casual and accidental variations from the assumed rates of sickness, and so as a rule to obviate the necessity for bringing into operation the special machinery necessary for dealing with such deficiencies, viz., levies upon members or reduction of benefits below the standard schedule.

Additional Benefits

The additional benefits will include such benefits as the following:—

(1) Free Medical Attendance

(1) Free medical attendance for dependants.

(2) Benevolent Fund

(2) Benevolent fund for distressed members.

(3) Extension of Sick-pay Period

(3) Extension of period of full sick pay to 26 weeks; granting sick pay from first or second day of sickness;

* Under the Act as passed, 18½ years.

increasing sick pay either in all cases or in the case of married men with large families.

(4) Convalescent Allowance

(4) Convalescent allowances in selected or necessary cases. Building and maintaining convalescent homes.

(5) "Pocket Money"

(5) "Pocket money" for men in hospital or convalescent homes, who are being paid for.

(6) Additional Invalidity or Superannuation Benefit

(6) Additional invalidity or superannuation benefit, or addition to Old-age Pension. For instance, the societies might (when their funds permit) begin to grant a pension before 70, with an option to the recipient of taking an increase to his Old-age Pension if he prefers to wait till 70.

(7) Extension of Maternity Benefit

(7) An extension of the maternity benefit.

Reduced Benefits in Certain Cases

The Bill will require the societies to grant a reduced benefit under (c) and (d) in cases where those benefits are more than two-thirds of the wages earned by the insured person—compensation for the reduction being made by the grant of one or more additional benefits of a value equivalent to the reduction. The insurance office's consent would be necessary to any such adjustment of benefits. The power so granted may also be used in other cases with the consent of the insurance office.

Conditions under which Benefits will be Payable

The Bill will specify some of the conditions under which the benefits will be payable, the remainder of the conditions for the minimum benefits and all conditions for the grant of additional benefits being left to regulations to be drawn up with the help of the Committee to be appointed under the Bill.

All societies in administering the benefits will be required to conform to those conditions which are embodied in the Bill or regulations. Those of them which are not so prescribed will be left to the rules of the societies:—

Particulars as to Benefits—(1) Medical Attendance

(a) Medical attendance.—This will commence on entry into insurance (except for the first six months of the operation of the Act), and run throughout life.

(2) Sanatoria

(b) The rules as to sanatoria will be made by the "Local Health Committees," as to which see later.

(3) Sickness Benefits

(c) and (d) Temporary and permanent sickness.—The following rules or regulations will apply:—

(a) Notice

(i.) That notice of sickness must be given to the society.

(b) Date of Commencement of Sick Pay

(ii.) That sick pay will only commence as from the fourth day after such notice has been delivered, no payment being in fact made for the first three days.

(c) Proof of Sickness

(iii.) That the member must prove that he has been rendered unfit to provide his maintenance by some specified sickness or physical or mental disablement.

(d) Doctors' Certificates

(iv.) Rules will be sanctioned to prescribe the periods for which a doctor's certificate will be required, *i.e.*, whether a certificate must be produced once a week, or once a fortnight; and to deal with the case of members resident at some distance from the offices of their society.

(e) Behaviour of Patients

(v.) Rules will be sanctioned for the behaviour of members during sickness, but strict compliance with the directions of the doctor will be required. Societies will have to arrange for women visitors to visit women.

(f) Waiting Period

(vi.) A waiting period of six months has been laid down for the temporary sickness benefit, and of two years for the permanent invalidity benefit.

(g) Refusals of Sick Pay

(vii.) Societies will be allowed to follow their own rules for refusing sick pay in the case of sickness brought on by the member's own misconduct. They will, however, be required to give medical attendance in such cases, even if sick pay is refused.

(h) Recurrence of Illness

(viii.) If a member has received temporary sick pay and recovered from his sickness and falls sick a second time, such second sickness will be

reckoned as continuous with the first, unless a period of 12 months has elapsed and the member has followed his usual occupation and paid his contributions.

(i) Fines for Offences

(ix.) The societies will be given power to impose fines not exceeding 20 shillings for repeated offences and to suspend payment of benefit for a period of not more than one year for any violation of the above conditions, or for imposing on the funds, or for refusing to obey the rules of the society. They will also be given power of expulsion, as indicated later.

(j) Advances on Compensation

(x.) Sick pay (temporary and permanent) will not be paid except by way of advance to persons entitled to compensation under Act of Parliament or the Common Law, unless the amount of such compensation is less than the benefit to which the member is entitled, when the difference will be made up. Advances will be recoverable by legal process or deducted from future benefits.

Actions at Law by Societies against Individual Members

Alternatives have been inserted giving the societies power (1) to take legal action in support of a member's claim, and (2) to refuse payment of benefit if the person injured does not take action. The societies will, of course, be liable to costs if they take action and lose the case. If they win the case they will be made trustees of any sum awarded. Also, the consent of the society has been made necessary for the acceptance of any lump sum in voluntary commutation of a weekly

payment, and it has been left to the societies, subject to appeal, to determine the amount of the set-off from benefits under this Act when a lump sum is paid. Where a lump sum is awarded by the Court, the award will be communicated to the approved society concerned.

Maternity Benefit

(e) *Maternity Benefit*.—Societies will not be allowed to pay this benefit in cash to the insured person or her husband, but will be required to pay expenses incurred up to the sum of 30s. under prescribed conditions.

Non-assignment of Benefits.

A clause has been inserted prohibiting the sale, transfer, pledging, or assignment of benefits.

No Money Benefit allowed to Inmates of Hospitals, etc., unless they have Family or Relatives to Support

A clause is also inserted to the effect that when a member becomes an inmate of a hospital, asylum, infirmary, or workhouse under the charge of any public authority, or of any charity, no money benefit shall be allowed unless he has a wife or children or other relatives dependent upon him for support, when the amount due shall be paid for their relief and maintenance.

Societies and Convalescent Homes

Societies will be given power to make agreements to pay the money benefit towards the maintenance of members who are taken in convalescent homes whose rules require the payment of at least one-half of the cost of maintenance; and also, they will be authorised to grant subscriptions, at

their discretion, to hospitals and other charities, and to district nurses.

As regards Women.

Women, Marriage, and Employment

Women marrying and ceasing to be employed within the meaning of the Act will not be insured.* If they become widows, and go into employment, they will be entitled at once to rejoin the insurance. So, too, women now married who become widows after the Act has come into operation, if they then go into employment, will be entitled to be insured at the rate applicable to employed people (with the full waiting periods). The right so given to women to insure late in life is a very valuable one. Married women who go to work will be insured under the same conditions as other persons as regards arrears; but, as already indicated, they will be entitled to claim exemption if their employment is irregular. Arrears accruing during marriage will be wiped out on widowhood. The effect of these provisions is that, if an insured woman is left an invalid at her husband's death, she at once gets the benefit of her own insurance.

Transfers from the Class of Employed Persons to the Class of Voluntary Members, and vice versa.

A difficulty arises for which it is necessary to make rules, owing to the fact that there will be a number of voluntary members liable to pay a higher rate of subscription than the employed rate. Such persons will therefore desire to pose as employed members in order to obtain the benefit of the lower rate; and it is necessary to protect the societies and the insurance funds against such imposition.

* Special provisions for married women were adopted in Committee. See section 44 of Act.

The following rules are necessary:—

Rules—(1) Evidence of Regular Employment

(1) Persons who enter the scheme as employed members will be charged the employed rate and will be allowed to remain at that rate if they remain in employment for a period of five years. When they enter a society they will be required to furnish evidence that they are regularly employed.

(2) For Voluntary Members who become Employed

(2) Persons who go into employment, having been previously insured as voluntary members at a higher rate than the employed rate, will not be treated as having become employed members. If, however, they become regularly employed persons, they will be insured as such for what the contributions which they pay, or have paid, are worth.

(3) Non-payment of Contributions due to various causes—

(3) Non-payment of contributions by employed persons will be dealt with as follows:—

(a) Sickness

Non-payment due to sickness will be disregarded.

(b) Unemployment

Non-payment due to unemployment not amounting to four weeks a year on average will be disregarded. Beyond this sickness benefit will be reduced or postponed, but if the non-payment exceeds thirteen weeks a year on average the member will be suspended from benefits.

(c) Voluntary Members

Voluntary members who fall into arrear will be dealt with specially.

(d) Members in Arrear

Members in arrear will be given the right to pay arrears of contribution which have occurred in the current and previous calendar year with interest at 3 per cent. The societies will be protected against such payments being made when sickness has commenced, or just before it, with a view to obtaining full benefit, and a period of one month has been proposed as a protection against abuse of the insurance in such cases.

Persons who Enter or Re-enter Late in Life

Immigrants coming on to the scheme late in life will be compulsorily insured for the proportion of the benefits only which their own and their employers' contributions are worth. It has seemed necessary to provide that other persons who are driven into employment late in life, or who re-enter after exclusion, should be insured for reduced benefits; they will, however, be given a minimum insurance of not less than 5s. a week, corresponding with the insurance granted to a person who is in the maximum amount of arrears, even if the employed rate is not sufficient to grant this minimum insurance, and the society accepting such a member will be given credit by the Government at the expense of the whole insurance for the deficit caused by so accepting him according to the tables which will be prepared. It may be pointed out that, if such persons were given the full insurance, they would be treated as well as people who had previously insured themselves voluntarily,

and better than employed persons of the same age who were to any extent in arrear with their contributions. The amounts previously paid by way of voluntary insurance by any person coming on to the scheme late in life as an employed person will be credited to his insurance.

Exception with Persons Educated after 16

An exception will be made in favour of persons whose education is continued beyond 16.

5. THE MACHINERY FOR THE DISTRIBUTION OF BENEFITS.

The machinery will consist of—

(A)—Approved societies.

(B)—A post office system, set up by the Government for the benefit of those persons who fail or neglect to join a society, or are rejected.

(A)—APPROVED SOCIETIES.

The conditions of approval comprise:—

Conditions of Approval

(1) Absolute self-government.
 (2) Not working for a profit.
 (3) Election of all committees, representatives, &c., by the members in accordance with rules approved by the insurance office or regulations drawn up under the Act.

(4) A minimum number of 10,000 insured persons under the Act.

(5) Local as well as central control of arrangements for medical attendance and payment of sickness benefit and appeals. For all questions arising under the Act societies will be required to provide for a final appeal to arbitrators appointed by the insurance offices.

(6) Giving security by the deposit of sufficient stock or in some other way to compensate the Government for any malversation by officers.

(7) Keeping separate accounts for the State scheme.

(8) Complying with the provisions and requirements of the Act.

Open to any Society Satisfying Conditions to become Approved

It will be open to any Society which satisfies the conditions to become an approved society, and it will not be asked to apply any of its existing funds for the purposes of the new scheme, even though they have been contributed in respect of benefits now included in that scheme.

Ability of Friendly Societies and Trades Unions to become Approved

All the great friendly societies and trades unions will be able to comply with these conditions. By doing so they will not sacrifice their independence or their right to select members. The Government inspection and supervision to which they will be liable is only devised in the interest of the members themselves to secure the proper administration of the funds, and should strengthen the position of the managing committees in well-managed societies.

Particulars as to Minimum Number of Insured Persons

Under the heading (4), the minimum of 10,000 has been adopted for Great Britain, 5,000 for Ireland;* but this number will not apply to superannuation funds established by employers. It may be explained that a fairly high number is necessary to prevent an unreasonable number of cases occurring in which further levies from members

* The numerical limitations were abandoned.

might prove necessary, putting employers and employed to considerable inconvenience. As only one employer is concerned in the case of a super-annuation fund, it makes less difference in such a case if a levy is necessary.

Societies which Join an Association

It should be added that societies which do not contain the prescribed number, 10,000, will be able to join or form an association or society of societies containing that number. The terms of such association must be that the societies forming it agree to conform to the conditions subsequently laid down for dealing with surpluses and deficits. Societies which are members of such associations (whether existing or to be formed) will apply for approval and give security through the central body of the association. Such associations must make provision in their rules for settling disputes and for the government of the association, and it is clear that societies forming such associations will be able to maintain a stronger independence through their associations than they could maintain separately.

Local as well as Central Control

Under the heading (5) societies which are managed by delegates, or where voting by proxy or by post is permitted, and which carry on business at a distance from their head offices, will be required to set up local committees elected by all the members of the society residing in the district, for determining claims and supervising the administration of benefits in the district. A district has been defined as "a locality in which there are 1,000 members in the State insurance," and societies are required to set up a committee for every 1,000 members as a

maximum, and further required upon a request of 50 members to set up a committee for every group of 250 members as a minimum not more than 3 miles distant from the nearest branch office.

Places of Meeting

Power has also been taken to prescribe the place of meeting of societies.

Giving Security

Under heading (6) the Government will be given power to require security by the deposit of sufficient stock out of the funds of societies and to refuse approval to a society that is not prepared to make a deposit of stock up to the amount of half the annual contributions of the members of the society in the scheme.

Security will also be accepted in other forms at the discretion of the insurance office.

The Requirements of the Act with which Approved Societies must Comply.

(1) To keep their books and accounts, so far as relates to the State scheme, in the form to be prescribed by the Committee with the approval of the Treasury.

(2) To submit all such books and accounts to Government audit when required. It is proposed that the Government should undertake the work of auditing the State funds.

(3) To submit to a Government valuation at intervals of three years or at such other intervals as may be appointed.

(4) To conform to the requirements of the Act in the event of any surplus or deficiency being shown on a valuation.

(5) In the case of societies which are members of an association, to remain members of the association to which they belong, unless secession or dissolution is sanctioned as specified later.

(6) To provide for an appeal to arbitrators appointed by the insurance office in the event of any dispute between societies or between members arising out of the operation of the Act.

(7) To conform in other respects with the provisions of the Act.

Special Provisions re Superannuation Funds established by Employers.

All Requirements of Acts (with one exception) will apply

All the requirements of the Act, except those regarding the minimum number of 10,000 members, will apply to such funds, if they are to be given the privileges of approved societies.

Employers' Deductions

A special provision has been inserted authorising employers, subject to the qualification mentioned below, to deduct an amount equivalent to the contribution to be made by them under the Act from any future contribution which, by existing Act or deed, they have bound themselves to make to benefits similar in kind to those provided by the Bill. Such alteration of the effect of any existing Act or deed will only take effect as from the date when the present Act comes into operation, and all rights, titles, and benefits to which members have in any way become entitled under the present constitution of such funds before that date will be preserved. The deduction will be required to be limited according to such an amount as can be made consistently with the maintenance of such rights, titles, and benefits.

Members' Votes on Modifications of Existing Rules

Members of such funds will be given the right of voting on any modification of existing rules proposed under the preceding paragraph, and all modifications of existing schemes will be submitted for approval. Any member of such a fund will be given the right at any time to transfer his subscription and his employer's share with it to another society, if he prefers to be insured in that way, and the fund will carry out the transfer as a transfer between societies in the manner specified below.

Employers' Representation

It has been necessary to deal with the question of the employer's representation in the management of such funds, and a clause has been inserted allowing the employer one-fourth representation if he makes himself responsible for the solvency of the fund, and excluding him from representation in other cases, except to the extent to which he contributes more than the proportion represented by the amount payable by him under this Act.

Membership of Societies.

Transfers between Societies

Subject to the provisions of the Bill, membership will be governed by the existing rules of friendly societies. Transfers from one society to another will be carried out by the transfer of the amount appropriate to the member's age, according to a table which will be prepared, subject to appropriate deductions in the event of the member being in arrear or the society being in deficiency.

Expulsion of Members

A clause has been inserted, requiring a society which expels a member, who is unable to find another society to take him, to pay over to the insurance office the money appropriate to the member's age.

Expelled members will be given a right to appeal to the insurance office arbitrators.

Management Expenses.

The contributions are calculated to cover management expenses. A separate account must be kept for management expenses, and the Government will contribute its proportion of such expenses.

*Emigrants.***Reciprocity Agreements**

Members will be entitled to a transfer to a colonial society at the usual transfer rates. The insurance office will compile a list of colonial societies approved for the purpose, who grant reciprocal treatment to their own members migrating to this country. A clause will provide for reciprocity with colonies and foreign countries having State schemes of insurance. Persons in receipt of permanent sick allowances going abroad without the consent of their societies will forfeit benefits.

*Investments.***Investments and Availability of Funds**

Any sums standing to the credit of a society will be invested by the Government through the National Debt Commissioners. These funds will be available for making loans under the Housing Acts.

Equalising Conditions as between Societies accepting Members of Different Ages.

Inasmuch as societies will be allowed to retain their own independence and carry on business in the method to which they are accustomed, some arrangements must be made to equalise the position as between societies consisting of old or of young members. If there were only one fund and one society no difficulty would arise. The age-distribution of such a society would be normal at the commencement and as it would get its full and proper proportion of new entrants it would remain normal throughout. But as it is, there are over 20,000 societies and branches with the greatest possible variety in age-distribution.

Reconstitution of Societies not Proposed

It is not proposed to break up and reconstitute these societies, nor is it desirable or necessary to do so. But it is necessary to put every society on exactly the same footing:—

(1) For the purpose of the State valuation.

(2) As regards its financial position if it takes the older lives into insurance.

This has been effected in the following way:—

Inasmuch as the State is covenanting to pay two-ninths of the benefits for men (one-fourth for women), every society will necessarily be in a solvent condition if it has seven-ninths for men (three-fourths for women) of the contribution necessary as regards members joining it at the age of 16—the age when the insurance commences, and as from which all calculations for the purpose of the insurance have been

made. For members joining at any age over 16, societies in order to be solvent should also hold seven-ninths for men, and three-fourths for women, of the reserves appropriate to the members' ages.

The Working of the Paper Debt

These reserves they will not, of course, hold at the commencement of the scheme, and it is therefore necessary to create them in the form of a paper debt, at the cost of the whole insurance. This debt will be credited to the various societies, and will carry interest in the accounts at 3 per cent. Debt and interest will be redeemed by the investment of two-ninths for men (one-fourth for women) of the contributions paid by insured persons. In this way every society is put upon an equal footing of solvency as regards the acceptance of members. If a society has an age-distribution of members which is exactly normal in accordance with the calculation of the Government's actuaries, the reserves credited to it in the form of the paper debt would be paid off by the investment of the two-ninths (and one-fourth) of the contributions. If a society admits younger members, the excess of their contributions is available to pay the debt credited to a neighbouring society which admits older members. No one society, therefore, can get an advantage over another society by admitting members at the younger or older ages.

Reasons for Imposition of Age Limit

The proportion of the contribution which societies have to surrender is the proportion represented by the Government grant of two-ninths (or one-fourth) of the benefits. It is true,

therefore, at the commencement that young persons of 16 years of age in fact get no value from the Government grant, for the Government pays two-ninths (or one-fourth) of the benefits and takes two-ninths (or one-fourth) of the contribution. But for every age over 16 the society to which every insured person belongs from the commencement receives in the insurance a credit appropriate to his age-risk carrying interest at 3 per cent., and this credit represents the value to him and his employer of the Government insurance. The credit is, of course, greater at the higher ages, and it is for this reason that a somewhat reduced insurance is given to persons over 50 years of age and that persons over 65 are excluded.

Increased Benefits to Youth after a Certain Period has Elapsed

It is impossible without great complications under a universal scheme of insurance with a uniform rate of premium to devise a scheme under which every insured person from the commencement would receive exactly equal treatment. Equality of treatment can only be reached when the original deficit due to the inclusion of the older lives has been wiped off. Meanwhile, under the provisions of the Bill the younger generation will receive the full value of their own and the employers' contribution, and it is proposed in the Bill that when the deficit has been wiped off, and it becomes possible to extend the benefits conferred by the insurance, regard in the extension should be had to their ages when they joined the insurance. The value of the promise thus made to the younger generation is shown in the financial statement which will be circulated.

The 3 per cent. Basis

It should be added here that the Bill proposes that the insurance fund should be rolled up by the operation of the provisions above explained until it is sufficient to provide interest at 3 per cent. on all amounts then standing to the credit of societies. The advantages of this proposal are that it enables all valuations meanwhile to be conducted on a 3 per cent. basis, and that it makes a capital valuation of the fund unnecessary. When the scheme is extended, Parliament will be able to make such arrangements as may be reasonable for dealing with the capital account or changing the rate of interest adopted for valuation purposes.

*Valuation of Societies.***(A) Surpluses.****Societies with Surpluses Entitled to Prepare Schemes for Granting Additional Benefits**

If a surplus is found upon a valuation of a society, which is not a member of an association of societies, the society will be entitled to prepare a scheme for granting one or more of the additional benefits specified in the Act. The consent of the insurance office will be necessary before such a scheme can be brought into operation.

A Like Principle in Dealing with Associations

If a society showing a surplus is a member of an association of societies, it will be required to transfer one-half of any surplus to the central fund of the association, and with the approval of the association and of the insurance office it will be entitled to introduce one or more of the additional benefits. An association of societies will be en-

titled to introduce additional benefits for all its branches, when its central fund is sufficient for the purpose, subject to the consent of the insurance office.

(B) Deficits.**Societies with Deficits Required to Prepare Schemes for Extinguishing Deficiency**

If a deficiency is found, the society will be required to prepare a scheme for extinguishing the deficiency. Such a scheme may provide for—

(a) A levy upon all members of the society.

(b) A reduction of the temporary sickness benefit.

(c) A postponement of sickness benefit, or an extension of the period of twelve months mentioned above between payment of full sickness benefit.

All such schemes must receive the approval of the insurance office.

Proceedings if such Society is Member of an Association

If a society with a deficit is a member of an association, the deficiency must in the first instance be made good from any surplus in the hands of the association; but the governing body of the association, if it alleges maladministration on the part of the branch society, will be entitled, subject to an appeal to the insurance office, to refuse to make any grant from surpluses.

Powers of the Insurance Office as regards Societies with Deficit

If within six months after the declaration of a deficit no such action should be taken as may be reasonably expected to make good the deficiency in the affairs of the society within a period of three years, the insurance

office is empowered and required to take over the administration of the statutory powers and funds of the society and to take steps to recover as quickly as possible the amount of the deficiency by any or all of the methods above indicated. For the purpose of these clauses further contributions will be enforced if necessary by a deduction from wages as indicated below. Members joining a society in which a deficiency has been declared after the declaration of the deficit will not be required in any way to make good such deficit. Members leaving a society in similar circumstances will be charged with their proper proportion of the deficit. Any dispute as to the amount of the deficit or as to the adequacy of the provision proposed for extinguishing it will be decided by an independent referee to be appointed by the Lord Chief Justice in England and Ireland, and the Lord President in Scotland. If a society is found to be in deficiency at any time after the approval of a scheme for granting additional benefits, payment of such additional benefits will be suspended.

*Excessive Sickness in Certain Trades,
&c.*

**Circumstances which Warrant Inquiry,
and Penalty of Employer**

If one or more societies allege that excessive sickness has been caused among their members by the conditions or nature of employment in some trade or trades, or in certain shops or factories in which their members are employed, they will be entitled to demand an inquiry into the conditions of the trade, shop, or factory. If it is found on such inquiry that there has been among members of the societies engaged in the particular trade, shop, or

factory concerned during a period of not less than three years an amount of sickness exceeding by ten per cent. the average expectation of sickness, as shown by the table which the Treasury will publish for the use of persons making valuations under the Act, the employer will be required to make good the extra expense incurred by the societies through such excessive sickness.

This provision will, of course, exclude any sickness or disease which is a subject of compensation under the Workmen's Compensation Act.

Excessive Sickness in any Locality.

The powers of societies as regards such sickness will be defined later under the heading "Local Health Committee."

New Societies, Secessions, &c.

Power of Opening New Branches

The orders and associations will have the power now given to them by the Friendly Societies Acts of opening new branches. Such branches will give security through their order or association.

Conditions for Formation of new Societies

New societies which are not branches of existing societies may only be opened upon the insurance office being satisfied with the security offered, and upon the necessary minimum number of members being enrolled.

Conditions for Dissolution of Approved Societies

Dissolution of an approved society will only be allowed with the consent of the insurance office, proper provision being made for the State members.

Secessions from Orders and Associations.

The present law will apply. Affiliated societies may only secede after complying with the terms of their agreement with the order or association to which they belong. The further condition will be imposed that the consent of the insurance office will be necessary.

Withdrawal of Approval.

The insurance office will be given the right to withdraw approval from any society failing to comply with the provisions of the Act, or of any Act regulating its constitution. The funds of any such society will be used to provide, so far as they will go, for the transfer of the members to other societies or to the Post Office insurance.

(B)—THE POST OFFICE DEPOSIT INSURANCE.**Applies to Persons not belonging to a Society**

Persons liable to the compulsory deduction from wages, who fail to join a society or who are rejected or expelled by a society and who cannot get another society to take them, will be dealt with through the Post Office. Their names and addresses will be ascertained and the insurance will be conducted as follows :—

Method of Insurance through Post Office

The cards first issued for the collection of contributions (see later) will be made current for a period of four or five months only. After that period new cards will be issued free to members through the societies and to other compulsorily insured persons through

the Post Office upon the name and address being furnished. A membership book, upon which credit will be given for contributions, will be issued with the card to persons joining the Post Office insurance, and the contributions will be charged annually with seven-ninths for men and three-quarters for women of the calculated cost for management, medical attendance, and sanatorium. A waiting period of fifty-two payments will be required before any contribution can be withdrawn, but the member will be entitled after six months to medical attendance. If, after the waiting period has expired, a member falls ill, he (or she) will be entitled to withdraw his (or her) contributions including the employer's share with the addition of two-ninths (or one-quarter) from the State's contribution, at the rate of 10s., 7s. 6d., or 5s., &c., a week as the case may be. After the expiration of three years, if the funds admit, a further addition from lapsed and forfeited contributions will be made to the amounts withdrawable by members in sickness.

Lapses or forfeits will occur by the member dying.

The Post Office insurance will include foreigners, no State grant being given in such cases.

Medical attendance for persons in the Post Office insurance will be provided by a Local Health Committee to be set up as follows :—

THE LOCAL HEALTH COMMITTEE.

In connection with the proposals for the Local Health Committee, it should be stated that the areas of these committees will not be quite the same in Scotland as in England, and that most of the provisions relating to these committees will not apply to Ireland.

Formation of Local Sub-Committees of Health

A committee will be formed for counties and county boroughs, with power to create local sub-committees so far as necessary. It will consist:—

(1) Of persons nominated by the county councils or county boroughs, some of whom must be members of the sanitary authorities.

(2) Of persons nominated by the approved societies.

(3) Of persons nominated by an association, if any such is formed, of persons who insure through the Post Office, or in default of such nomination by co-optation of such persons.

(4) Of persons appointed by the insurance office, two of whom will be doctors.

The insurance office nominees will join in the co-optation of persons appointed under heading (3).

The county or borough medical officer will be entitled to attend the meetings of the Committee.

The insurance office is given power to vary the proportions of the representatives upon the Committee, and this power might prove of considerable importance in the event of agreements for the transfer of medical attendance being entered into as explained later.

Duties of Committees in Ireland

In Ireland, the duties of these Committees will be given to the county councils (outside the large towns), and the councils will also have power themselves to undertake to establish societies.

In counties where there are many Post Office contributors, arrangements are permitted for creating a separate Post Office account.

Duties of Health Committees.

(1) Medical

1. To make medical arrangements for persons who have been rejected by or failed to join a society.

(2) Sanatoria

2. To control the whole of the expenditure of insurance money for sanatoria in the district. Patients will be required to be sent to sanatoria approved by the Local Government Board, either existing or to be built with the help of the Government grant of £1,500,000.

(3) Public Health

3. To consider the needs of the district from the point of view of public health, to demand inquiries as to the enforcement of the Public Health Acts, the Factory Acts, and the Mines Acts, and to make recommendations. If, as the result of an inquiry, any excessive sickness is found to be due to bad housing, insanitary conditions, &c., the cost of such sickness is to be paid to the approved societies and the Health Committee by the local authorities.

Insanitary Housing Conditions

Where an inquiry is ordered into insanitary housing conditions in a neighbourhood, power will be given to the local authority to summon owners of insanitary property before the Commissioner holding the inquiry—as third parties—with a view to passing on to them the whole or a part of any levy due to excessive sickness.

The inquiry will be held before a Commissioner or Commissioners appointed by the Government Department concerned in each case.

The power given to Health Committees to protect their members in

cases of the kind mentioned is a necessary counterpoise to the liability imposed on members to make good the cost of excessive sickness, for it is not fair to call on them to make good the cost of sickness caused by the negligence of other persons.

Power will also be given to the societies separately to demand inquiries into the above matters.

(4) Lectures, etc., on Public Health

4. To provide for lectures and the publication of information upon questions relating to health.

Local Health Committees will be given power to combine for common purposes, and the insurance office will be empowered to form joint committees for neighbouring counties in special circumstances.

Transfer of Medical Attendance to Health Committee.

Present Unsatisfactory Condition of Medical Relief under Friendly Societies

The present system of medical relief as organised by the friendly societies cannot be regarded as entirely satisfactory. Doctors employed by these societies are paid an inclusive fee of about 4s. per member on an average. This fee covers drugs and the cheaper medical appliances, but is insufficient to provide the more costly drugs, the cost of which has to be borne by the doctors themselves.

Correction in respect of Payment for Drugs

To correct this it is proposed to insert a clause forbidding the societies to enter into any contract which provides for the payment of drugs by an inclusive fee. This will involve a sub-

stantial increase in the cost of medical relief, but the funds at the disposal of the societies under the Bill will enable them to meet the additional expense without trenching upon the minimum benefits.

Optional Handing Over by Societies of Medical Relief to Health Committee

Further, the societies will be given the option of handing over this part of their duties to the Health Committee, on such terms as may be arranged in each case. If the terms arranged or proposed involve a deficit, the Health Committee will be authorised to apply to the Government and the local authority for the payment of the deficit in equal shares; the latter can well afford it, for the scheme must effect a considerable saving in the medical charges now falling on the rates. It must be remembered in this connection that the compulsory character of the scheme secures a contribution towards medical attendance from that class of the population who now, having no society to fall back upon in case of sickness, resort to the Poor Law both for medicine and maintenance.

Inspection of Societies Medical Relief

The medical treatment given by societies will be made subject to inspection.

Income.

This will consist of:—

(1) The proportion charged to Post Office members in the district to cover medical attendance, management, and sanatorium, with the addition of the State grant.

(2) The whole of the sanatorium money from approved societies.

(3) The societies will also be required to subscribe *1d.* or *2d.* per

member per annum towards the administrative expenses of the Committee.

Provision for Research

(4) The State will make an additional grant of *1d.* for every *1s. 3d.* of the sanatorium money, and it is proposed to take power to use the whole or part of this additional grant for research purposes.

Power will be given to local authorities to subscribe to the general purposes of the Committee.

6. COLLECTION OF CONTRIBUTIONS.

The system to be provided for is as follows:—

Duties of the Employer

The employer of any person liable to deduction from wages is to be responsible for paying that person's contribution as well as the employer's contribution in respect of him, and may recoup himself the amount of the former contribution (but not of the latter) by deductions from the insured person's wages. Such a deduction will only be allowed at the time when the wages are paid for the period for which they are paid. If the employed person is not paid by the person employing him but by other persons, the employer will be responsible for seeing that he is insured. If the employed person gets no wages from anybody, then the employer must himself pay the whole amount. Deductions not made at the proper time cannot be made from any later payment. When an employed person is out of employment or ill, the contributions are not required to be paid.

Method of Payment of Contributions

The payment of contributions is to be effected by means of adhesive stamps which the employer will be able to obtain at any post office and affix to a card belonging to the employed person. The stamps must be cancelled by writing the date across them. The insured person will be responsible for obtaining the card and producing it to the employer to be stamped. On entering employment he may hand over his card to be kept by his employer, but if that course is followed, the employer must deliver the card back to him after a prescribed interval stamped up to date. When the card is in this manner left with the employer, the employer will be saved the trouble of stamping the card every week.

Method in respect of Casual Trades

To secure the due payment of contributions in the case of casual trades and employments, it is laid down as a general rule that the first employer in the week should be responsible for the payment of the contributions. The employee will be freed from further deductions from wages in the same week by producing his stamped and dated card to any subsequent employer. The inclusion of casual labour in insurance is of great importance. If it were excluded, it would tend still further to increase.

Penalties

The following penalties will be provided for:—

(1) The employer to be liable to civil proceedings for damages caused by failing to insure an employee.

(2) The employer also to be liable on summary conviction to a penalty for every omission to stamp a card, or for

holding a card which he has not stamped at the prescribed intervals, and the card will be stamped at the employer's expense.

The workman is to be required to produce his card to his employer at the time when wages are paid, and, if he omits to do so, then the employer will be empowered and required to obtain a card for him.

The whole of the above provisions left to regulations. A general explanation of the method to be adopted has been inserted here so as to make clearer the intention of the provisions of the Bill.

Employee cannot Contract for Deduction from his Wages of Employer's Share

A clause has been inserted to provide that any covenant between employers and employed, under which the employed agrees to the employer's deducting from wages the employer's share of the contribution, shall be void and of no effect.

Card remains Property of Employee

The card will be made the property of the workman, the employer having no right to retain it without his consent, or to write any comment whatever upon it.

Provisions for Casual Labour

Subject to the general rules laid down above, power will be taken to make regulations dealing with the contributions of casual labourers, including persons who are habitually employed by the hour or day, or for periods less than a complete week, and persons who are employed by several employers in one week. It will be permissible under these

regulations for a group of employers who between them employ a group of casual labourers, or for a group of casual labourers themselves, to deposit the casual labourers' cards with an insurance officer or at a Labour Exchange or some other suitable agency, to which the money for the contributions would then be paid.

The Purpose of the Cards

The cards will be made current for a fixed period, and will be handed over at the end of the period by the insured person to his society or to the Post Office, and he will receive a new card in exchange. The stamped card becomes a voucher furnishing evidence that the contributions have been duly paid as it passes first from the employer to the insured person, then from him to his society, and finally from the society to the Post Office or the department having custody of the insurance funds.

MISCELLANEOUS QUESTIONS.

(a) Advisory Committee

The Bill will contain provisions for the setting up of a committee of employers and insured persons whose duty it will be to advise the insurance office.

(b) Double Insurance

A clause has been inserted preventing, under a penalty, double insurance in the State scheme, and the same person will not be able to draw both unemployed and sick benefit. Members will, of course, be entitled to make what further insurance they may desire voluntarily through their societies, or in any other way.

(c) Inspection, Insurance Office, etc.

A clause will be inserted giving the Government the right to appoint inspectors for the purpose of the Act, and to establish an office for the purpose of dealing with all matters arising under the Act, the audit and valuation of accounts of societies, investments, &c.

Inspectors and officers of the insurance office so constituted will be given wide powers as regards all matters relating to the collection of contributions, and as regards conducting inquiries into the affairs of the societies.

(d) A Penalty Clause against False Claims, etc.

A clause will be inserted to protect the Government against false claims by officials of societies, frauds in the Post Office insurance, and misuse of stamps or cards; and to protect societies against frauds by officials or members. Existing Acts will be applied as far as possible to this purpose.

Offences in connection with the payment of contributions have been already dealt with.

(e) Out-door Relief

The existing Act with regard to benefits payable by friendly societies and outdoor relief granted by guardians will be made applicable.

(f) Ejectment, etc.

A clause will be drafted suspending the execution of all process for ejectment or for rent or debt against an insured person during the period he or she is in receipt of sick pay under benefit (c) and for 14 days after the expiration of such period.

Extension of Period of Protection in case of Sickness

Power will be given to the Judge or Registrar of the County Court to extend the period of protection in case of sickness, in no case beyond 12 months without a guarantee for the rent, if he is satisfied that life would be imperilled.*

*Malingering.***Purely State Scheme of Insurance would foster Malingering**

The greatest evil which has to be guarded against in all benefit schemes of this character comes from the danger of malingering. The friendly societies have never been able to suppress it altogether, and no plan which human ingenuity can devise will succeed in stamping it out. The best that can be achieved is the compression of it within limits that will not substantially disarrange or affect the funds available for honest men. The most effective check—in fact, the only really effective check—upon malingering is to be found in engaging the self-interest of the workmen themselves in opposition to it. That is why a purely State scheme, where the Exchequer could be drawn upon to an unlimited extent, would inevitably lead to unlimited shamming and deception. This scheme is so worked that the burden of mismanagement and maladministration would fall on the workmen themselves. If, through any such cause, there is any deficiency, the workmen must make it up either in diminished benefits or increased levies. Once they realise that, then malingering will become an unpopular vice amongst them, and they will take the surest and shortest way to discourage it.

* These provisions were modified. See section 68 of Act.

B.—INSURANCE AGAINST UNEMPLOYMENT.

The scheme of insurance against unemployment embodied in Part II. of the National Insurance Bill provides for:—

- (a) Compulsory insurance in certain scheduled trades.
- (b) Encouragement of voluntary insurance in all trades.

The scheme applies compulsorily to all workmen, skilled or unskilled, organised or unorganised, in building, construction of works, shipbuilding, engineering, and construction of vehicles. That is to say, on the one hand, all workmen and their employers are liable to contribute to an unemployment fund in respect of employment in these trades, and, on the other hand, all workmen who have thus contributed are entitled when unemployed to certain payments from the fund. The definition of the term "workman" is such as to exclude foremen and clerks as well as all persons under 18 years of age, and power is given to the Board of Trade by regulations to define more exactly than can be done in the Sixth Schedule the precise scope of the scheme. Workmen under the Crown, unless they are established, *i.e.*, pensionable, are included, but power is taken to adapt the provisions of the scheme to their special circumstances.

Method of Collection of Contributions

The income of the unemployment fund is raised by contributions from workmen, employers, and the State.

The workman's contribution is $2\frac{1}{2}d.$ for each period of employment of a week or less, and the employer's contribution is also $2\frac{1}{2}d.$ for each period of employment of a week or less, subject to the provision for compounding described below. The State contribution to the unemployment fund is one-third of the total contributions from workmen and employers. The State is responsible in the first instance for the cost of administration, but 10 per cent. of the income of the unemployment fund will be paid over in aid of administrative expenditure. The workman's and employer's contribution will, as a rule, be paid together by the employer's purchasing a special insurance stamp and affixing it to an insurance book carried by the workman. That is to say, it will in general be illegal to employ any workman in the insured trades without obtaining from him an insurance book and without affixing thereto week by week a $5d.$ stamp to represent the joint contribution. An employer who has affixed a stamp in this way will be entitled to deduct half the value of the stamp from the workman's wages. No contributions are required while the workman is unemployed for any cause.

The benefit provided consists of weekly payments to the workman whilst unemployed provided that he fulfils certain statutory conditions and is free of certain disqualifications.

The statutory conditions are, that the workman should have been employed in an insured trade for 26 weeks, should

have made application for benefit in the prescribed manner and have been continuously unemployed since the date of application, should be capable of work and unable to obtain suitable employment, and should not have exhausted his right to benefit.

Conditions under which Benefit is Withheld

Notwithstanding the fulfilment of the statutory conditions, a workman may be disqualified for receiving benefit on the following grounds for the period stated in each case:—

- (a) If he has lost employment through a strike or lock-out, for so long as the strike or lock-out continues;
- (b) if he has lost employment through misconduct or has voluntarily left employment without just cause, for six weeks from the date of losing or leaving employment;
- (c) if he has been imprisoned, for a period of six weeks after leaving prison;
- (d) while he is an inmate of any public institution;
- (e) while he is resident temporarily or permanently outside the United Kingdom.

Amount and Duration of Benefit

No benefit will be paid for the first week of any period of unemployment. Thereafter benefit can be drawn at the rate of 7s. a week by workmen engaged in engineering, shipbuilding, and construction of vehicles, and 6s. a week by workmen engaged in house building

and works of construction, up to a maximum in each case of 15 weeks of benefit in any 12 months. It is provided in addition that not more than one week of benefit can be drawn by any man for every five weekly contributions paid by him. This rule, while it will not be felt by men who work steadily in youth and only make large claims on the fund in exceptional trade depressions or in their later years, will drastically exclude from benefit men who are incompetent or idle. The same rule provides also an automatic means of dealing with the claims of those who work only part of their time at an insured trade. Such men will get a correspondingly reduced claim upon the fund. Special provision is made to prevent the rule from operating hardly in the case of workmen already working at an insured trade before the commencement of the Act.

Variations in Rates of Benefit

The rates and periods of benefit mentioned above are those proposed in the first instance. Power is given, however, to the Board of Trade by regulation to vary the rates within certain limits (viz., 6s. and 8s. per week), and, if necessary, to reduce the period below 15 weeks. For larger variation in the rates, or for an extension of the period, or change in the proportion which total benefits may bear to total contributions, more elaborate procedure, involving a public inquiry and hearing of objections, is required, on the lines of the procedure for making special orders under the Factory Acts. All such changes may relate either to the insured trades as a whole or single trade or branch thereof.

Administration of the Scheme

The administration of the scheme will take place principally through the Labour Exchanges. That is to say, a workman leaving employment will take his insurance book duly stamped to date to the nearest Exchange and lodge it and claim benefit. The decision as to how much benefit, if any, he may draw will be made by a statutory officer known as an "Insurance Officer." The workman will be entitled to receive such benefit as the insurance officer allows, subject to his remaining unemployed and continuing to sign the register daily during working hours.

Court of Referees

If the workman is dissatisfied with the decision of the insurance officer in any case, he will have a right of appealing to a Court of Referees, consisting of one or more members from a panel of persons chosen to represent workmen, with an impartial chairman. It is contemplated that Courts of Referees should sit in convenient centres once a week, and should deal each week with the whole of the appeals, so that there should be no delay in deciding cases. No charge will be made to the workman for appealing to a Court of Referees, and if sent for to attend he will receive travelling expenses. If the Court of Referees and the insurance officer are in agreement on any case, their decision will be final; if they differ, there will be a further appeal to an umpire appointed by the Board of Trade, whose decision will be final and conclusive. The appeal to the umpire will serve to harmonise the principles on

which Courts of Referees and insurance officers decide cases. Districts not covered by Labour Exchanges will be dealt with through local offices in the nature of sub-post offices.

Two Main Principles

The foregoing paragraphs set out the framework of the compulsory scheme. There are, however, a number of subsidiary provisions which will be best understood by reference to two main underlying principles:—

- (1) That provision for unemployment, whether through insurance or in other forms, must not be such as to create unemployment, and should, if possible, tend to diminish unemployment;
- (2) That compulsory provision for unemployment should be accompanied by arrangements for preserving and encouraging voluntary provision.

DIMINUTION OF UNEMPLOYMENT.

As regards the first principle—the avoidance of any tendency to encourage or increase unemployment by providing for it—attention may be called to the following points.

Close Alliance with Labour Exchanges

In the first place, provision for unemployment through insurance is throughout closely linked up with the machinery already established for diminishing unemployment, namely, the Labour Exchanges. Workmen claiming unemployment benefit through

an Exchange will automatically be registered as applicants by the Exchange for employment, and if the Exchange can find them suitable work, they will be required to take that work in place of drawing benefit. They will no longer be held to be "unable to obtain suitable employment." The insurance scheme, it is hoped, will greatly increase the efficiency of the Exchanges, first by bringing to them all the unemployed workmen who apply for benefit, and second, and consequentially, by inducing employers to send to them for the men who will necessarily be there.

It is to the Interest of all Parties to Diminish Unemployment

In the second place, the burden of providing benefit is thrown upon workmen, employers, and State in such a way as to give each of these parties an interest in diminishing unemployment, *i.e.*, preventing unnecessary idleness with a view to diminishing the burden. The benefits of the scheme are not guaranteed by the State. It is necessary, indeed, to make some provision for the possibility of an exceptionally severe depression of trade which might exhaust the fund temporarily, and this is done by allowing the Treasury to make an advance. It is provided, however, that in the event of such an advance being made there may be required by the Treasury an immediate temporary modification of the rates of contribution, or of the rates and periods of benefit, such as may serve to repay the advance and restore the solvency of the fund. Further, if it is found over a period of years that the rates of contribution are either too low or too high

in view of the benefits given, it is contemplated that there should be a periodical revision of these rates, and that in such revision there should, if necessary, be a differentiation between different trades and branches of trades according to the unemployment recorded in them. In this way it is made to the interest of both employers and workmen to reduce unemployment, if they can, with a view to obtaining a reduction or avoiding an increase of contributions when the revision takes place. The periodical revision of contributions requires a special order, made after public inquiry and hearing of objections, and can only be undertaken at intervals of five years or more. The contributions of employers or workmen cannot be raised by such a revision by more than one penny per workman per week.

Provisions to Encourage Regularity of Employment

In the third place, a number of specific provisions are inserted in the Bill with a view to encouraging regularity of employment or otherwise diminishing the burdens on the fund.

- (a) A minimum contribution of $2\frac{1}{2}d.$ each is required from employers and workmen for every separate period of employment of a week or less. In this way the premium for insurance is to some extent automatically adjusted to the greater risk, in so far as casual workmen and their employers are required to pay more frequent contributions than the

- more regular workmen and their employers.
- (b) Any employer, in place of paying in each week the joint contribution of 5*d.* as it becomes due in respect of any particular workman, may pay in advance at a rate of 1*s.* for that workman for the whole year, continuing to deduct from the workman the ordinary contribution for each week of employment. This rate represents a substantial reduction of the employer's contributions.
- (c) Any workman may at the age of 60 (or, in the case of men who have finally left the trade, at the age of 55) recover from the unemployment fund the amount, if any, by which his own contributions (exclusive of those of the employer and the State) exceed the amount of benefits drawn by him from the fund, with compound interest at $2\frac{1}{2}$ per cent.
- (d) In the case of workmen put on short time during a period of trade depression, the contributions both of employers and of workmen may be remitted altogether. This will give an advantage to employers who adopt the plan of working short time in times of depression instead of dismissing some men and keeping the rest on full time.
- (e) In the case of workmen engaged through a Labour Exchange, the Labour Exchange may by arrangement with the employer undertake on his behalf the whole duty of keeping and stamping insurance books, and further, may treat all the successive periods of employment of the same or different workmen engaged by that employer through the Exchange as a single continuous period of employment of one workman. In other words, an employer who uses the Exchange may pay according to the amount of labour he has in fact used, even though the employment has been discontinuous, and though he has not always had the same man. Correspondingly, a man engaged through the Labour Exchange by one or more employers with whom an arrangement has been made will be allowed to pay a single contribution per week, however many separate engagements he has had.
- (f) Any workman who becomes repeatedly unemployed through lack of skill or knowledge may be required to attend a suitable course of technical instruction, and if he fails to do so or to profit by such instruction, this fact may be taken into account in considering what is suitable employment for him.

The combined effect of these provisions is to give a substantial advantage both to the employer and to the workman in respect of regular and continuous employment as compared with casual engagements. This discrimination is justified both equitably and actuarially by the saving to the unemployment fund which results from the diminution of claims for unemployment benefit.

PRESERVATION AND ENCOURAGEMENT OF VOLUNTARY INSURANCE.

Provision is made in the following ways for the preservation and encouragement of voluntary insurance against unemployment.

Through an Association of Workmen

In the first place, an association of workmen in the insured trades which gives unemployment benefit can make an arrangement with the Board of Trade, enabling its members to draw benefit, not from the unemployment fund direct through the Labour Exchange, but through the association. The association will thereafter claim a refund from the unemployment fund of the sums to which the individual member would have been entitled. The association may thus be the channel for the distribution of the statutory benefits to its own members. It will, of course, be at liberty to give what benefits it pleases over and above the statutory benefits, and to give them for what periods and subject to what rules it pleases. The individual member of the association will be concerned only with the rules of his own association, and in place of having to attend at the Labour Exchange to get, say, 7s., and at the association office to get another 4s. or 5s., he will be able to get the whole 11s. or 12s. from his association, leaving the latter subsequently to settle with the unemployment fund. In order to secure the interest of the association in economical distribution and to encourage provision of benefits beyond the statutory minimum, it is provided that repayments to an association under this clause shall not exceed two-thirds of what it has

itself expended. In addition to repayments under this clause (79) the association will be entitled to participate in the subsidy payable under the scheme of voluntary insurance described in the next paragraph.

Subsidy from Board of Trade

In the second place, it is provided that the Board of Trade may out of moneys provided by Parliament pay to any association giving unemployment benefits a subsidy of one-sixth of the amount (up to a maximum rate of 12s. a week) expended on such benefits, exclusive, in the case of an Association which has made an arrangement under Section 105 of any sum repaid to the Association under that arrangement. This provision, which is applicable to all trades and all classes of employees, thus adds on to the limited compulsory insurance scheme a scheme for universal voluntary insurance through associations.

Possible Extension to other Trades

While the compulsory part of the scheme is limited at the outset to the trades mentioned, power is given to the Board of Trade to extend it to other trades by special order involving the procedure already described.

Miscellaneous Provisions

Miscellaneous provisions, *e.g.*, for inspection of workplaces so as to see that cards of men engaged are being duly stamped; for making unemployment benefit inalienable; and for excluding consideration of any benefit

under the Bill when Boards of Guardians are making a grant of outdoor relief, are contained in the general part of the National Insurance Bill (Part III).

Estimate of Number of Persons Affected by the Scheme

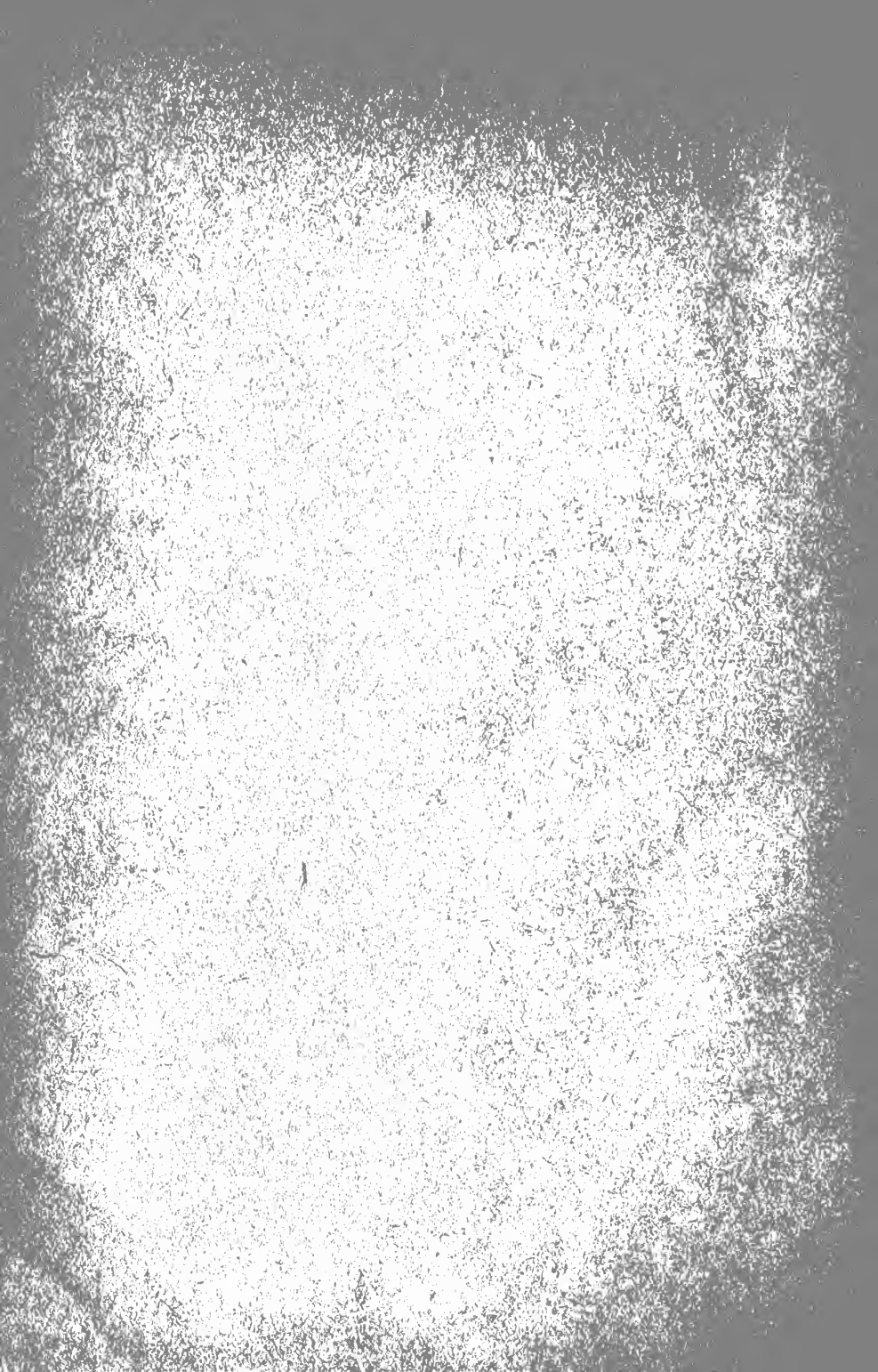
It is estimated that 2,421,000 work-people of 18 years of age and upwards will come within the compulsory insurance scheme at the outset, and

that these will be divided into two groups as follows:—

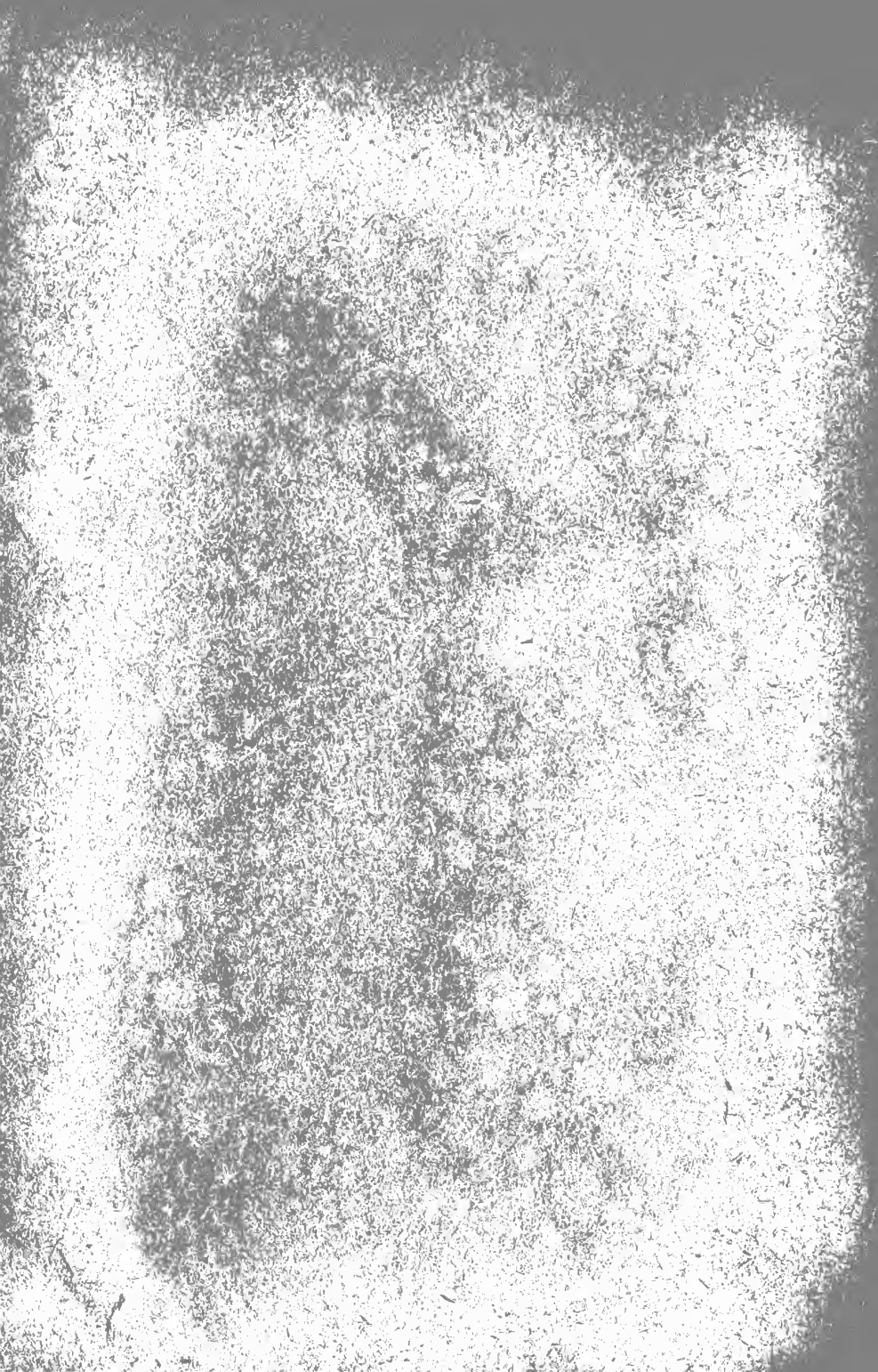
Engineering, shipbuilding, and construction of vehicles, 1,100,000.

Building and works of construction, 1,321,000.

The membership of trade unions in the insured trades at the end of 1909 was 462,288, of whom about 350,000 belonged to unions providing unemployment benefits other than travelling pay.



TEXT OF THE NATIONAL INSURANCE ACT, 1911



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NATIONAL HEALTH INSURANCE.

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1. Insured persons.
2. Exemptions.

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3. Contributions by insured persons, employers, and the Treasury.
4. Rates and rules for contributions by employed contributors and their employers.
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6. Change from voluntary rate to employed rate and *vice versa*.
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Benefits.

8. Benefits.
9. Reduced rates of benefit in certain cases.
10. Reduced rates of benefits where contributions are in arrear.
11. Provisions in the case of contributors entitled to compensation or damages.
12. Provisions in the case of contributors who are inmates of hospitals, &c.
13. Power to vary benefits in certain cases.

Administration of Benefits.

14. Administration of benefits by approved societies or the Insurance Committee.
15. Administration of medical benefit.
16. Administration of sanatorium benefit.
17. Power to extend sanatorium benefit to dependants.
18. Administration of maternity benefit.
19. Punishment of husband in certain cases of neglect.
20. Reinsurance for the purposes of maternity benefit.
21. Power to subscribe to hospitals, &c.
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23. Conditions for the approval of approved societies.
24. Power of societies to undertake business under Part I.
25. Special provisions for employers' provident funds, &c.

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26. Security to be given by approved societies.
27. Provisions as to approved societies.
28. Secessions, &c.
29. Withdrawal of approval.

Membership of Approved Societies and Transfer of Members.

30. Admission of insured persons to membership in approved societies.
31. Transfer from one approved society to another.
32. Transfers to foreign and colonial societies.
33. Transfer values of emigrants who remain members of approved societies.
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35. Approved societies to keep proper accounts.
36. Valuations of approved societies.
37. Surplus.
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39. Pooling arrangements in the case of small societies.
40. Special provisions with regard to societies with branches.
41. Power to separate men's and women's fund.

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42. Provisions as to deposit contributors.
43. Transfer from approved society to deposit insurance and *vice versa*.

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44. Special provisions with respect to married women.
45. Special provisions as to aliens.
46. Special provisions with regard to persons in the naval or military service of the Crown.
47. Special provisions where employer liable to pay wages during sickness.
48. Special provisions as to the mercantile marine.
49. Provisions as to persons over sixty five at commencement of Act.
50. Special provisions as to seasonal trades.
51. Special provisions as to inmates of charitable homes, &c.
52. Special provision as to persons becoming certificated teachers.
53. Application to other persons in the service of the Crown.

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54. National Health Insurance Fund.
55. Reserve values.
56. Transactions between the Insurance Commissioners and societies.

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57. Constitution of Insurance Commissioners, appointment of inspectors, &c.
58. Appointment of advisory committee.

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59. Appointment of Insurance Committees.
60. Powers and duties of Insurance Committees.
61. Income.
62. Local medical committee.

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63. Inquiries into causes of excessive sickness, &c.

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64. Provision of sanatoria, &c.
65. Power to Insurance Commissioners to make regulations, &c.
66. Determination of questions by Insurance Commissioners.
67. Disputes.
68. Protection against distress and execution in certain cases.
69. Offences.
70. Civil proceedings against employer for neglecting to pay contributions.
71. Repayment of benefits improperly paid.
72. Provisions as to application of the existing funds of friendly societies.
73. Provisions as to existing employers' provident funds.
74. Provisions as to minors who are members of approved societies.
75. Power for societies to register under Friendly Societies Act, 1896.
76. Application of Acts of Parliament to approved societies and sections.
77. Powers of the Local Government Board.
78. Power to remove difficulties.
79. Interpretation.
80. Application to Scotland.
81. Application to Ireland.
82. Establishment of Commissioners for Wales.
83. Joint Committee of Commissioners.

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84. Right of workmen in insured trades to unemployment benefit.
85. Contributions by workmen, employers, and the Treasury.
86. Statutory conditions for receipt of unemployment benefit.
87. Disqualifications for unemployment benefit.
88. Determination of claims.
89. Appointment of umpire, insurance officers, inspectors, &c.
90. Courts of referees.
91. Regulations.
92. Unemployment fund.
93. Treasury advances.
94. Refund of part of contributions paid by employer in the case of workmen continuously employed.
95. Repayment of part of contributions by workmen in certain cases.
96. Refund of contributions paid in respect of workmen working short time.
97. Saving for occasional employment in rural neighbourhoods.
98. Payment of contributions in case of Reservists or Territorials during training.
99. Provisions with respect to workmen engaged through labour exchanges.
100. Subsidiary provisions.
101. Offences and proceedings for recovery of contributions, &c.
102. Periodical revision of rates of contribution.
103. Power to extend to other trades.
104. Exclusion of subsidiary occupations.
105. Arrangements with associations of workmen in insured trade who make payments to members whilst unemployed.
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107. Interpretation and application.

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PART III

TEXT OF THE NATIONAL INSURANCE ACT, 1911

An Act to provide for Insurance against Loss of Health and for the Prevention and Cure of Sickness, and for Insurance against Unemployment, and for purposes incidental thereto.

[16 December, 1911]

BE it enacted by the King's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

PART I.

NATIONAL HEALTH INSURANCE.

Insured Persons.

1.—(1) Subject to the provisions of this Act, all persons of the age of sixteen and upwards who are employed within the meaning of this part of this Act shall be, and any such persons who are not so employed but who possess the qualifications hereinafter mentioned may be, insured in manner provided in this part of this Act, and all persons so insured (in this Act called "insured persons") shall be entitled in the manner and subject to the conditions provided in this Act to the benefits in respect of health insurance and prevention of sickness conferred by this Part of this Act.

(2) The persons employed within the meaning of this Part of this Act (in this Act referred to as "employed contributors") shall include all per-

sons of either sex, whether British subjects or not, who are engaged in any of the employments specified in Part I. of the First Schedule to this Act, not being employments specified in Part II. of that schedule:

Provided that the Insurance Commissioners hereinafter constituted may with the approval of the Treasury, by a special order made in manner hereinafter provided, provide for including amongst the persons employed within the meaning of this Part of this Act any persons engaged in any of the excepted employments specified in Part II. of the said schedule, either unconditionally or subject to such conditions as may be specified in the order.

(3) The persons not employed within the meaning of this Part of this Act who are entitled to be insured persons include all persons who either—

- (a) are engaged in some regular occupation and are wholly or mainly dependent for their livelihood on the earnings derived by them from that occupation; or
- (b) have been insured persons for a period of five years or upwards;

and the persons possessing such qualifications who become or continue to be

insured persons are in this Act referred to as voluntary contributors: Provided always that no person whose total income from all sources exceeds one hundred and sixty pounds a year shall be entitled to be a voluntary contributor unless he has been insured under this Part of this Act for a period of five years or upwards.

(4) Except as hereinafter provided, nothing in this section shall require or authorise a person of the age of sixty-five or upwards not previously insured under this Part of this Act to become so insured.

Exemptions

2.—(1) Where any person employed within the meaning of this Part of this Act proves that he is either—

- (a) in receipt of any pension or income of the annual value of twenty-six pounds or upwards not dependent upon his personal exertions; or
- (b) ordinarily and mainly dependent for his livelihood upon some other person,

he shall be entitled to a certificate exempting him from the liability to become or to continue to be insured under this Part of this Act.

(2) All claims for exemption shall be made to, and certificates of exemption granted by, the Insurance Commissioners in the prescribed manner and subject to the prescribed conditions, and may be so made and granted before, as well as after, the commencement of this Act: Provided that the regulations of the Insurance Commissioners may provide for claims under this section being made to, and certificates granted by, approved societies and Insurance Committees hereinafter constituted.

Contributions.

Contributions by Insured Persons, Employers, and the Treasury

3.—Except as otherwise provided by this Act, the funds for providing the benefits conferred by this Part of this Act and defraying the expenses of the administration of those benefits shall be derived as to seven-ninths (or, in the case of women, three-fourths) thereof from contributions made by or in respect of the contributors by themselves or their employers, and as to the remaining two-ninths (or, in the case of women, one-quarter) thereof from moneys provided by Parliament.

Rates and Rules for Contributions by Employed Contributors and their Employers

4.—(1) The contributions payable in respect of employed contributors shall be at the rate specified in Part I. of the Second Schedule to this Act (hereinafter referred to as the employed rate), and shall comprise contributions by the contributors and contributions by their employers at the rates specified in that Part of that schedule, and shall be payable at weekly or other prescribed intervals: Provided that in the case of an employed contributor of the age of twenty-one or upwards whose remuneration does not include the provision of board and lodging by the employer and the rate of whose remuneration does not exceed two shillings a working day, such part of the contributions payable in respect of him as is specified in the said schedule shall be paid out of moneys provided by Parliament.

(2) The employer shall, in the first instance, pay both the contributions payable by himself (in this Act referred to as the employer's contributions),

and also on behalf of the employed contributor the contributions payable by such contributor, and shall be entitled to recover from the contributor by deduction from his wages or otherwise the amount of the contributions so paid by him on behalf of the contributor in accordance with the rules set out in the Third Schedule to this Act.

(3) Contributions in respect of employed contributors shall cease to be payable on their attaining the age of seventy.

(4) The employer of a person who though employed within the meaning of this Part of this Act is not insured under this Part of this Act by reason either—

- (a) that not having previously been an insured person, he has become employed within the meaning of this Part of this Act after attaining the age of sixty-five; or
- (b) that he has obtained and still holds a certificate of exemption under this Part of this Act;

shall be liable to pay the like contributions as would have been payable as employer's contributions if such person had been an employed contributor, and such contributions shall be carried to such account and dealt with in such manner as may be prescribed by regulations made by the Insurance Commissioners, and those regulations may provide for applying the sums standing to the credit of the account, or any part thereof, for the benefit of any persons in respect of whom contributions have been so paid, in the event of such persons subsequently becoming employed contributors.

Rates and Rules for Contributions by Voluntary Contributors

5.—(1) The contributions payable by voluntary contributors shall be at the

rate appropriate to their age at the date of their entry into insurance ascertained in accordance with a table to be prepared by the Insurance Commissioners (hereinafter referred to as the voluntary rate) and shall be paid by the voluntary contributors at weekly or other prescribed intervals:

Provided that—

- (a) In the case of a person who enters into insurance within six months after the commencement of this Act, the voluntary rate shall, if he is below the age of forty-five at the date of entering into insurance, be the same as the employed rate, and if he is of the age of forty-five or upwards, be such rate, ascertained according to a table to be prepared by the Insurance Commissioners, as, having regard to his age at that date, will be sufficient to cover seven-ninths, or in the case of a woman three-fourths, of the benefits conferred by this Part of this Act;
 - (b) Where a person, having been an employed contributor for five years or upwards, becomes a voluntary contributor the rate of contribution payable by him shall continue to be the employed rate.
- (2) Contributions by voluntary contributors shall cease to be payable on their attaining the age of seventy.

Change from Voluntary Rate to Employed Rate and vice versa

6.—(1) Where an insured person has become a member of an approved society as a voluntary contributor, the rate of contributions payable in respect of him shall notwithstanding that he becomes employed within the meaning

of this Part of this Act, remain the voluntary rate, unless at any time after becoming so employed he gives notice in the prescribed manner of his wish to be transferred to the employed rate.

(2) Where he gives such notice the rate payable in respect of him shall be the employed rate, but in such case the rate of sickness benefit payable in respect of him shall be such reduced rate as would have been payable had he not previously been insured, subject to such addition as may according to tables prepared by the Insurance Commissioners represent the value at that time of the contributions previously paid by him.

(3) Where he does not give such notice, and until he does so, the contributions payable by his employer in respect of him during any period of employment within the meaning of this Part of this Act shall be the same as if he had been transferred to the employed rate, and the contributions so paid by the employer shall be treated as in part satisfaction of the contributions at the voluntary rate payable by the contributor, and if the contributor fails to pay the balance he shall be deemed to be in arrear to that extent.

(4) Where an employed contributor within five years from his entry into insurance ceases to be employed within the meaning of this Part of this Act and becomes a voluntary contributor, he shall be deemed to be in arrear, as from the date when he so became a voluntary contributor, to the amount of the difference between the aggregate contributions paid by or in respect of him since his entry into insurance and the aggregate of the contributions which would have been payable by him had he throughout been a voluntary contributor, and the difference between any reserve value which is credited to

the approved society of which he is a member in respect of him and the reserve value (if any) which would have been credited to that society in respect of him had he originally become a voluntary contributor shall be cancelled.

Power to make Regulations for the Payment of Contributions

7.—Subject to the provisions of this Act, the Insurance Commissioners may make regulations providing for any matters incidental to the payment and collection of contributions payable under this Part of this Act, and in particular for—

- (a) payment of contributions whether by means of adhesive or other stamps affixed to or impressed upon books or cards, or otherwise, and regulating the manner, times, and conditions in, at, and under which such stamps are to be affixed or impressed, or payments are otherwise to be made;
- (b) the entry in or upon books or cards of particulars of contributions paid and benefits distributed in the case of the insured persons to whom such books or cards belong;
- (c) the issue, sale, custody, production, and delivery up of books or cards and the replacement of books or cards which have been lost, destroyed, or defaced.

Benefits.

Benefits

8.—(1) Subject to the provisions of this Act the benefits conferred by this Part of this Act upon insured persons are—

- (a) Medical treatment and attendance, including the provision of

proper and sufficient medicines and such medical and surgical appliances as may be prescribed by regulations to be made by the Insurance Commissioners (in this Act called "medical benefit");

(b) Treatment in sanatoria or other institutions or otherwise when suffering from tuberculosis, or such other diseases as the Local Government Board with the approval of the Treasury may appoint (in this Act called "sanatorium benefit");

(c) Periodical payments whilst rendered incapable of work by some specific disease or by bodily or mental disablement, of which notice has been given, commencing from the fourth day after being so rendered incapable of work and continuing for a period not exceeding twenty-six weeks (in this Act called "sickness benefit");

(d) In the case of the disease or disablement continuing after the determination of sickness benefit, periodical payments so long as so rendered incapable of work by the disease or disablement (in this Act called "disablement benefit");

(e) Payment in the case of the confinement of the wife or, where the child is a posthumous child, of the widow of an insured person, or of any other woman who is an insured person, of a sum of thirty shillings (in this Act called "maternity benefit");

(f) In the case of persons entitled under this Part of this Act to any of the further benefits mentioned in Part II. of the Fourth Schedule to this Act (in this Act

called "additional benefits") such of these benefits as they may be entitled to.

(2) Subject to the provisions of this Part of this Act, the rates of sickness benefit and disablement benefit to which insured persons are entitled shall be the rates specified in Part I. of the Fourth Schedule to this Act.

(3) In the case of insured persons who have attained the age of seventy, the right to sickness benefit and disablement benefit shall cease.

(4) No insured person shall be entitled to any benefit during any period when he is resident either temporarily or permanently outside the United Kingdom.

Provided that, if a person is temporarily resident in the Isle of Man or the Channel Islands, he shall not, whilst so resident, be disentitled to benefits other than medical benefit, and that, if with the consent of the society or committee by which the benefit is administered a person is temporarily resident outside the United Kingdom elsewhere than in the Isle of Man or the Channel Islands, the society or committee may allow him, whilst so resident, to continue to receive sickness or disablement benefit, and that a person resident out of the United Kingdom shall not be disentitled to maternity benefit in respect of the confinement of his wife, if his wife at the time of her confinement is resident in the United Kingdom.

(5) Where an insured person, having been in receipt of sickness benefit, recovers from the disease or disablement in respect of which he receives such benefit, any subsequent disease or disablement, or a recurrence of the same disease or disablement, shall be deemed to be a continuation of the previous disease or disablement, unless in the

meanwhile a period of at least twelve months has elapsed, and at least fifty weekly contributions have been paid by or in respect of him :

(6) Where a woman confined of a child is herself an insured person, and is a married woman, or, if the child is a posthumous child, a widow, she shall be entitled to sickness benefit or disablement benefit (as the case may be) in respect of her confinement in addition to the maternity benefit to which she or her husband may be entitled, but, save as aforesaid, a woman shall not be entitled to sickness benefit or disablement benefit for a period of four weeks after her confinement unless suffering from disease or disablement not connected directly or indirectly with her confinement.

Medical benefit shall not include any right to medical treatment or attendance in respect of a confinement.

(7) Where a pension or superannuation allowance is payable by an approved society in whole or in part as an additional benefit under this Part of this Act, or out of any fund to which contributions have been made in accordance with paragraph (10) of Part II. of the Fourth Schedule to this Act, it may be made a condition of the grant of the pension or allowance that a member of the society shall, whilst in receipt of such pension or allowance, be excluded in whole or in part from his right to sickness benefit and disablement benefit, or to either of such benefits.

(8) Notwithstanding anything in this Part of this Act, no insured person shall be entitled—

- (a) to medical benefit during the first six months after the commencement of this Act;
- (b) to sickness benefit unless and until twenty-six weeks have

elapsed since his entry into insurance, and at least twenty-six weekly contributions have been paid by or in respect of him ;

- (c) to disablement benefit unless and until one hundred and four weeks have elapsed since his entry into insurance, and at least one hundred and four weekly contributions have been paid by or in respect of him ;
- (d) to maternity benefit unless and until twenty-six, or in the case of a voluntary contributor fifty-two weeks have elapsed since his entry into insurance, and at least twenty-six, or in the case of a voluntary contributor fifty-two, weekly contributions have been paid by or in respect of him.

(9) As soon as the sums credited to approved societies as reserve values in respect of persons who enter into insurance within one year after the commencement of this Act have been written off in manner provided by this Part of this Act, the benefits payable to insured persons under this Part of this Act shall be extended in such manner as Parliament may determine.

Reduced Rates of Benefit in Certain Cases

9.—(1) In the case of insured persons who are under the age of twenty-one years and unmarried, sickness benefit and disablement benefit shall be at the reduced rates specified in Table B. in Part I. of the Fourth Schedule to this Act :

Provided that where any such person, being a member of an approved society, proves that one or more members of his family are wholly or mainly dependent upon him, the society shall dispense with such reduction.

- (2) Where in the case of any insured

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persons the rate of sickness benefit or disablement benefit (as the case may be) exceeds two-thirds of the usual rate of wages or other remuneration earned by such persons, the rate of such benefit may be reduced to such an extent as the society or committee administering the benefit, with the consent of the Insurance Commissioners, determines; but where such reduction is made provision shall be made by the society or committee, with the like consent, for the grant of one or more additional benefits of a value equivalent to such reduction.

(3) The rate of sickness benefit shall be reduced in accordance with Table C. in Part I. of the Fourth Schedule to this Act in the case of any insured person who becomes an employed contributor within one year after the commencement of this Act, and is at the date of so becoming an employed contributor of the age of fifty years or upwards and the number of weekly contributions paid by or in respect of him is at the date of any claim by him for such benefit less than five hundred.

(4) In the case of every person who, not having been previously insured under this Part of this Act, becomes an employed contributor subsequently to the expiration of one year from the commencement of this Act, and is, at the time of so becoming an employed contributor, of the age of seventeen or upwards, the rate of sickness benefit to which he is entitled shall (unless he proves that his time since he attained the age of seventeen has been spent in a school or college, in indentured apprenticeship or otherwise under instruction without wages or otherwise in the completion of his education, or unless he undertakes himself to pay the difference between the voluntary rate and

the employed rate, or pays to the Insurance Commissioners, to be credited to the Society, such capital sum as will be sufficient to secure him benefits at the full rate) be such reduced rate as may be fixed in accordance with tables to be prepared by the Insurance Commissioners, but not in any case less than five shillings a week:

Provided that if at any time subsequently such person would become entitled to sickness benefit at a higher rate if he were treated as having become an employed contributor as from the time when he attained the age of seventeen, or as from the expiration of one year after the commencement of this Act, whichever date may be the later, and as being in arrear for all contributions which, had he become an employed contributor at that date, would have been payable in respect of him between that date and the date when he actually became an employed contributor, he shall, if he so elects, be entitled to be so treated.

Reduced Rates of Benefits where Contributions are in Arrear

10.—(1) Where an insured person being a member of an approved society is in arrear to an amount greater than thirteen weekly contributions a year on the average since his entry into insurance, his right to benefits under this Part of this Act other than medical benefit, sanatorium benefit, and maternity benefit shall be suspended, and where he is in arrears to an amount greater than twenty-six weekly contributions a year on the average since his entry into insurance his right to medical benefit, sanatorium benefit, and maternity benefit shall be suspended, and at the expiration of the calendar year next after the date when he becomes suspended from all

benefits any sums credited to the society in respect of him, calculated in the prescribed manner, shall, if his right to benefits still continues to be suspended, be carried to such account and dealt with in such manner as may be prescribed for the benefit (except so far as such sums comprise sums in respect of a reserve value) of the society or any other society to which such person may subsequently be transferred :

Provided that if at any time after suspension from any such benefits he becomes employed within the meaning of this part of this Act he shall be entitled to those benefits at such rate, after the lapse of such time and after the payment of such number of contributions, as would have been applicable to his case had he not previously been an insured person, but if he so elects at any time the benefits to which he is entitled shall be such as he would be entitled to, were the period from the time of his original entry into insurance taken as a whole.

(2) Where an employed contributor claiming sickness benefit is at the date of such claim in arrears but the arrears are less than as aforesaid, then the rate of sickness benefit shall be reduced to a sum not less than five shillings a week, or the time when sickness benefit commences deferred, proportionately to the amount of arrears in accordance with the Table in the Fifth Schedule to this Act.

(3) Where a voluntary contributor is in arrears he shall be liable to such proportionate reduction of benefits as may be prescribed.

(4) In calculating arrears of contributions, no account shall be taken of any arrears accruing—

(a) during any period when the person in question has been, or but for this section or any other provision of this Act disentitling a

person to such benefit would have been, in receipt of sickness benefit or disablement benefit ; or

- (b) in the case of a woman who, being an insured person, is herself entitled to maternity benefit during two weeks before and four weeks after her delivery, or in the case of maternity benefit payable in respect of the posthumous child of an insured person, during the period subsequent to the father's death ; or
- (c) in the case of an employed contributor during the first twelve months after the commencement of this Act ;

but, save as aforesaid, contributions shall be deemed to be payable in respect of every week from the date of entry into insurance.

(5) Where an insured person has paid any arrears of contributions payable by or in respect of him which accrued during the calendar year current at the date of payment and the previous calendar year, he shall be treated for the purposes of this section as if the arrears so paid had never become due :

Provided that if such person is at the date of payment or subsequently within one month thereafter becomes incapable of work by reason of disease or disablement, he shall for the purposes of this section be deemed to be still in arrear in respect of the amount so paid until after the expiration of one month from the date of such payment.

(6) Any approved society may, if it thinks fit, excuse any part of the arrears which may have accrued due by or in respect of any member who is an employed contributor during any period of unemployment not exceeding such part as would have been payable by

the employer had the member continued in his last employment, and in such case the amount of the arrears of that member shall be reduced accordingly.

(7) The average amount of arrears for the purposes of this section shall be calculated in such manner as the Insurance Commissioners may prescribe.

Provisions in the case of Contributors entitled to Compensation or Damages

11.—(1) Where an insured person has received or recovered or is entitled to receive or recover, whether from his employer or any other person, any compensation or damages under the Workmen's Compensation Act, 1906, or any scheme certified thereunder, or under the Employers' Liability Act, 1880, or at common law in respect of any injury or disease, the following provisions shall apply:—

(a) No sickness benefit or disablement benefit shall be paid to such person in respect of that injury or disease in any case where any weekly sum or the weekly value of any lump sum paid or payable by way of compensation or damages is equal to or greater than the benefit otherwise payable to such person, and where any such weekly sum or the weekly value of any such lump sum is less than the benefit in question, such part only of the benefit shall be paid as, together with the weekly sum or the weekly value of the lump sum, will be equal to the benefit:

(b) The weekly value of any such lump sum as aforesaid may be determined by the society or committee by which the sickness and disablement benefits payable to such person are administered, but if the insured person

is aggrieved by such determination, the matter shall be settled in manner provided by this Part of this Act for settling disputes between insured persons and societies or committees:

(c) Where an agreement is made as to the amount of such compensation as aforesaid, and the amount so agreed is less than ten shillings a week, or as to the redemption of a weekly payment by a lump sum under the Workmen's Compensation Act, 1906, the employer shall, within three days thereafter, or such longer time as may be prescribed, send to the Insurance Commissioners, or to the society or committee concerned, notice in writing of such agreement giving the prescribed particulars thereof, and proviso (d) to paragraph (9) of the Second Schedule of the Workmen's Compensation Act, 1906 (which relates to the powers of registrars of county courts to refuse to record memoranda of agreements and to refer the matter to the judge) shall, in cases where the workman is an insured person, apply to agreements as to the amount of compensation, in like manner as to agreements as to the redemption of weekly payments by lump sums:

(2) Where an insured person appears to be entitled to any such compensation or damages as aforesaid and unreasonably refuses or neglects to take proceedings to enforce his claim, it shall be lawful for the society or committee concerned, either—

(a) at its own expense, to take in the name and on behalf of such person such proceedings, in

which case any compensation or damages recovered shall be held by the society or committee as trustee for the insured person; or

- (b) to withhold payment of any benefit to which apart from this section such person would be entitled.

In the event of the society or committee concerned taking proceedings as aforesaid, and failing in the proceedings, it shall be responsible for the costs of the proceedings as if it were claiming on its own account.

(3) Nothing in this section shall prevent the society or committee paying to an insured person benefit by way of advance pending the settlement of his claim for compensation or damages, and any advance so made shall, without prejudice to any other method of recovery, be recoverable by deductions from or suspension of any benefits which may subsequently become payable to such person.

Provisions in the case of Contributors who are Inmates of Hospitals, etc.

12.—(1) No payment shall be made on account of sickness, disablement or maternity benefit to or in respect of any person during any period when the person to or in respect of whom the benefit is payable is an inmate of any workhouse, hospital, asylum, convalescent home, or infirmary, supported by any public authority or out of any public funds or by a charity, or voluntary subscriptions, or of a sanatorium or similar institution approved under this Part of this Act.

(2) During such period as aforesaid the sum which would otherwise have been payable on account of any such benefit to or in respect of such person—

- (a) shall be paid to or applied in

whole or in part for the relief or maintenance of his dependants (if any) in such manner as the society or committee by which the benefit is administered, after consultation whenever possible with such person, thinks fit; or

- (b) if such person, being a member of an approved society, is an inmate of a sanatorium or similar institution in which he is receiving treatment in accordance with the provisions of this part of this Act, and has no dependants, shall be paid to the Insurance Committee towards the general purposes thereof; or

- (c) If such person, being a member of an approved society, is an inmate of a hospital, asylum, convalescent home, or infirmary supported by charity or by voluntary subscriptions and has no dependants, shall, if an agreement for the purpose has been made between the society or committee and the hospital, asylum, convalescent home, or infirmary, be paid, in whole or in part, according to such agreement, towards the maintenance of such person in the hospital, asylum, convalescent home, or infirmary:

Provided that—

- (i) any part of such sum which is not so applied as aforesaid may, if the society or committee thinks fit, be applied in the provision of any surgical appliances required for the insured person or otherwise for his benefit; and
- (ii) if such an inmate as aforesaid is a married woman or widow, and the sums so payable or applicable as aforesaid include the

sums which would have been payable both on account of sickness or disablement benefit and on account of maternity benefit, no part of the sum which would otherwise be payable on account of maternity benefit shall be paid or applied for the relief or maintenance of her dependants, but such sum may be paid to the hospital, asylum, convalescent home, or infirmary of which she is an inmate as aforesaid in like manner as if she had no dependants.

- (iii) where any person who is entitled to any benefit under this Part of this Act, or a woman whose husband is entitled to maternity benefit in respect of her confinement, applies for admission to any workhouse infirmary, admission thereto shall not be refused on the ground only of the right to such benefit.

Power to vary Benefits in Certain Cases

13.—(1) Any approved society may submit to the Insurance Commissioners a scheme for substituting any of the additional benefits for sickness benefit and disablement benefit or either of those benefits or any part thereof, and the scheme may provide as respects the members of the society to whom the scheme applies that any such benefits shall be abolished or the rate thereof reduced or, in the case of sickness benefit, the commencement thereof postponed; and the scheme may contain such incidental and consequential provisions as appear necessary for adapting the other provisions of this Part of this Act to the members to whom the scheme applies.

(2) The scheme shall apply either to all members of the society or to any specified class thereof or to any mem-

bers of the society who may elect to come under the scheme, according as may be provided by the scheme.

(3) A scheme made under this section shall not have any effect unless and until confirmed by the Insurance Commissioners, and the Insurance Commissioners shall not confirm any such scheme unless satisfied that the value of the additional benefits conferred by the scheme is equivalent to the value of the benefits for which they are substituted, and that, in view of the special circumstances of the members or class of members intended to come under the scheme, there is good reason for substituting the additional benefits conferred by the scheme for the benefits for which they are substituted.

(4) Nothing in this section or in any scheme made thereunder shall affect the amount of any reserve value to be credited to a society in respect of a member, and such reserve values shall be calculated as if the scheme had not been made.

Administration of Benefits.

Administration of Benefits by Approved Societies or the Insurance Committee

14.—(1) Sickness benefit, disablement benefit, and maternity benefit shall be administered, in the case of insured persons who are members of an approved society, by and through the society, or a branch thereof, and in other cases by and through the Insurance Committees; medical and sanatorium benefits shall in all cases be administered by and through the Insurance Committees, additional benefits shall be administered by the society or branch of which the persons entitled thereto are members, except where such benefits are in the nature of medical benefits, in which case they

shall be administered by and through the Insurance Committees.

(2) Subject to the provisions of this Part of this Act, an approved society may, with the consent of the Insurance Commissioners, provide for the application of its existing rules or make new rules with regard to the manner and time of paying or distributing and mode of calculating benefits, suspension of benefits, notices and proof of disease or disablement, behaviour during disease or disablement, and the visiting of sick or disabled persons, and for the infliction and enforcement of penalties (whether by way of fines or suspension of benefits or otherwise) in the case of any member being an insured person who is guilty of any breach of any such rule, or of any imposition or attempted imposition in respect of any benefit under this Part of this Act, and may from time to time with the like consent alter or repeal any such rules; but—

- (a) no fine imposed under any such rule shall exceed ten shillings or, in the case of repeated breaches of rules, twenty shillings;
- (b) no such rule shall provide for the suspension of any benefit for a period exceeding one year;
- (c) every such rule relating to the visiting of insured persons by visitors appointed by the society shall provide that women shall not be visited otherwise than by women;
- (d) every such rule relating to behaviour during disease or disablement shall be in the prescribed form;
- (e) No such rule shall prescribe any penalty, nor shall any insured person be subject to any penalty, whether by suspension

of benefit or otherwise, on account of the refusal by any such person to submit to a surgical operation, or vaccination, or inoculation of any kind unless such refusal in the case of a surgical operation of a minor character is considered by the society, or on appeal the Insurance Commissioners, unreasonable;

- (f) No such rule shall provide for inflicting as a penalty for breach of rules or imposition or attempted imposition on the part of an insured person suspension of maternity benefit in respect of the confinement of his wife, where his wife has not herself been guilty of any such breach, imposition, or attempted imposition.

(3) The Insurance Committee shall, subject to the approval of the Insurance Commissioners, make rules in respect of any of the matters mentioned in the last preceding subsection with regard to the administration of benefits by the committee.

Provided that no such rule relating to anything to be done by, to, or through the Post Office shall be made without the consent of the Postmaster-General.

(4) Where under any such rule as aforesaid, payment of sickness or disablement benefit is suspended on the ground that the disease or disablement has been caused by the misconduct of the person claiming the benefit, such person shall not thereby become disentitled to medical benefit.

(5) Where under any Act regulating the constitution of a society which becomes an approved society the rules of the society are required to be registered, any rules approved

under this section by the Insurance Commissioners shall forthwith be registered, but till so registered shall have effect as if they had been duly registered.

Administration of Medical Benefit

15.—(1) Every Insurance Committee shall for the purpose of administering medical benefit make arrangements with duly qualified medical practitioners in accordance with regulations made by the Insurance Commissioners.

(2) The regulations made by the Insurance Commissioners shall provide for the arrangements made being subject to the approval of the Insurance Commissioners and being such as to secure that insured persons shall, save as hereinafter provided, receive adequate medical attendance and treatment from the medical practitioners with whom arrangements are so made, and shall require the adoption by every Insurance Committee of such system as will secure—

- (a) the preparation and publication of lists of medical practitioners who have agreed to attend and treat insured persons whose medical benefit is administered by the committee;
- (b) a right on the part of any duly qualified medical practitioner who is desirous of being included in any such list as aforesaid of being so included, but where the Insurance Commissioners, after such inquiry as may be prescribed, are satisfied that his continuance in the list would be prejudicial to the efficiency of the medical service of the insured, they may remove his name from the list;
- (c) a right on the part of any insured person of selecting, at

such periods as may be prescribed, from the appropriate list the practitioner by whom he wishes to be attended and treated, and, subject to the consent of the practitioner so selected, of being attended and treated by him;

- (d) the distribution amongst and, so far as practicable, under arrangements made by the several practitioners whose names are on the lists of the insured persons who, after due notice, have failed to make any selection, or who have been refused by the practitioner whom they have selected;
- (e) the provision of medical attendance and treatment, on the same terms as to remuneration as those arranged with respect to insured persons, to members of any friendly society which, or a separate section of which, becomes an approved society who were such members at the date of the passing of this Act, and who are not entitled to medical benefit under this part of this Act by reason either that they are of the age of sixty-five or upward at the date of the commencement of this Act, or that being subject to permanent disablement at that date they are not qualified to become insured persons:

Provided that if the Insurance Commissioners are satisfied, after inquiry, that the practitioners included in any list are not such as to secure an adequate medical service in any area, they may dispense with the necessity of the adoption of such system as aforesaid as respects that area, and authorise the Committee to make such other ar-

rangements as the Commissioners may approve or the Commissioners may themselves make such arrangements as they think fit, or may suspend the right to medical benefit in respect of any insured persons in the area for such period as they think fit, and pay to each such person a sum equal to the estimated cost of his medical benefit during that period, and where the Commissioners take any such action themselves they shall retain and apply for the purpose such part of the sums payable to the Insurance Committee in respect of medical benefit as may be required.

(3) The regulations made by the Insurance Commissioners shall authorise the Insurance Committee by which medical benefit is administered to require any persons whose income exceeds a limit to be fixed by the Committee, and to allow any other persons, in lieu of receiving medical benefit under such arrangements as aforesaid, to make their own arrangements for receiving medical attendance and treatment (including medicines and appliances), and in such case the Committee shall, subject to the regulations, contribute from the funds out of which medical benefit is payable towards the cost of medical attendance and treatment (including medicines and appliances) for such persons sums not exceeding in the aggregate the amounts which the Committee would otherwise have expended in providing medical benefit for them.

(4) The regulations shall provide that, in the case of persons who are entitled to receive medical attendance and treatment under any system or through any institution existing at the time of the passing of this Act, and approved by the Insurance Committee and the Insurance Commissioners, such medical

attendance and treatment may be treated as, or as part of, their medical benefit under this Part of this Act, and may provide for the Committee contributing towards the expenses thereof the whole or any part of the sums which would be contributed in the case of persons who have made their own arrangements as aforesaid, so, however, that such regulations shall secure that no person be deprived of his right, if he so elects, of selecting the duly qualified medical practitioner by whom he wishes to be attended and treated, in accordance with the foregoing provisions of this section.

(5) Every such Committee shall also make provision for the supply of proper and sufficient drugs and medicines and prescribed appliances to insured persons in accordance with regulations made by the Insurance Commissioners, which shall provide for the arrangements made being subject to the approval of the Insurance Commissioners, and being such as to enable insured persons to obtain from any persons, firms, or bodies corporate with whom arrangements have been made such drugs, medicines, and appliances if ordered by the medical practitioner by whom they are attended, and shall require the adoption by every Insurance Committee of such a system as will secure—

- (a) The preparation and publication of lists of persons, firms, and bodies corporate who have agreed to supply drugs, medicines, and appliances to insured persons whose medical benefit is administered by the Committee, according to such scale of prices as may be fixed by the Committee;
- (b) A right on the part of any person, firm, or body corporate

desirous of being included in any such list as aforesaid, of being so included, for the purpose of supplying such drugs, medicines, and appliances as such person, firm, or body corporate is entitled by law and authorised by the Committee to supply except in cases where the Insurance Commissioners after inquiry are satisfied that the inclusion or continuance of the person, firm, or body corporate in such list would be prejudicial to the efficiency of the service :

Provided that—

- (i) If the Insurance Commissioners are satisfied that the scale of prices fixed by the Committee is reasonable, but that the persons, firms, or bodies corporate included in any list are not such as to secure an adequate and convenient supply of drugs, medicines, and appliances in any area, they may dispense with the necessity of the adoption of such system as aforesaid as respects that area and authorise the committee to make such other arrangements as the Commissioners may approve ;
- (ii) Except as may be provided by regulations made by the Insurance Commissioners, no arrangement shall be made by the Insurance Committee with a medical practitioner under which he is bound or agrees to supply drugs or medicine to any insured persons ;
- (iii) Subject to the regulations made by the last foregoing proviso the regulations shall prohibit arrangements for the dispensing of medicines being made with

persons other than persons, firms, or bodies corporate entitled to carry on the business of a chemist and druggist under the provisions of the Pharmacy Act, 1868, as amended by the Poisons and Pharmacy Act, 1908, who undertake that all medicines supplied by them to insured persons shall be dispensed either by or under the direct supervision of a registered pharmacist or by a person who, for three years immediately prior to the passing of this Act, has acted as a dispenser to a duly qualified medical practitioner or a public institution ;

- (iv) Nothing in this Act shall interfere with the rights and privileges conferred by the Apothecaries Act, 1815, upon any person qualified under that Act to act as an assistant to any apothecary in compounding and dispensing medicines.
- (6) There shall in each year be paid to the Insurance Committee for each county or county borough out of moneys credited to a society which has members resident in the county or county borough such sum in respect of the medical benefit of such members and the cost of administration thereof as may be agreed between the society and committee or, in default of agreement, may be determined by the Insurance Commissioners.

(7) If in any year the amount payable to an Insurance Committee in respect of all persons for the administration of whose medical benefit it is responsible is insufficient to meet the estimated expenditure thereon, the Committee may, through the Insurance Commissioners, transmit to the Treasury and to the council of the county or

county borough an account showing the amount so payable and the estimated expenditure, and the Treasury and the county council or the council of the county borough may if they think fit and if satisfied that the amounts so payable and the proposed expenditure are reasonable and proper in the circumstances sanction the expenditure.

(8) The Treasury and the council of the county or county borough sanctioning any such expenditure as aforesaid shall thereupon each be liable to make good, in the case of the Treasury out of moneys provided by Parliament, and in the case of the council of a county or county borough out of the county fund or borough fund or borough rate, as the case may be, one-half of any sums so sanctioned by them and expended by the Insurance Committee on medical benefit in the course of the year in excess of the amounts so payable to the Insurance Committee as aforesaid.

Administration of Sanatorium Benefit

16.—(1) For the purpose of administering sanatorium benefit Insurance Committees shall make arrangements, to the satisfaction of the Insurance Commissioners :—

(a) with a view to providing treatment for insured persons suffering from tuberculosis or any other such disease as aforesaid in sanatoria and other institutions, with persons or local authorities (other than poor law authorities) having the management of sanatoria or other institutions approved by the Local Government Board, which treatment it shall be lawful for a local authority to provide as respects insured persons resident

outside as well as respects those resident within their area; and

(b) with a view to providing treatment for such persons otherwise than in sanatoria or other institutions, with persons and local authorities (other than poor law authorities) undertaking such treatment in a manner approved by the Local Government Board, which treatment (including the appointment of officers for the purpose) it shall be lawful for a local authority, if so authorised by the Local Government Board, to undertake.

(2) The sums available for defraying the expenses of sanatorium benefit in each year shall be—

(a) one shilling and threepence in respect of each insured person resident in the county or county borough payable out of the funds out of which benefits are payable under this part of this Act;

(b) one penny in respect of each such person payable out of moneys provided by Parliament :

Provided that the Insurance Commissioners may retain the whole or any part of the sums so payable out of moneys provided by Parliament to be applied in accordance with regulations made by the Commissioners for the purposes of research.

(3) An insured person shall not be entitled to sanatorium benefit unless the Insurance Committee recommends the case for such benefit.

(4) An Insurance Committee may, out of the sums available for defraying the expenses of sanatorium treatment, defray in whole or in part the expenses of the conveyance of an insured person to or from any sanatorium or institution to which he may be sent

for treatment therein, or may make advances for the purpose.

Power to extend Sanatorium Benefit to Dependants

17.—(1) The Insurance Committee for any county or county borough may, if it thinks fit, extend sanatorium benefit to the dependants of the insured persons resident in the county, or any part of the county, or in the county borough, or any class of such dependants, and in such case the arrangements to be made by the committee shall include arrangements for the treatment of such dependants, and the sums available for sanatorium benefit shall be applicable to the purpose.

(2) If in any year the amount available for defraying the expenses of sanatorium benefit is insufficient to meet the estimated expenditure on sanatorium benefit for insured persons and such dependants the Insurance Committee may, through the Insurance Commissioners, transmit to the Treasury and the council of the county or county borough an account showing the estimated expenditure for the purpose and the amount of the sums available for defraying the expenses of sanatorium benefit, and the Treasury and council may, if they think fit, sanction such expenditure.

(3) The Treasury and the council of the county or county borough sanctioning such expenditure as aforesaid shall thereupon each be liable to make good, in the case of the Treasury out of moneys provided by Parliament, and in the case of the council of the county or county borough out of the county fund or borough fund or borough rate, as the case may be, one-half of any sums so sanctioned by them and expended by the Insurance Committee on sanatorium benefit for insured per-

sons and their dependants in the course of the year in excess of the amount available for defraying the expenses of the committee on sanatorium benefit.

Administration of Maternity Benefit

18.—(1) Where the mother of the child is herself an insured person, and is not the wife, or, in the case of a posthumous child, the widow, of an insured person, maternity benefit shall be treated as a benefit for her and shall be administered in cash or otherwise by the approved society of which she is a member, or if she is not a member of any society by the Insurance Committee; in any other case the benefit shall be treated as a benefit for her husband and shall be administered in cash or otherwise by the approved society of which he is a member, or if he is not a member of any such society by the Insurance Committee, and shall be payable in respect of a posthumous child, as if the husband were still alive.

Provided always that the mother shall decide whether she shall be attended by a duly qualified medical practitioner or by a duly certified midwife, and shall have free choice in the selection of such practitioner or midwife, but if, in the case of a midwife being selected, a duly qualified medical practitioner is subsequently summoned in pursuance of the rules made under the Midwives Act, 1902, the prescribed fee shall, subject to regulations made by the Insurance Commissioners, be recoverable as part of the maternity benefit.

(2) In deciding whether or not they shall make an order under the Bastardy Laws Amendment Act, 1872, for the payment of the expenses incidental to the birth of a child, the justices shall not take into consideration the fact that

the mother of the child is entitled to receive maternity benefit under this Part of this Act.

Punishment of Husband in certain Cases of Neglect

19. Without prejudice to any other legal liability, where, under the immediately foregoing section, which relates to the administration of maternity benefit, of this Act, maternity benefit is given or paid to the husband, it shall be the duty of the husband to make adequate provision to the best of his power for the maintenance and care of his wife during her confinement, and for a period of four weeks after her delivery, and if he neglects or refuses to do so, he shall be liable upon summary conviction to imprisonment with or without hard labour, for any term not exceeding one month.

Reinsurance for the Purposes of Maternity Benefit

20.—For the purpose of the administration of maternity benefit the Insurance Commissioners may, if they think fit, by special order provide for the reinsurance with them of the liabilities of all approved societies in respect of maternity benefit, and the order may provide for the method of calculating the premiums to be charged against the several societies in respect of such reinsurances and may contain such other incidental consequential, and supplemental provisions as may appear necessary for the purpose.

Power to Approved Societies to subscribe to Hospitals, etc.

21.—It shall be lawful for an approved society or Insurance Committee to grant such subscriptions or donations as it may think fit to hospitals, dispensaries and other charitable

institutions, or for the support of district nurses, and to appoint nurses for the purpose of visiting and nursing insured persons, and any sums so expended shall be treated as expenditure on such benefits under this Part of this Act as may be prescribed.

Power of Councils of Boroughs and Districts to Contribute to certain Expenditure on Medical and Sanatorium Benefits

22.—(1) The council of any borough or urban or rural district may agree with the council of the county in which the borough or district is situate to repay to the latter council the whole or any part of the sums payable by that council in accordance with the provisions of this Part of this Act towards the excess expenditure on medical or sanatorium benefit so far as such excess is properly attributable to the borough or district, and any sums payable by the council of the borough or district in pursuance of such an agreement shall be payable in the case of a borough out of the borough fund or borough rate, and in any other case as part of the general expenses incurred by the council in the execution of the Public Health Acts.

(2) The agreement may provide that the county council shall not raise any sum on account of any expenditure incurred by them under this Part of this Act for the purpose to which the agreement relates within the borough or urban or rural district the council of which has entered into such agreement, during the continuance of such agreement.

Approved Societies.

Conditions for the Approval of Approved Societies

23.—(1) Any society, that is to say, any body of persons, corporate or un-

incorporate (not being a branch of another such body), registered or established under any Act of Parliament, or by Royal Charter, or if not so registered or established, having a constitution of such a character as may be prescribed which complies with the requirements of this Act relating to approved societies, may be approved by the Insurance Commissioners, and if so approved shall be an approved society for the purposes of this Part of this Act:

Provided that where any society establishes for the purposes of this Part of this Act a separate section consisting of insured persons, whether with or without honorary members not being insured persons, and so constituted as to comply with the requirements of this Act relating to approved societies, such separate section may be approved by the Insurance Commissioners, and if so approved shall be an approved society, and the provisions of this Part of this Act relating to the conditions of approval of societies and to approved societies shall apply only to such separate section of the society.

(2) No society shall receive the approval of the Insurance Commissioners unless it satisfies the following conditions:—

- (i) It must not be a society carried on for profit;
- (ii) Its constitution must provide to the satisfaction of the Insurance Commissioners for its affairs being subject to the absolute control of its members being insured persons or, if the rules of the society so provide, of its members whether insured persons or not, including provision for the election and removal of the committee of management or other governing body of the

society, in the case of a society whose affairs are managed by delegates elected by members by such delegates, and in other cases in such manner as will secure absolute control by its members.

- (iii) If the society has honorary members, its constitution must provide for excluding such honorary members from the right of voting in their capacity of members of the society on all questions and matters arising under this Part of this Act.

(3) Applications for approval under this section may be made and approval granted at any time before or after the commencement of this Act, and the Insurance Commissioners may grant approval either unconditionally or subject to the condition of the society taking within such time as the Commissioners may allow such steps as may be necessary to make the society comply with the requirements of this part of this Act relating to approved societies.

Power of Societies to undertake Business under Part I

24.—(1) It shall be lawful for any body of persons, corporate or unincorporate, established before the passing of this Act which is desirous of transacting insurance business under this Part of this Act, or of making any amendments in its constitution, or administration, or contributions, or benefits, or otherwise which may be necessary or expedient in consequence of the passing of this Act, notwithstanding anything in the provisions of the Acts under which it is established or registered or carried on, or of its memorandum or articles of association, rules, or other instrument governing its con-

stitution or defining its objects, to do all such acts and things (including the establishment of a separate section as aforesaid) as may be necessary for the purpose of enabling the body to undertake the transaction of such business as soon as may be after the passing of this Act and, if the instrument regulating the constitution of the body contains provisions requiring any interval to elapse before action can be taken, such provisions shall not apply to action taken for the purposes aforesaid.

(2) Subsections (3) and (4) of section seventy of the Friendly Societies Act, 1896, shall not apply to any resolutions for amalgamation or transfer of engagements when the resolution is made expressly for the purposes of this Part of this Act.

(3) This section shall come into operation on the passing of this Act and shall not continue in force beyond the expiration of one year from the commencement of this Act, except so far as may be necessary to enable a society which has undertaken the transaction of insurance business under this Part of this Act to continue to transact such business.

Special Provision for Employers' Provident Funds, etc.

25.—(1) Where a society consists of persons entitled to rights in a superannuation or other provident fund established for the benefit of persons employed by one or more employers, the society may be approved, notwithstanding that the employer is entitled to representation on the committee or other body administering the fund, to an extent not exceeding one quarter of the total number of the body, if the employer, in addition to the

employer's contributions payable by him under this Part of this Act, is responsible for the solvency of the fund or for the benefits payable thereout, or is liable to pay a substantial part of, or to make substantial contributions to, or substantially to supplement, the benefits payable out of the fund:

Provided that no such society as aforesaid shall be approved unless by its constitution it is prohibited so far as concerns the benefits under this Part of this Act from refusing to allow a member to transfer to another approved society, and from refusing to allow a member who is discharged from or leaves the employment of the employer and is unable to obtain admission to another approved society on account of the state of his health to continue a member, and unless its constitution provides for the election of the members of the committee of management (other than the employer's representatives) by ballot:

Provided also that no such society shall be approved if the employer makes membership of such society a condition of employment.

(2) Where, for the purpose of enabling any such society to become an approved society, it is necessary to make any alteration in the existing rules or constitution of the society which it is not competent for the society under its existing constitution to make a scheme for the purpose may be submitted for the approval of the Insurance Commissioners.

(3) Where such a scheme has been approved by the Insurance Commissioners, the Act or deed constituting the society shall have effect subject to the provisions of the scheme, but the Insurance Commissioners shall not approve any such scheme unless they are satisfied that the members of the

society have been given an opportunity of voting by ballot thereon, and that the scheme makes proper provision for safeguarding existing rights and interests.

Security to be Given by Approved Societies

26.—(1) Every approved society and every society desirous of becoming an approved society shall give such security as the Insurance Commissioners may consider sufficient to provide against any malversation or misappropriation by officers of the society of any funds coming to the hands of the society under this part of this Act, and in determining the amount of the security to be required the Commissioners shall have regard to the amount of the funds so coming into the hands of the society. Provided that no security shall be required from any society which proves to the Insurance Commissioners that the only funds coming into the hands of the society under this Part of this Act are such funds as are required for reimbursing to the society sums previously expended by the society under this Part of this Act.

(2) In the case of an approved society with branches having insured persons among their members, security shall be given in respect of each such branch by the society.

(3) The Insurance Commissioners may from time to time vary the amount of security to be given or maintained by an approved society as may be thought proper, and where security is given by way of deposit of securities the society which made the deposit may with the consent of the Insurance Commissioners, substitute other securities for the securities for the time being deposited.

(4) Any dividends or interest arising from securities deposited by an approved society under this section shall be paid to the society.

Provisions as to Approved Societies

27.—(1) Every approved society shall, as respects the administration of the affairs of the society under this Part of this Act, make proper provision by rules to the satisfaction of the Insurance Commissioners for the government of the society, and if a society with branches—

- (a) for the government of the society and its branches;
- (b) for the determination of disputes arising between the society and any branch thereof, or between one such branch and another;
- (c) for the administration of benefits by the branches as respects insured persons who are members of such branches;
- (d) for the keeping of proper books of account by the branches in any case where separate accounts are usually kept by those branches;
- (e) for depriving of or suspending from the right of administering benefits under this Part of this Act any branch which is guilty of maladministration of those benefits, or is convicted of any offence under any Act, and for providing in such a case for their administration by the society or otherwise.

(2) Every approved society and every branch thereof shall comply with any regulations made by the Insurance Commissioners as to the place in which meetings are to be held, and those regulations may provide for the use for such meetings, with or without payment, of any offices or other buildings

under the control of a Government department (including offices or buildings occupied by or in connection with a labour exchange) or belonging to or under the management of a local authority, but subject to the consent of the Government department or the local authority concerned.

(3) Where under any Act regulating the constitution of an approved society the rules of the society are required to be registered, any rules approved under this section by the Insurance Commissioners shall forthwith be registered, but until so registered shall have effect as if they had been duly registered.

Secessions, etc.

28.—(1) No branch of an approved society, having insured persons among its members, shall be entitled to secede or withdraw from the society without the consent of the Insurance Commissioners; but such consent shall not be given unless the seceding or withdrawing branch complies with the conditions of approval requisite in the case of approved societies, and on any such consent being given the branch shall be subject in all respects to the provisions and requirements of this Part of this Act relating to approved societies.

Provided that such consent shall not be required if the branch makes provision to the satisfaction of the Insurance Commissioners for the transfer to other approved societies or to other branches of the society from which it is seceding or withdrawing of such of its members as are insured persons.

(2) An approved society or a branch thereof shall not be dissolved without the sanction of the Insurance Commissioners, and any such dissolution, so far as it affects members who are

insured persons, shall be carried out in the prescribed manner.

(3) No branch of an approved society shall be expelled from the society unless proper provision is made to the satisfaction of the Insurance Commissioners with respect to any members of the branch who are insured persons.

(4) This section shall have effect notwithstanding anything contained in any Act regulating the constitution of the society.

Withdrawal of Approval

29.—Where an approved society or a branch of any approved society fails to comply with any of the provisions or requirements of this Part of this Act relating to approved societies, or where such a society or branch or the body of which the society forms a separate section is convicted of any offence under any Act regulating its constitution or under any other Act, the Insurance Commissioners may withdraw their approval, and thereupon the society shall cease to be an approved society, and the Insurance Commissioners shall make such provision as they may consider necessary with respect to members of the society who are insured persons.

Membership of Approved Societies and Transfer of Members.

Admission of Insured Persons to Membership in Approved Societies

30.—(1) Subject to the provisions of this Act, any insured person and any person entitled to become an insured person may apply to an approved society for membership therein.

(2) An approved society shall be entitled, in accordance with its rules, to admit or reject any such applicant, or

to expel any of its members being insured persons; provided that no such application shall be refused solely on the ground of the age of the applicant.

(3) This section shall come into operation on the passing of this Act.

Transfer from One Approved Society to Another

31.—(1) If an insured person, being a member of an approved society, ceases to be a member of that society, whether voluntarily or by expulsion, and becomes a member of another approved society, there shall be transferred to such other society in respect of such person a sum representing the liability under this Part of this Act of the first-mentioned society in respect of him (in this Act called "transfer value") calculated in accordance with tables to be prepared by the Insurance Commissioners.

Provided that such transfer value shall not be so transferred in any case where the first-mentioned society proves that the insured person voluntarily ceased to be a member of that society without the consent of the society, and that that consent was not unreasonably withheld.

(2) This section shall apply to transfers from one branch of an approved society to another branch of the same or any society in like manner as it applies to transfers from one society to another society.

Transfers to Foreign and Colonial Societies

32.—(1) If an insured person ceases to be permanently resident in the United Kingdom and becomes a member of any society or institution established in a British possession or foreign country, of a kind similar to an ap-

proved society, which is approved by the Insurance Commissioners, or of any branch established outside the United Kingdom of an approved society, the transfer value of such person, or, in the case of a deposit contributor, the amount standing to his credit in the Post Office fund, shall be paid to such society or institution or branch; but no such payment shall be made unless the Insurance Commissioners are satisfied that the society, institution, or branch in question gives corresponding rights to any of its members becoming resident in the United Kingdom.

(2) Where an arrangement has been made with the Government of any British possession or with the Government of any foreign State, whereby insured persons may be transferred to a society or institution established in the British possession or foreign State similar to an approved society or the Post Office fund, and members of any such society or institution may be transferred to approved societies or to the Post Office fund, it shall be lawful for the Insurance Commissioners to make such arrangements as may be necessary for any such transfer as aforesaid, and for the determination of the amount to be transferred in any such case, and of the rights to which any person transferred is to be entitled; so however that nothing in this section shall affect the rights of a society under this part of this Act to refuse applications for membership.

Transfer Values of Emigrants who remain Members of Approved Societies

33.—If a person who has for not less than five years been a member of an approved society for the purposes of this Part of this Act has ceased permanently to reside in the United King-

dom, and does not join such a society, branch, or institution as is in the last foregoing section mentioned, and the approved society is willing to permit him to remain a member of the society and to become entitled to benefits independently of this Act, the society may, subject to regulations by the Insurance Commissioners, transfer from the account of the society under this Part of this Act to the credit of the society independently of this Act such sum as would have been transferred to the Post Office fund had the member ceased to be a member of the society and become a deposit contributor, and so much of any reserve value which may have been credited to the society in respect of him as would in such a case have been cancelled shall be cancelled.

Prohibition against Double Insurance

34.—A person shall not be or attempt to become a member for the purposes of this Part of this Act of more than one approved society at the same time, or, being a deposit contributor, to become at the same time a member for the purposes of this Part of this Act of an approved society, but nothing in this Act shall prevent any person who is a member of an approved society under this part of this Act becoming a member of the same or any other society independently of this Act, or prevent a deposit contributor becoming a member of any society independently of this Act, or affect the right of an approved society to reject or expel from membership any person not being an insured person, or the rights or liabilities of an approved society or of any member thereof arising otherwise than under this Part of this Act; and, subject to the provisions of this Part of this Act, all

rules made by a society which becomes an approved society or any branch thereof shall remain and be of the same force and effect as though this Act had not been passed.

Accounts: Valuations: Surplus and Deficit.

Approved Societies to Keep Proper Accounts

35.—(1) Every approved society and every branch of an approved society must—

- (a) Keep its books and accounts under this Part of this Act separate from all other books and accounts of the society or branch, and in such form as may be prescribed by the Insurance Commissioners, and, when required, submit them to audit by auditors to be appointed by the Treasury;
 - (b) Submit to have its assets and liabilities under this Part of this Act valued in accordance with the provisions of this part of this Act;
 - (c) In the event of a surplus or deficiency being shown upon any such valuation, comply with the provisions relating to surpluses and deficiencies hereinafter contained;
 - (d) Render such returns as the Insurance Commissioners may require.
- (2) Regulations made under this section shall provide for a separate account being kept showing the amount expended on administration, and for limiting the amount which may be carried to that account out of the contributions under this Part of this Act, and for requiring any deficiency in such account (if not otherwise defrayed) to be met forthwith by a special levy.

(3) The provisions of this part of this Act relating to accounts, audit, valuation, and returns shall as respects the transactions of any approved society or branch thereof under this Part of this Act be substituted for such of the provisions of any Act regulating the constitution of the society or branch as deal with the like matters.

(4) In the case of a society or branch transacting other business besides that of insurance business under this part of this Act, all funds and credits of the society or branch under this Part of this Act shall be as absolutely the security of the members for the purposes of this Part of this Act as if they belonged to a society or branch carrying on no other business than such insurance business, and shall not be liable for any contracts of the society or branch for which they would not have been liable had the business of the society or branch been only that of such insurance, and shall not be applied directly or indirectly for any purposes other than those of insurance business under this Part of this Act.

Where a separate section of a society has been established and such separate section is an approved society under this Part of this Act, the expression "society" in this subsection means the society of which the separate section has been established and not the separate section.

Valuations of Approved Societies

36.—(1) A valuation of the assets and liabilities arising under this Part of this Act of every approved society and of every branch of an approved society shall be made by a valuer to be appointed by or with the approval of the Treasury at the expiration of every three years dating from the commencement of this Act, or at such other times

as the Insurance Commissioners appoint, the times so appointed may be at shorter or longer intervals than three years and at regular or irregular intervals, and may apply to all approved societies or any particular society or societies.

(2) Every such valuation shall be made on such basis as may be prescribed.

Surplus

37.—(1) If upon any such valuation a surplus (certified by the valuer to be disposable) is found, the following provisions shall apply:—

(a) If the society is not a society with branches the society may submit to the Insurance Commissioners a scheme for distributing out of such surplus any one or more additional benefits among insured persons who are members thereof for the purposes of this Part of this Act, and upon any such scheme being sanctioned by the Insurance Commissioners the society may distribute such additional benefit or benefits in accordance with the provisions thereof:

(b) If the society is a society with branches, any surplus in the central fund of the society, including any surplus transferred from the branches to the society under the provisions of this section, shall, subject to the provisions of the next succeeding section of this Act, be applied in the first instance towards making good any deficiency shown by any of its branches; and the society may distribute the balance of the surplus, after making good de-

ficiencies as aforesaid, amongst such of its branches as have a surplus in proportion to the amounts of such surpluses, and the sum so apportioned to a branch shall be treated as an addition to the disposable surplus of that branch :

- (c) If on the valuation of a branch of an approved society a surplus is shown in respect of such branch, there shall be transferred to the central body or other central authority of the society of which it is a branch one-third of the surplus, and the branch may, with the approval of the society, submit to the Insurance Commissioners a scheme for distributing out of the remaining two-thirds of such surplus, together with any such addition as aforesaid, any one or more additional benefits, and upon any such scheme being sanctioned by the Insurance Commissioners, the branch may distribute such additional benefit or benefits in accordance with the provisions thereof :
- (d) If at any time after a scheme submitted by a society has been so sanctioned as aforesaid there is found to be a deficiency in the funds of the society or branch, no additional benefits shall be distributed under the scheme until such deficiency is extinguished and a surplus shown.

(2) A scheme made under this section may prescribe the conditions to be complied with as respects any additional benefit conferred by the scheme, and every such scheme shall so far as practicable provide for the reduction, suspension, or deprivation of the addi-

tional benefits conferred by the scheme in the case of members who are in arrears, and may make a corresponding reduction in the amount to which such members are to be deemed to be in arrears for the purpose of reckoning the rate of sickness benefit.

(3) No surplus and no part of any surplus shall be applied for the purpose of paying any benefits payable on death or any benefits other than one or more of the additional benefits specified in Part II. of the Fourth Schedule to this Act.

Deficit

38.—(1) If upon any such valuation a deficiency is found, the following provisions shall apply :—

- (a) If the deficiency is shown by a branch of an approved society, three-quarters, or, if the society thinks fit, the whole thereof, shall, in the first place, so far as possible, be made good out of any surplus available for that purpose in the hands of the central body or other central authority of the society :

Provided that the society may, if it is satisfied that the deficiency is due to any maladministration on the part of the branch in question, with the consent of the Insurance Commissioners, refuse to make good any part of the deficiency out of such surplus.

- (b) Subject as aforesaid, every deficiency shall be made good in accordance with a scheme for that purpose to be prepared by the society, or, in the case of a deficiency in a branch, subject to the approval of the society and submitted to the Insurance Commissioners for their sanc-

tion; such a scheme shall provide for making good the deficiency, within a period of three years from the date at which the valuation was made, in any one or more of the following ways :—

(i) By a compulsory levy by way of increase of the weekly rate of contributions upon members of the society or branch being insured persons;

(ii) By reducing the rate of sickness benefit either for the whole period during which sickness benefit is payable or for any part thereof;

(iii) By deferring the day as from which sickness benefit becomes payable;

(iv) By reducing the period during which sickness benefit is payable;

(v) By increasing the period which is required by this Part of this Act to elapse between two periods of disease or disablement to prevent the one being treated as a continuation of the other;

(vi) By any other method approved by the Insurance Commissioners,

and on the sanction of the Insurance Commissioners being given to the scheme the society or branch shall proceed to make good the deficiency in accordance therewith :

(c) Payment of the amount of any compulsory levy, made in accordance with a scheme sanctioned under this section, may be enforced in such manner as may be provided by the rules of the society or branch; and

where those rules so provide, it shall be lawful for the society or branch in the case of any member to enforce payment of the amount of the levy by giving notice in the prescribed manner to the employer of such member requiring him to pay the amount of the levy, and upon such notice being given such amount shall be payable as if it were part of the contribution to be paid by the employer on behalf of the member, and all the provisions of this Part of this Act relating to the payment of such contributions and the recovery thereof from members shall apply accordingly :

(d) If a member chargeable with a levy falls into arrears his arrears shall reckon as though the total sum thereof, inclusive of the levy, consisted of the contributions payable by or in respect of him had no levy been made :

(e) If within six months after the declaration of a deficiency, or where an inquiry as to excessive sickness is pending under this Part of this Act, such longer period as the Insurance Commissioners determine, such scheme, as aforesaid, has not been submitted to and sanctioned by the Insurance Commissioners, or if at any time thereafter it appears to the Insurance Commissioners that the society or branch to which the scheme relates is not enforcing the provisions of the scheme, the Insurance Commissioners may take over the administration of the affairs of the society or

branch under this Part of this Act, and shall, as soon as possible thereafter, take such steps as they may think necessary to make good the deficiency by any or all of the methods mentioned in paragraph (b) of this section, and for that purpose they shall be entitled to exercise all or any of the powers given to the society or branch by this Part of this Act :

(f) The Insurance Commissioners after taking over the administration of the affairs of any society or branch shall within a reasonable time, not exceeding three years, make arrangements for the restoration to the society or branch of its powers of self-government or, failing that, for the transfer of the members of the society or branch, being insured persons, to other approved societies or branches or to the Post Office fund :

(g) Any question or dispute arising between the Insurance Commissioners and the society or branch in respect of the amount of the deficiency, or as to the adequacy of any scheme proposed for making it good, shall be submitted to an independent valuer to be appointed by the Lord Chief Justice, and such valuer shall, subject to the provisions of this Act and of the regulations thereunder, act, so far as practicable, on his own knowledge and experience, and shall have power to determine how and by what parties the costs of proceedings, including his own remuneration, not ex-

ceeding such amount as the Treasury may prescribe, are to be defrayed, and his decision shall be final and conclusive :

(h) A scheme made under this section shall not affect any person who becomes a member of the society or branch after the date as at which the valuation was made, or any member over seventy years of age :

(i) Any insured person who having been a member of the society or branch at the date as at which the valuation disclosing the deficiency was made is transferred to another society or to another branch of the same or any other society before the deficiency is made good, shall be liable to any levy or reduction of benefits which has been or may be made in respect of such deficiency in like manner in all respects as if he had not ceased to be a member, and if the transfer took place before the scheme imposing the levy or reduction of benefits was sanctioned, such adjustment in the amount of any transfer value paid in respect of him shall be made as the circumstances require.

(2) Any member liable to a levy payable at intervals may relieve himself of the liability thereto, and a member subject to a diminution of benefits by virtue of any such scheme may, with the consent of the society or branch, acquire a right to undiminished benefits on payment to the Insurance Commissioners of the capitalised value of the levy or diminution of benefits, as the case may be, ascertained in the prescribed manner.

Pooling Arrangements in the Case of Small Societies.

39.—(1) Subject to the provisions of this section all approved societies which at the date of any valuation have less than five thousand insured persons as members, for the purposes of this Part of this Act, shall, for the purposes of the valuation—

(a) if they have joined an association formed under this section, be associated with the other societies in the same association; and

(b) if they have not joined any such association, be grouped together according to the localities in which they carry on business.

(2) Any such societies may, with the consent of the Insurance Commissioners, form for the purposes of this section an association with a central financial committee, provided that the aggregate number of insured persons who are members of the associated societies is not less than five thousand, and the conditions on which a society shall be entitled or allowed to join, or having joined to secede from, an association, shall be such as may be prescribed.

(3) Any such society which has not joined any such association as aforesaid, and which carries on business in any county or county borough, shall, for the purposes of this section, be grouped with the other unassociated societies carrying on business in the same county or county borough.

(4) The provisions of this Part of this Act as to the application of surpluses of branches of societies with branches shall apply to such associated and grouped societies as if all the societies in any association or group

were branches of a single society, subject to the following modifications:—

(a) A reference to the central financial committee in the case of an association, and to the Insurance Committee for the county or county borough in the case of a group, shall be substituted for the reference to the central authority of the society;

(b) The approval of the central financial committee or Insurance Committee shall not be required to any scheme prepared by an associated or grouped society for the distribution of any surplus.

(5) Where an associated or grouped society is a society with branches, the provisions of this Part of this Act relating to surpluses and deficiencies of societies with branches (except those requiring the approval of a society to a scheme prepared by a branch as to the distribution of a surplus or the making good of a deficiency) shall not apply to the society, but each branch shall, for the purposes of this section, be deemed to be a separate society.

(6) For the purposes of this section a society shall be deemed to carry on business only in the county or county borough in which its registered office or other principal place of business is situate:

Provided that where of the insured persons who are members of a grouped society at the date of any valuation more than one hundred or more than one-sixth reside in some county or county borough other than that in which the registered office or other principal place of business is situate the proper proportion of any surplus or deficiency of the society shall, if application for the purpose is made by

any of the Insurance Committees concerned, be apportioned to the Insurance Committee of that other county or county borough, such proportion to be determined, in default of agreement between the Insurance Committees concerned, by the Insurance Commissioners.

(7) The Insurance Commissioners may exempt from this section any society consisting of persons entitled to rights in a superannuation or other provident fund established for the benefit of persons employed by one or more employers, if the employer, in addition to the contributions payable by him under this part of this Act, is responsible for the solvency of the fund, or for the benefits payable thereout, or is liable to pay a substantial part of, or to make substantial contributions to, or substantially to supplement the benefits payable out of the fund, and this section shall not apply to any society to which such an exemption has been granted.

(8) Except so far as relates to the power of refusing to make good any part of a deficiency due to maladministration on the part of any society, nothing in this section shall be construed as conferring on any central financial committee or Insurance Committee any powers of control over the administration of associated or grouped societies.

Special Provisions with Regard to Societies with Branches

40.—(1) Where a society with branches is so organised that the branches in different geographical areas are grouped together for the purposes of this section, the branches in any such area may, if and to such extent as the rules of the society so

provide, and if the number of members of the branches being insured persons in the area exceeds five thousand, be treated for the purposes of the provisions of this Part of this Act relating to valuations, surpluses, and deficiencies as if they formed a separate society.

(2) The rules of any society with branches may provide for the branches reinsuring with the society their liabilities in respect of any of the benefits under this Part of this Act, or if the society is so organised as aforesaid for such reinsurance either with the society or with the group.

(3) Where a society with branches has among its members insured persons who are not members of any branch, and the benefits of such members are administered by the society itself, such members shall be treated for the purposes of this Part of this Act relating to valuations, surpluses, and deficiencies as if they formed a separate branch.

Power to Separate Men's and Women's Funds

41.—Where an approved society, not being a society with branches, has amongst its members both men and women, and the rules of the society so provide, the provisions of this Part of this Act with respect to valuations, surpluses, and deficiencies shall apply to the society as if it were a society consisting of two branches, the one comprising the male members, and the other comprising the female members.

Deposit Insurance.

Provisions as to Deposit Contributors

42.—Until the first day of January nineteen hundred and fifteen, the fol-

lowing provisions shall apply in the case of insured persons (in this Act referred to as deposit contributors) who have not joined an approved society within the prescribed time, or who, having been members of an approved society, have been expelled or have resigned therefrom and have not within the prescribed time joined another approved society :—

(a) Contributions by or in respect of a deposit contributor shall be credited to a special fund to be called the Post Office fund :

(b) The sums required for the payment of any sickness, disablement, or maternity benefit payable to a deposit contributor, except so far as they are payable out of moneys provided by Parliament, shall be paid out of the money standing to his credit in the Post Office fund, and his right to benefits under this Part of this Act shall be suspended on the sums standing to his credit in that fund being exhausted, except that his right to medical benefit and sanatorium benefit shall continue until the expiration of the then current year, and that the Insurance Committee, if it has funds available for the purpose and thinks fit so to do, may allow him to continue to receive medical benefit or sanatorium benefit or both such benefits after the expiration of such year :

(c) Such sum as may be prescribed shall in each year be payable in respect of each deposit contributor towards the expenses incurred by the Insurance Committee in the administration of benefits :

(d) Such sum as the Insurance

Committee may, with the consent of the Insurance Commissioners, determine shall in each year be payable in respect of each deposit contributor for the purposes of the cost of medical benefit :

(e) The sums payable in respect of a deposit contributor for the purposes of medical benefit and sanatorium benefit, and towards the expenses of administration, shall, except so far as they are payable out of moneys provided by Parliament, be deducted at the commencement of each year from the amount standing to his credit in the Post Office fund, and if at the commencement of any year the amount so standing to his credit is insufficient to provide such sums, he shall not, unless the Insurance Committee consents, and except subject to such conditions as that committee may impose, be entitled to any benefits during that year :

(f) Upon the death of a deposit contributor four-sevenths (or in the case of a woman one-half) of the amount standing to his credit in the Post Office fund shall be paid to his nominee or, in default of a nomination, to the person entitled to receive the sum as if it were money payable on the death of a member of a registered friendly society, and the balance thereof shall be forfeited, and sections fifty-six to sixty-one of the Friendly Societies Act, 1896, as amended by any subsequent enactment, shall, subject to the prescribed adaptations, apply accordingly :

(g) Where a deposit contribu-

tor proves to the satisfaction of the Insurance Committee that he has permanently ceased to reside in the United Kingdom, four-sevenths (or in the case of a woman one-half) of the amount standing to his credit in the Post Office fund may be paid to him.

Transfer from Approved Society to Deposit Insurance and vice-versâ

43.—(1) If an insured person, being a member of an approved society, ceases to be a member of that society, whether voluntarily or by expulsion, and fails to become within the prescribed time a member of another approved society, then

(a) if he becomes a deposit contributor, his transfer value shall be carried to his credit in the Post Office fund: Provided that if a reserve value has been credited to the society in respect of him, such part of that reserve value as is still outstanding (or if the amount so outstanding exceeds the transfer value such part of the reserve value as is equal to the transfer value) shall be cancelled, and the amount, if any, by which the transfer value exceeds the amount so cancelled shall be carried to the credit of the deposit contributor;

(b) if he does not become a deposit contributor, his transfer value shall be carried to such account and dealt with in such manner as may be prescribed.

(2) If an insured person who is a deposit contributor subsequently becomes a member of an approved society for the purposes of this Part of this Act, there shall be transferred to

the society the amount standing to his credit in the Post Office fund:

Provided that—

- (a) if that amount exceeds the value of the contributions paid by or in respect of him estimated on the assumption that he had been a member of an approved society since his entry into insurance, the excess shall not be transferred to the society, but shall be carried to the credit of the Post Office fund;
- (b) if that amount is less than such value the insured person shall be treated as being in arrear to the amount of the deficiency.

Provisions as to Special Classes of Insured Persons.

Special Provisions with respect to Married Women

44.—(1) Where a woman who has before marriage been an insured person, marries, she shall be suspended from receiving the ordinary benefits under this Part of this Act until the death of her husband, and if she is a member of an approved society one-third of her transfer value shall be carried to a separate account called the married women's suspense account, but if at any time after the death of her husband she becomes an employed contributor, the period between her marriage and the expiration of one month from death of her husband shall be disregarded for the purpose of reckoning arrears, and there shall be transferred from the married women's suspense account to the society of which she is a member the proper reserve value calculated according to tables to be prepared by the Insurance Commissioners:

Provided that where a woman who has been employed within the meaning of this Part of this Act before marriage proves that she continues to be so employed after marriage, she shall not be so suspended so long as she continues to be so employed, and that where a married woman so suspended from the ordinary benefits becomes employed within the meaning of this Part of this Act before the death of her husband, contributions shall thereupon again become payable in respect of her, and she shall cease to be suspended from receiving the ordinary benefits, but, subject to regulations made by the Insurance Commissioners, she shall for the purposes of those benefits be treated as if she had not previously been an insured person.

(2) Where a married woman being a member of an approved society is so suspended from the ordinary benefits as aforesaid, she may, if she so elects within one month after such suspension, or, subject to the consent of the society, after the expiration of that month, and notwithstanding that she is not engaged in any regular occupation become whilst so suspended a voluntary contributor, subject to the following modifications, but not otherwise:—

(a) The rate of contributions payable by her shall be threepence a week;

(b) The benefits to which she shall be entitled shall be—

(i) medical benefit; and

(ii) sickness benefit and disablement benefit at the rates and subject to the conditions specified in Table D. of Part I. of the Fourth Schedule to this Act;

(c) No part of her contributions

shall be retained by the Insurance Commissioners for the purpose of discharging their liabilities to approved societies in respect of the reserve values created under this Act:

Provided that where a married woman elects not to become such a voluntary contributor she shall be entitled to have a sum equal to the remaining two-thirds of her transfer value applied in accordance with regulations of the Insurance Commissioners towards the payment of any of the benefits specified in Part III. of the Fourth Schedule to this Act until the same is exhausted, except that where a reserve value was credited to the society in respect of such woman at the date of her entrance into insurance so much of such sum as aforesaid as may be prescribed shall not be so applied but shall be written off the amount of the reserve values credited to the society.

(3) Where the husband of a married woman who has been so suspended from ordinary benefits as aforesaid and who is a member of an approved society dies, she may, if she is qualified to become a voluntary contributor, and elects to do so within one month after the death of her husband, become an ordinary voluntary contributor paying contributions at the rate which would have been applicable to the case had she become such a contributor at the date of her entry into insurance:

Provided that she may, whether or not so qualified, if she so elects within one month after the death of her husband, continue to be or become a voluntary contributor on the same terms and subject to the same conditions as above provided as respects married women.

In either such case there shall be transferred from the married women's

suspense account to the society the proper reserve value calculated as aforesaid.

(4) Where a married woman who was at the date of her marriage a deposit contributor is by virtue of this section suspended from the ordinary benefits under this Part of this Act, two-thirds of the sum standing to her credit in the Post Office fund shall be applied in accordance with the regulations of the Insurance Commissioners towards the payment of any of the benefits specified in Part III. of the Fourth Schedule to this Act until the same is exhausted.

(5) Where a woman who was a married woman at the commencement of this Act at any time subsequently either before or within one year after the death of her husband becomes an employed contributor and a member of an approved society, she shall be entitled to full benefits notwithstanding that at the time of so becoming she is over the age of sixteen or upwards.

(6) Where any arrears of contributions have accrued due in respect of a married woman during coverture, such arrears shall, on the death of her husband, be disregarded, and she shall be thenceforth entitled to benefits as if such arrears had never accrued due.

(7) Except as provided by this section a married woman shall not be entitled to become a voluntary contributor, and if a woman is before marriage a voluntary contributor she shall on marriage not be entitled to continue to be such a contributor.

(8) If a woman, whilst a voluntary contributor at such reduced rates of benefit as are provided by this section, becomes employed within the meaning of this Part of this Act she shall be entitled to a certificate (to be granted

in manner hereinbefore provided) exempting her from liability to become an employed contributor, so, however, that such exemption shall not exempt the employer from his liability to pay contributions in respect of her, or deprive him of his right to recover such part of those contributions as is payable on her behalf, but of each weekly contribution so paid by the employer threepence shall be treated as her contribution as a voluntary contributor and the balance shall be applied for her benefit in such manner as the society may determine.

(9) If at any time the married women's suspense account is insufficient to meet the liabilities imposed on it by this section the deficiency shall be made good out of the sums retained by the Insurance Commissioners for discharging their liabilities in respect of the reserve values created by this Act.

(10) Transfer value for the purposes of this section shall be calculated in such manner as the Insurance Commissioners may prescribe.

(11) Where a woman is a member of an approved society at the time when she is entitled to exercise an option under this section, it shall be the duty of the society to give her full information as to the nature of her rights.

(12) Where a deficiency has been found in respect of the society or branch of which a woman is a member at a valuation previous to the time when she became suspended from ordinary benefits under this Part of this Act, and that deficiency has not been made good at the time of her marriage, or where a woman is in arrears at that time, such adjustments in the sums transferred to the married women's suspense account, and in the balance of her transfer value, and in the rates of benefit to which she is entitled under this section, shall be

made as the Insurance Commissioners may prescribe.

(13) Save as aforesaid, the provisions of this Part of this Act shall apply to a woman who has been married, both during and after coverture, in like manner as if she had never been married.

(14) This section shall apply in the case of a woman whose marriage has been dissolved or annulled, or who has for a period of not less than two years been actually separated from or deserted by her husband, as if her husband had died at the date at which such dissolution or annulment took effect, or, as the case may require, at the expiration of such period of two years.

Special Provisions as to Aliens

45.—(1) This Part of this Act shall apply to persons of the age of seventeen or upwards at the date of entry into insurance who are not British subjects, subject to the following modifications:—

(a) No such person shall be qualified to become a member of an approved society for the purposes of this part of this Act except upon the terms and subject to the conditions hereinafter mentioned;

(b) No part of the benefits to which such persons may become entitled shall be paid out of moneys provided by Parliament;

(c) The rate of sickness, disablement, and maternity benefit shall, as respects a deposit contributor, be reduced, in the case of men, to seven-ninths, or in the case of women to three-quarters, of the rate to which they would otherwise be entitled under this Part of this Act;

(d) No part of the sums payable in respect of such persons for medical benefit and sanatorium benefit, or towards the expenses of administration of benefits, shall, in the case of such persons, be paid out of moneys provided by Parliament.

(2) Where such a person becomes a member of an approved society the following provisions shall have effect:—

(i) The contributions payable by or in respect of such person shall be credited to the society;

(ii) The society shall in each year pay to the Insurance Committee the whole of sums payable in respect of such person for medical benefit and sanatorium benefit;

(iii) The rate and conditions of sickness benefit, and disablement benefit, and maternity benefit shall be such as may be determined by the society;

(iv) Such person shall not be deemed to have joined an approved society for the purposes of the provisions of this Part of this Act relating to reserve values, and no part of the contributions of such person shall be retained by the Insurance Commissioners towards the discharge of their liabilities in respect of reserve values.

(3) A woman who, having been a British subject before marriage, has ceased to be a British subject by reason of marriage with a person not being a British subject, shall not be subject to the provisions of this section if her husband is dead, or the marriage has been dissolved or annulled, or she has for a period of not less than two years been actually separated from or deserted by her husband.

(4) This section shall not apply to any person who, on the fourth day of May nineteen hundred and eleven, was a member of a society which, or a separate section of which, becomes an approved society, and had then been resident in the United Kingdom for five years or upwards, or to any person who is transferred to an approved society or the Post Office fund in pursuance of an arrangement with the Government of any foreign State.

Special Provisions with regard to Persons in the Naval and Military Service of the Crown

46.—(1) For the purpose of providing seamen, marines, and soldiers with such benefits during their term of service and after their return to civil life as are hereinafter in this section mentioned, there shall be deducted from the pay of every seaman and marine within the meaning of The Naval and Marine Pay and Pensions Act, 1865, and of every soldier of the regular forces (other than soldiers of his Majesty's Indian forces, the Royal Malta Artillery, and native soldiers of any regiment raised outside the United Kingdom), the sum of one penny halfpenny a week, and there shall be contributed by the Admiralty and the Army Council respectively, out of moneys provided by Parliament for Navy and Army services in respect of every such seaman, marine, and soldier who has joined an approved society in the manner hereafter mentioned the sum of one penny halfpenny per week and in respect of every other such seaman, marine, and soldier such sum per week as may be prescribed: Provided that no such deduction shall be made from the pay of a seaman, marine, or soldier who has completed the period of his first engagement and has re-

engaged for pension unless he so elects within the prescribed time, and that no contribution shall be made by the Admiralty or Army Council in respect of any week in respect of which such a deduction is not made.

(2) A seaman, marine, or soldier—

(a) who was at the date of his entry or enlistment an insured person and had joined and was at that date a member of an approved society; or

(b) who within six months from the date of his entry or enlistment or, in the case of a seaman, marine, or soldier serving at the commencement of this Act, within six months after the commencement of this Act, or within such longer period as may be prescribed, joins an approved society for the purposes of this Part of this Act;

shall for the purposes of this part of this Act be treated as if he were an employed contributor, subject until his discharge to the following modifications:—

(i) The employed rate shall be three pence, and the deductions made from his pay and the contributions made in respect of him by the Admiralty or Army Council shall be treated as the contributions paid in respect of him;

(ii) He shall not be entitled to medical benefit, sanatorium benefit, sickness benefit, or disablement benefit;

(iii) Maternity benefit shall be payable notwithstanding that both he and his wife are resident outside the United Kingdom at the date of the confinement, and the society may arrange with the Admiralty or Army Council for the administration of the benefit

through the Admiralty or Army Council;

- (iv) The sum to be retained out of each weekly contribution by the Insurance Commissioners towards the discharge of their liabilities in respect of reserve values shall be one penny, and the remaining five-ninths of a penny shall be paid out of the Navy and Army insurance fund hereinafter constituted.

(3) With respect to seamen, marines, and soldiers who have not joined an approved society as aforesaid the following provisions shall have effect:—

- (a) The sums so deducted and the contributions so made as aforesaid in respect of such men shall be paid into the national health insurance fund, and out of such sums there shall be retained by the Insurance Commissioners towards discharging their liabilities in respect of the reserve values created under this part of this Act the like amount as if such men were members of approved societies, and the balance shall be credited to a special fund to be called the Navy and Army insurance fund;

- (b) There shall also be paid into the Navy and Army insurance fund in each year out of moneys provided by Parliament a sum equal to two-ninths of the amount, calculated in the prescribed manner, which would have been payable in that year in respect of medical, sanatorium, sickness and disablement benefits (including expenses of administration) had all seamen, marines, and soldiers from whose pay deductions are made under this section been members of ap-

proved societies and entitled to such benefits as employed contributors;

- (c) The weekly contributions to be made by the Admiralty and Army Council in respect of such men shall be such as may from time to time be required to keep the Navy and Army insurance fund solvent;
- (d) If any such man was at the date of his entry or enlistment a deposit contributor he shall, for the purpose of dealings with the sum standing to his credit in the Post Office fund be treated as if the Navy and Army insurance fund had been an approved society, and he had at the date of his entry or enlistment become a member of that society;
- (e) In the case of a seaman, marine, or soldier serving at the commencement of this Act there shall be credited to the Navy and Army insurance fund such reserve value as would have been credited to an approved society had he at that date become a member of the society as an employed contributor. Provided that no such reserve value shall be credited to that fund if at the date aforesaid he had completed the period of his first engagement and had re-engaged for pension, unless he elects to have deductions made from his pay or unless, not having so elected, he becomes on discharge entitled to benefits payable out of that fund as hereinafter mentioned;
- (f) Every such man shall, until discharged, be entitled to maternity benefit payable out of the Navy

and Army insurance fund, and shall be entitled to such benefit notwithstanding that both he and his wife are at the date of the confinement resident outside the United Kingdom, and the benefit shall be administered by the Admiralty and Army Council either directly or through Insurance Committees.

- (g) On the discharge of a seaman, marine, or soldier, from whose pay deductions have been made and continue to be made up to the date of his discharge, there shall be debited to the Navy and Army insurance fund and if he becomes a member of an approved society within the prescribed time from his discharge there shall be credited to that society, or if he does not become a member of such a society within the prescribed time from his discharge there shall, unless he becomes entitled to benefits out of the Navy and Army insurance fund as hereinafter mentioned, be carried to his credit in the Post Office fund the transfer value which would have been payable in respect of him had he been a member of an approved society throughout his period of service, or in the case of a man serving at the date of the commencement of this Act since that date, and if he becomes a deposit contributor, so much of the reserve value, if any, credited to the Navy and Army Insurance Fund in respect of him shall be cancelled as would have been cancelled had he been transferred from an approved society to the Post Office fund :

- (h) A man discharged from service as a seaman, marine, or soldier who proves that the state of his health is such that he cannot obtain admission to an approved society may, if he so elects, on making application to the Insurance Commissioners in the prescribed manner within three months of his discharge, or such longer time as may be prescribed, become, subject to regulations made by the Insurance Commissioners after consultation with the Admiralty and Army Council, entitled to benefits (other than additional benefits) provided under this Part of this Act at the full rate, the cost of which benefits shall be payable out of the Navy and Army insurance fund, and such benefits shall be administered by Insurance Committees or otherwise in such manner as may be prescribed by such regulations as aforesaid, and any contributions paid under this Part of this Act by or in respect of him shall be paid into that fund ;

Provided that—

- (i) no deduction from benefits shall be made on account of any pension to which a man may be entitled ;
- (ii) the rate of sickness benefit shall be reduced, in the case of a man who entered into insurance when of the age of seventeen or upwards or who is in arrears, to the like extent as it would be reduced had he been an employed contributor and a member of an approved society who entered into insurance at the like age or who is in arrears to the like extent, so however that the

rate of sickness benefit shall in no case be reduced below five shillings a week ;

- (iii) there shall in each year be repaid to the Navy and Army Insurance Fund, out of moneys provided by Parliament, a sum equal to two-ninths of the amount expended out of the fund on such benefits as aforesaid, including the expenses of administration.
 - (iv) if a man who is so entitled to benefits payable out of the Navy and Army Insurance Fund at any time becomes a member of an approved society for the purposes of this Part of this Act he shall cease to be entitled to benefits payable out of that fund, and there shall be debited to that fund and credited to such society the transfer value which would have been so debited and credited if he had been at that time transferred from one approved society to another approved society.
- (4) In the application of this part of this Act to a man who is or has been a seaman, marine, or soldier, and to whom this section applies—
- (i) the date of his entry or enlistment as a seaman, marine, or soldier, or, if he was serving at the commencement of this Act, the date of that commencement shall, unless he was an insured person at the date of his entry or enlistment, be treated as the date of his entry into insurance ;
 - (ii) deductions from pay, with the corresponding contributions made by the Admiralty and Army Council, shall be treated as payments of contributions at the employed rate for the purpose of reckoning the number of contributions made in respect of him, arrears, and transfer value, and for the purpose of qualifications for becoming a voluntary contributor.
 - (iii) a seaman, marine, or soldier during his term of service shall, if he has joined an approved society as aforesaid before his entry or enlistment, be deemed to reside in that part of the United Kingdom in which he resided immediately before his entry or enlistment, or, if after his entry or enlistment, in the part of the United Kingdom in which the registered office or other principal place of business of the society or branch which he has joined is situate, and in any other case in England, and all persons entitled to benefits payable out of the Navy and Army Insurance Fund shall be deemed to reside in England.
- (5) Discharge shall in the case of a seaman, marine, or soldier who on the completion of any term of service is transferred to a reserve include such transfer.
- (6) This section shall not apply to a seaman, marine, or soldier who entered or enlisted before the age of sixteen until he attains that age, and on attaining that age shall apply to him as if he had entered or enlisted at the time when he attained that age.
- (7) The foregoing provisions of this section shall, subject to such adaptations and modifications as may be prescribed, apply to men belonging to the Naval Reserves when employed on service during war or any emergency and to men of the Army Reserve when called out on permanent service and to men of the Territorial Force when called out on embodiment, but, except

as aforesaid, shall not apply to any such men.

(8) Where a man of the Naval Reserves, the Army Reserve, or the Territorial Force is being trained and is in receipt of pay out of the moneys provided by Parliament for Navy or Army services, he shall, for the purposes of this Part of this Act, be deemed whilst so training, to be employed within the meaning of this Part of this Act and to be in the sole employment of the Crown. Provided that this subsection shall not apply to a man who was not immediately before the training an insured person, except in such cases and under such circumstances as may be specified in a special order made by the Insurance Commissioners.

Special Provisions where Employer liable to pay Wages during Sickness

47.—(1) The Insurance Commissioners shall from time to time make special orders specifying any classes of employment in which a custom or practice is shown to their satisfaction to prevail according to which the persons employed receive full remuneration during periods of disease or disablement, or any part thereof, and where the custom or practice is confined to certain localities, the order shall also specify the localities in which the custom prevails, and, subject to the provisions of this section, the order may contain such incidental, supplemental, and consequential provisions as appear necessary for adapting the other provisions of this Part of this Act to cases under this section.

(2) It shall be lawful for any employer who employs persons in any class of employment specified in any such order, within a locality (if the

custom is confined to certain localities) so specified, to give to the Insurance Commissioners the prescribed notice, and thereupon the employer shall, as respects all such persons, be subject to the liabilities, and this Part of this Act shall apply in respect of all such persons, subject to the modifications hereinafter mentioned.

(3) The employer shall be liable to pay full remuneration to every such person during any period or periods not exceeding six weeks in the aggregate in any one year during which such person may be suffering from any disease or disablement commencing while such person is in his employment, notwithstanding that such person may have left his employment before the expiration of that time :

Provided that if any such person is engaged for a term of not less than six months certain, the employer shall be liable to pay full remuneration during any period of disease or disablement lasting less than six weeks, and for the first six weeks of any period of disease or disablement lasting more than six weeks, notwithstanding that the aggregate exceeds six weeks, but where any such period extends beyond the term of the engagement, the employer shall not be liable to make any payment in respect of any part thereof after the expiration of such term.

(4) This Part of this Act shall apply in respect of persons so employed as aforesaid, subject to the following modifications :—

(a) Sickness benefit shall not be payable in respect of any period during which full remuneration is payable by the employer under this section, but for the purpose of calculating the rate and duration thereof, shall be

deemed to have been paid for six weeks before the date as from which it becomes actually payable :

- (b) The employed rate shall be reduced by two pence (or, where the employed contributor is a woman, one penny halfpenny) :
- (c) The weekly contributions payable by the employer shall be reduced by one penny (or, where the employed contributor is a woman, one halfpenny), and the weekly contributions payable by the employed contributor shall be reduced by one penny :
- (d) There shall be credited to the approved society of which any such person is a member, or, if he is a deposit contributor, to his account in the Post Office fund, the difference between the amount of contributions at such reduced rate actually paid in respect of him and the amount which would have been paid if those contributions had been at the full rate, and the amount of that difference shall be treated as having been expended on sickness benefit, and the proper proportion thereof shall accordingly be paid out of moneys provided by Parliament :
- (e) Contributions shall not be payable in respect of any period of disease or disablement during which full remuneration is payable under this section if the prescribed notice has been given :
- (f) The rules of an approved society or Insurance Committee as to notices and proof of disease and disablement may extend to

periods of disease and disablement during which full remuneration is payable under this section.

(5) Where a person on ceasing to be so employed becomes temporarily unemployed, paragraphs (b) and (d) of the last foregoing subsection shall continue to apply in respect of him, and sickness benefit shall not be payable in respect of the first six weeks of any period of disease or disablement, commencing after he ceased to be so employed, but for the purpose of calculating the rate and duration thereof shall be deemed to have been paid during those six weeks, and notwithstanding anything in this Part of this Act a disease or disablement shall not for the purposes of sickness benefit be treated as a continuation of a previous disease or disablement unless the medical practitioner attending such person certifies that it in fact is so.

(6) Where such a person as aforesaid ceases to be employed within the meaning of this Part of this Act, and is entitled to become a voluntary contributor paying contributions at the employed rate, paragraphs (b) and (d) of subsection (4) shall, if he becomes a voluntary contributor, continue to apply in respect of him, and sickness benefit shall not be payable in respect of the first six weeks of any period of disease or disablement commencing after he became a voluntary contributor, but, for the purpose of calculating the rate and duration thereof, shall be deemed to have been paid during those six weeks, and notwithstanding anything in this Part of this Act a disease or disablement shall not, for the purposes of sickness benefit, be treated as a continuation of a previous disease or disablement unless the medical prac-

tioner attending such person certifies that it in fact is so :

Provided that if any such person at any time wishes to become an ordinary voluntary contributor, he may become such after the payment of twenty-six weekly contributions at the full rate, or if the society of which he is a member consents after the payment of such less number of such contributions as the society may appoint.

(7) Where any employers wish to avail themselves of the provisions of this section as respects the persons employed by them in a class of employment, or in a locality in which no such custom or practice as aforesaid exists, they may apply to the Insurance Commissioners, and the Commissioners, if, after ascertaining the views of the persons so employed, they think fit, may make a special order extending the provisions of this section as respects the applicants to the class of employment or locality mentioned in the application as if it were a class of employment or locality in which such a custom or practice as aforesaid prevailed.

(8) Any question as to whether an employer is entitled to avail himself of the provisions of this section as respects any persons employed by him shall be determined by the Insurance Committee, subject to appeal to the Insurance Commissioners.

(9) The payment of contributions purporting to be at the reduced rate authorised by this section as respects any persons employed by an employer in any class of employment, shall be conclusive evidence that he is, as respects those persons and all other persons employed by him in the same class of employment in the same locality, under the liability imposed by this section.

(10) An employer who has given such notice as aforesaid may, by giving three months' previous notice to the Insurance Committee, withdraw his notice as from the commencement of the next calendar year, and in such case, as from that date this section shall cease to apply in respect of the persons employed by him in the class of employment to which the notice of withdrawal relates.

(11) None of the provisions of this section shall apply as respects any person employed at a rate of remuneration which is less than ten shillings a week.

(12) Nothing in this section shall relieve any employer from any legal liability to pay wages during sickness to any person employed by him in accordance with any established custom.

Special Provisions as to the Mercantile Marine.

48.—In the application of this Part of this Act to masters, seamen, and apprentices to the sea service and the sea fishing service the following provisions shall have effect :—

- (1) Neither sickness benefit nor disablement benefit shall be paid to a master, seaman, or apprentice suffering from any disease or disablement in respect of any period during which the owner of the ship is under the Merchant Shipping Act, 1894, as amended by any subsequent enactment or otherwise, liable to defray the expense of the necessary surgical and medical advice and attendance and medicine, and of his maintenance, but for the purpose of calculating the rate and duration of sickness benefit such benefit shall be

deemed to have been paid from the commencement of the disease or disablement until the determination of such liability as aforesaid, and he shall not be entitled to medical benefit during such period :

- (2) In the case of masters, seamen, and apprentices serving on foreign-going ships or ships engaged in regular trade on foreign stations, the employed rate and the employers' contributions shall each be reduced by one penny a week, and every four weekly contributions paid in any calendar year by a master, seaman, or apprentice whilst serving on such a ship shall, for the purposes of determining the number of contributions to be paid by him in that year and for the purposes of calculating arrears, be treated as five such contributions :

Provided that—

(a) nothing in this provision shall affect the number of employer's contributions to be paid in respect of such a master, seaman, or apprentice, but no employer's contributions paid in respect of any week in respect of which no contribution is payable by the master, seaman, or apprentice shall be taken into account in reckoning the amount of his arrears ;

(b) there shall be credited to the approved society of which the master, seaman, or apprentice is a member, or if he is a deposit contributor to his account in the Post Office fund, a sum equal to two-fifths of the amount of the con-

tributions actually paid in respect of him, and an equal sum shall be treated as having been expended on sickness benefit, and the proper proportion thereof shall accordingly be paid out of moneys provided by Parliament :

- (3) A master, seaman, or apprentice who is neither domiciled nor has a place of residence in the United Kingdom shall not be deemed to be employed within the meaning of this Part of this Act but the employer shall be liable to pay the same contributions in respect of him as would otherwise have been payable by him as employer's contributions, except in cases where the ship is engaged in regular trade on foreign stations :
- (4) The Board of Trade shall, as soon as may be after the passing of this Act, cause a society to be formed, to be called the Seamen's National Insurance Society, of which any masters, seamen, and apprentices to the sea service and the sea fishing service who are employed within the meaning of this Part of this Act shall be entitled to become members, but nothing in this section shall prevent any such person joining another approved society instead of the society so formed :
- (5) The affairs of the Seamen's National Insurance Society shall be managed by a committee constituted in accordance with a scheme to be prepared by the Board of Trade with the approval of the Insurance Commissioners, comprising representatives of the Board of Trade, of

shipowners, and of members of the society in equal proportions, and the society shall, notwithstanding anything in this Part of this Act, become an approved society :

(6) All contributions paid by employers in respect of masters, seamen, or apprentices who are neither domiciled nor have a place of residence in the United Kingdom, and consequently deemed not to be employed within the meaning of this Part of this Act, shall be credited to the Seamen's National Insurance Society :

(7) In addition to medical, sanatorium, sickness, disablement, and maternity benefits, members of the Seamen's National Insurance Society shall be entitled to such other benefits as may be provided under a scheme to be prepared by the committee of management, with the approval of the Board of Trade and the Insurance Commissioners, and such other benefits shall include pensions for masters and seamen with long sea service, and the scheme may provide for preference being given to masters and seamen who have served in foreign-going ships or ships engaged in foreign trade over those who have served in the coasting and home trade ships, and such preference may be proportionate to the length of time spent in the first-mentioned service: Provided that

(a) the schemes shall provide for making a proper proportion of the sums credited to the Seamen's National Insurance Society under the last foregoing

sub-section applicable towards the payments of pensions or superannuation allowances granted by other approved societies to members with such sea service that, had they been members of the Seamen's National Insurance Society, they would have been entitled to pensions under the scheme; and

(b) in the case of the transfer of a member of the society to another approved society, the transfer value payable in respect of him shall be calculated with reference to the liabilities of the society for benefits other than such pensions as aforesaid :

(8) The rules of the Seamen's National Insurance Society shall provide for allowing a member who leaves the sea service and is unable to obtain admission to another approved society on account of the state of his health to continue a member of the Seamen's National Insurance Society for the purposes of this Part of this Act, and the rules of that society may provide that a member of the society who has fulfilled the conditions entitling him to such pension as aforesaid shall not be deprived of his right to the pension by reason only that he has ceased to be a member of the society at the time when the pension first becomes payable or ceases so to be at any subsequent time :

(9) Where a master, seaman, or apprentice is at the commencement of this Act a member of a society which becomes an approved society he may, if that society and the Seamen's National Insurance Society so

agree, continue to be a member of the first-mentioned society for the purposes of benefits under this Part of this Act other than pension, and becomes a member of the last-mentioned society for the purposes of pension only, and in such case the balance of the contributions payable in respect of him (after deducting the sums to be retained by the Insurance Commissioners towards discharging their liabilities in respect of reserve values) shall be divided between the two societies in such proportion as they may agree :

(10) Expressions in this section have the same meaning as in the Merchant Shipping Acts, 1894 to 1907, but the expressions "foreign-going ships" and "home-trade ships" include ships engaged in the sea fishing service, and the expression "ship engaged in regular trade on foreign stations" means a ship engaged regularly in trade between ports outside the British Islands when trading between such ports, but for the purposes of this provision a ship shall not be deemed not to be engaged in such a trade by reason only that she puts into a port in the United Kingdom for the purpose of survey or repair.

(11) The provisions of this Part of this Act affecting the employed rate and the rates of contributions of employers and contributors in Ireland, and depriving insured persons in Ireland of medical benefit, shall not apply to any such master, seaman, or apprentice, unless he has a permanent place of resi-

dence in Ireland and is not a member of the Seamen's National Insurance Society; and, in the case of a master, seaman, or apprentice serving on a foreign-going ship or a ship engaged in foreign trade to whom such provisions do apply the amount by which the employed rate and the employer's contributions are to be reduced shall be one halfpenny a week :

(12) Members of the Seamen's National Insurance Society shall for the purposes of this Part of this Act be deemed to reside in England, and the medical benefit and sanatorium benefit of such members shall be administered by the society instead of by the Insurance Committee, and the provisions of this Part of this Act relating to the administration of those benefits shall apply accordingly subject to such modifications as may be prescribed; but nothing in this provision shall prevent the society agreeing with Insurance Committees for the administration of those benefits by the Committees in relation to individual members of the society.

Provisions as to Persons over Sixty-five at Commencement of Act.

49.—(1) If any person who is of the age of sixty-five or upwards and under the age of seventy at the commencement of this Act is employed within the meaning of this Part of this Act, the like contributions shall, until he attains the age of seventy, be payable by his employer in respect of him as in the case of employed contributors, and the provisions

of this Part of this Act relating to the payments of contributions and the recovery thereof shall apply accordingly.

(2) For every weekly contribution made by or in respect of such a person there shall be contributed out of moneys provided by Parliament the sum of two pence.

(3) If such a person becomes a member of an approved society for the purposes of this section all contributions payable in respect of him under this section (including contributions out of moneys provided by Parliament) shall be credited to the society, and he shall become entitled to such benefits as the society may determine, but no reserve value shall be credited to the society in respect of him and no part of the contributions payable in respect of him shall be retained by the Insurance Commissioners towards the discharge of their liabilities in respect of reserve values.

(4) If such a person does not become a member of an approved society as aforesaid he shall become a deposit contributor, and accordingly all contributions payable in respect of him (including contributions out of moneys provided by Parliament) shall be carried to his credit in the Post Office fund, but the benefits to which he becomes entitled shall be such as may be determined by the Insurance Committee.

(5) No part of the cost of benefits under this section shall be payable out of moneys provided by Parliament.

Special Provisions as to Seasonal Trades

50. Where it is proved to the satisfaction of the Insurance Commissioners that a trade or business carried on by any employers is of a seasonal nature and subject to periodical fluctuation, and those employers systematically em-

ploy persons throughout the year and work short time during the season when the trade or business is depressed, the Insurance Commissioners may make a special order reducing, as respects such persons, the employed rate and the contributions payable by the employers and contributors to such extent and for such period in the year as may be specified in the order, and increasing such rate and contributions to a corresponding extent and for a corresponding period during the remainder of the year, and the order may contain such incidental, supplemental, and consequential provisions as may appear necessary for adapting the other provisions of this Part of this Act to cases under this section.

Special Provisions as to Inmates of Charitable Homes, etc.

51.—(1) Where the managers of any institution carried on for charitable or reformatory purposes prove that the persons who are inmates of and supported by the institution receive maintenance and medical attendance when sick, the Insurance Commissioners may grant a certificate of exemption to those managers, and where such a certificate of exemption is granted any such inmates who are employed by the managers of the institution shall not in respect of such employment be deemed to be employed within the meaning of this Part of this Act:

Provided that it shall be a condition of such exemption that the managers shall be liable to pay in respect of any such inmate who, having been an inmate of the institution for more than six months, leaves the institution, the following sums:—

(a) In the case of a person who was at the time of entering the institution below the age of six-

teen, such capital sum as will be sufficient to secure him benefits under this Part of this Act at the full rate;

(b) In the case of a person who was at the time of entering the institution of the age of sixteen or upwards, and who was at that time an insured person, and a member of an approved society, a sum equal to the value, calculated in the prescribed manner, of the contributions which, apart from this section, would have been payable in respect of him during the time he was in the institution.

(2) Every such inmate as aforesaid shall, if he was an insured person, before entering the institution, be suspended from benefits whilst he is such an inmate, and if he was at such time a member of an approved society and has been an inmate of the institution for a period exceeding six months the time during which he is in the institution shall be disregarded for the purpose of reckoning arrears.

Special Provision as to Persons becoming Certificated Teachers

52.—Where a person who has been employed to teach in a public elementary school ceases to be employed within the meaning of this part of this Act by reason of becoming a teacher to whom the Elementary School Teachers (Superannuation) Act, 1898, applies, and does not become a voluntary contributor, there shall be paid to the Board of Education by the approved society of which he is a member, or, if he is not a member of an approved society, out of the amount standing to his credit in the Post Office fund, a sum equal to the value calcu-

lated in the prescribed manner of the contributions paid by or in respect of him under this Part of this Act since he first began to teach in a public elementary school, or if the amount standing to his credit is less than that sum then the whole amount so standing to his credit; and the sum so paid to the Board of Education shall be placed by them to his credit in the Deferred Annuity Fund in accordance with the rules for the time being applicable thereto.

Application to Other Persons in the Service of the Crown

53.—(1) This Part of this Act shall apply to persons employed by or under the Crown, other than those with respect to whom special provision is made by this Part of this Act, in like manner as if the employer were a private person:

Provided that in the case of a person employed in the private service of the Crown, the head of the department of the Royal Household in which he is employed shall be deemed to be his employer.

(2) The provisions of this Act relating to reduced insurance in cases where the employer is liable to pay wages during sickness shall extend in respect of persons employed by or under the Crown to cases where two-thirds only of the full remuneration are payable during periods, or parts of periods, of disease or disablement if such remuneration is so payable for not less than three months in any year, and those provisions shall apply accordingly as if two-thirds of the full remuneration were substituted for the full remuneration, and as if three months were substituted for six weeks as the maximum amount of time during any year such remuneration is payable.

*Financial Provisions.***National Health Insurance Fund**

54.—(1) All sums received in respect of contributions under this Part of this Act and all sums paid out of moneys provided by Parliament under this Part of this Act in respect of the benefits thereunder and the expenses of administration of such benefits shall be paid into a fund, to be called the National Health Insurance Fund, under the control and management of the Insurance Commissioners, and the sums required to meet expenditure properly incurred by approved societies and Insurance Committees for the purposes of the benefits administered by them and the administration of such benefits shall be paid out of that fund.

(2) The sums payable to the said fund out of moneys provided by Parliament shall be paid in such manner and at such times as the Treasury may determine.

(3) The Insurance Commissioners shall ascertain periodically what sums standing in the National Health Insurance Fund to the credit of the several societies and of the Post Office fund and of the Navy and Army insurance fund are available for investment and the amount so ascertained shall, so far as not required under the provisions of this Part of this Act to be paid over to societies for investment, or to be retained for investment on their behalf, or for the discharge of liabilities of societies, be carried to a separate account, called the Investment Account, and shall be paid over to the National Debt Commissioners and by them invested in accordance with regulations made by the Treasury in any securities which are for the time being authorised by Parliament as investments for savings banks

funds, but those Commissioners shall in making the investment give preference to stock or bonds issued under the provisions of the Acts relating to borrowing for raising capital for the purposes of the local loans funds where the purposes for which such capital is required is the making of advances for the purposes of the Housing of the Working Classes Acts, 1890 to 1909 :

Provided that nothing in this provision shall prevent the Insurance Commissioners paying over to the National Debt Commissioners for temporary investment, pending the ascertainment of the amount available for investment as aforesaid, any sums in the National Health Insurance Fund not required to meet current liabilities.

(4) There shall be credited to the Post Office fund and to the Navy and Army insurance fund interest at the prescribed rate per annum on the sums from time to time standing to the credit of those funds in the investment account.

(5) The accounts of the National Health Insurance Fund shall be audited by the Comptroller and Auditor-General in such manner as the Treasury may direct.

(6) The National Debt Commissioners shall present to Parliament annually an account of the securities in which moneys forming part of the said fund are for the time being invested.

Reserve Values

55.—(1) The Insurance Commissioners shall cause tables to be prepared showing, in cases in which such provision is necessary, the capital sums (in this Part of this Act referred to as "reserve values") which it is necessary to provide in respect of members entering into insurance at ages over

the age of sixteen to meet the estimated loss (if any) arising through the acceptance by an approved society of such persons as members upon the terms and conditions as regard contributions and benefits prescribed by this Part of this Act.

(2) On a person of the age of seventeen or upwards joining an approved society for the purposes of this Part of this Act, there shall be credited to the society the reserve value (if any) appropriate to such person in accordance with such tables.

The sums so credited to a society in respect of reserve values shall carry interest at the rate of three per centum per annum.

(3) Out of each weekly contribution paid by or in respect of an insured person who is a member of an approved society other than a voluntary contributor who entered into insurance within six months after the commencement of this Act and at the date of that entry was of the age of forty-five years or upwards there shall be retained by the Insurance Commissioners the sum of one penny and five-ninths (or in the case of women one penny half-penny), and the amounts so retained shall, together with any other moneys available for the purpose, be applied in manner provided by this Part of this Act towards discharging the liabilities of the Insurance Commissioners to approved societies in respect of the reserve values created by this section.

(4) The Insurance Commissioners shall periodically apportion amongst the several societies, including the Navy and Army Insurance Fund, the sums retained by them and the sums, if any, otherwise available for the discharge of such liabilities as aforesaid in proportion to the amount of reserve values for the time

being credited to the several societies, and shall credit to each society the amount so apportioned, and any balance of the sums so credited to a society, after providing for interest on the reserve values for the time being credited to the society, shall be written off the amount of the reserve values so credited.

(5) If any person is convicted of the offence of knowingly making any false statement as to his age in any declaration made for the purpose of obtaining a reserve value to be credited to an approved society in respect of him, the reserve value shall be cancelled, and the member of the society in respect of whom it was credited shall be treated as if he had entered into insurance after the expiration of one year from the commencement of this Act.

Transactions between the Insurance Commissioners and Societies

56.—(1) The Insurance Commissioners shall, subject to the approval of the Treasury, make regulations with respect to crediting and debiting to the several societies sums received and paid by the Insurance Commissioners on behalf of or to societies and as to the payments to be made by and to the Commissioners to and by societies, and those regulations shall, amongst other things—

- (a) provide for crediting to each society the contributions paid by or in respect of the members of the society after deducting the amounts retained thereout for discharging the liabilities of the Insurance Commissioners in respect of reserve values:
- (b) require the Insurance Commissioners, on carrying any sum to the credit of an approved

society in the investment account, to pay over to the society for investment, or, at the request of the society, to retain for investment on behalf of the society, four-sevenths, or, so far as the sums are attributable to women, one-half, of the amount so credited to the society;

- (c) provide for crediting to each society interest at the prescribed rate per annum on the sums for the time being standing to the credit of the society in the investment account;
- (d) provide for the discharge of debit balances in such manner as the Insurance Commissioners determine, either by the reduction of the reserve values credited to the society or out of the proceeds of the realisation of securities held by the society or by the Commissioners on behalf of the society, and out of the sums standing to the credit of the society in the investment account proportionately:

Provided that, in the case of any society which gives notice to that effect to the Insurance Commissioners, no part of the sums carried to credit of the society in the investment account shall be paid over to the society or retained by the Commissioners for investment on its behalf, but the whole amount shall remain to the credit of the society in the investment account, and in such case the regulations made under the foregoing provisions shall apply to the society subject to the prescribed modifications.

(2) Every approved society shall invest any sums paid to the society for investment, and shall for the purpose have power to invest in any securities

in which trustees are for the time being by law empowered to invest trust funds, or in any stocks, mortgages, or other securities issued by any local authority within the meaning of the Local Loans Act, 1875, and charged on any rates levied by or on the order or precept of such authority, or in any other securities for the time being approved by the Insurance Commissioners.

(3) Where, at the request of a society, the Insurance Commissioners instead of paying over any sum to the society retain such sum for investment on behalf of the society, they shall invest such sum in accordance with the directions of the society in any securities in which the society might have invested it had it been paid over to the society, and shall from time to time vary such investments in accordance with the like directions, and shall pay over to the society all sums received by way of interest or dividend on the investments held by them on behalf of the society.

(4) Every approved society shall apply the sums received by way of interest or dividend on investments held by the society or by the Insurance Commissioners on behalf of the society towards the cost of the benefits under this Part of this Act of the members of the society and the cost of the administration of those benefits, or otherwise, as the Insurance Commissioners may prescribe.

Insurance Commissioners: Advisory Committee.

Constitution of Insurance Commissioners, Appointment of Inspectors, etc.

57.—(1) As soon as may be after the passing of this Act there shall be constituted for the purposes of this part of

this Act Commissioners (to be called the Insurance Commissioners), with a central office in London, and with such branch offices as the Treasury may think fit, and the Commissioners shall be appointed by the Treasury, and of the Commissioners so appointed one at least shall be a duly qualified medical practitioner who has had personal experience of general practice.

(2) The Insurance Commissioners may sue and be sued, and may for all purposes be described by that name, and shall have an official seal which shall be officially and judicially noticed, and such seal shall be authenticated by any Commissioner or the secretary to the Commissioners, or some person authorised by the Commissioners to act on behalf of the secretary.

(3) The Insurance Commissioners may appoint such officers, inspectors, referees, and servants, for the purposes of this part of this Act as the Commissioners, subject to the approval of the Treasury as to number, may determine, and there shall be paid out of moneys provided by Parliament to the Commissioners and to such officers, inspectors, referees, and servants, such salaries or remuneration as the Treasury may determine; and any expenses incurred by the Treasury (including the remuneration of valuers and auditors appointed by the Treasury) or the Commissioners in carrying this Part of this Act into effect, to such extent as the Treasury may sanction, shall be defrayed out of moneys provided by Parliament.

(4) Every document purporting to be an order or other instrument issued by the Insurance Commissioners and to be sealed with the seal of the Commissioners authenticated in manner provided by this section, or to be signed by the Secretary to the Commissioners or any person authorised by the Com-

missioners to act on behalf of the secretary, shall be received in evidence and be deemed to be such order or instrument without further proof, unless the contrary is shown.

(5) The Insurance Commissioners may empower any inspector appointed by them to exercise in respect of any approved society or any branch of an approved society all or any of the powers given by section seventy-six of the Friendly Societies Act, 1896, to an inspector appointed thereunder:

Provided, that any complaint or report as to any such branch as aforesaid made by an inspector under this subsection shall be communicated to the central body or other central authority of the society.

Appointment of Advisory Committee

58.—The Insurance Commissioners shall as soon as may be after the passing of this Act appoint an Advisory Committee for the purpose of giving the Insurance Commissioners advice and assistance in connection with the making and altering of regulations under this Part of this Act, consisting of representatives of associations of employers and approved societies, of duly qualified medical practitioners who have personal experience of general practice, and of such other persons as the Commissioners may appoint, of whom two at least shall be women.

Insurance Committees.

Appointment of Insurance Committees

59.—(1) An Insurance Committee shall be constituted for every county and county borough.

(2) Every such committee shall consist of such number of members as the Insurance Commissioners, having regard to the circumstances of each case,

determine, but in no case less than forty, or more than eighty of whom—

- (a) three-fifths shall be appointed in such manner as may be prescribed by regulations of the Insurance Commissioners so as to secure representation of the insured persons resident in the county or county borough who are members of approved societies, and who are deposit contributors in proportion, as nearly as may be, to their respective numbers;
- (b) one-fifth shall be appointed by the council of the county or county borough;
- (c) two members shall be elected in manner provided by regulations made by the Insurance Commissioners, either by any association of duly qualified medical practitioners resident in the county or county borough which may have been formed for that purpose under such regulations, or, if no such association has been formed, by such practitioners;
- (d) one member or, if the total number of the committee is sixty or upwards, two members, or if the total number of the committee is eighty, three members, shall be duly qualified medical practitioners appointed by council of the county or county borough;
- (e) the remaining members shall be appointed by the Insurance Commissioners:

Provided that—

- (i) The regulations with respect to the appointment of members to represent insured persons shall provide for conferring on the approved societies which

have members resident in the county or county borough the power of appointing the representatives of such members, and, where an association of the deposit contributors resident in the county or county borough has been formed under such regulations as aforesaid, for conferring on such association the power of appointing the representatives of the deposit contributors;

- (ii) Of the members appointed by the council of the county or county borough two at least shall be women, and of the members appointed by the Insurance Commissioners one at least shall be a duly qualified medical practitioner and two at least shall be women.

(3) The Insurance Commissioners may, where any part of the cost of medical benefit or sanatorium benefit is defrayed by the council of the county or county borough, increase the representation of the council and make a corresponding diminution in the representation of the insured persons.

(4) The Insurance Commissioners may make regulations as to the appointment, quorum, term of office, and rotation of members and proceedings generally (including the appointment of sub-committees consisting wholly or partly of members of the committee) of the committee, and the employment of officers and the provision of offices by the committee, including the use by the committee, with or without payment, of any offices of a local authority, but subject to the consent of such authority, and any such regulations may provide for the constitution of district insurance com-

mittees, and for apportioning amongst the several district insurance committees any of the powers and duties of the Insurance Committee and regulating the relations of district insurance committees to the Insurance Committee and to one another :

Provided that the regulations so made shall require the Insurance Committee of every county (except in cases where, owing to special circumstances, the Commissioners consider it unnecessary) within six months after the commencement of this Act to prepare after consultation with the county council and submit for approval to the Commissioners a scheme for the appointment of district insurance committees for the county and prescribing the area to be assigned to each such committee, and in particular the scheme shall provide for the appointment of a district insurance committee for each borough including the City of London and a metropolitan borough) within the county having a population of not less than ten thousand, and for each urban district within the county with a population of not less than twenty thousand, but if the Insurance Committee, or, on appeal, the Insurance Commissioners consider it expedient in the case of any such borough (outside London) or urban district any adjoining areas may be grouped with such borough or urban district, for the purpose of the appointment of a district insurance committee.

(5) Any Insurance Committee may, and shall if so required by the Insurance Commissioners, combine with any one or more other Insurance Committees for all or any of the purposes of this Part of this Act, and where they so combine, the provisions of this Part of this Act shall apply with

such necessary adaptations as may be prescribed.

Powers and Duties of Insurance Committees

60.—(1) The Insurance Committee of a county or county borough shall, in addition to the other powers and duties conferred or imposed on it by this Part of this Act, have the following powers and duties :—

- (a) It shall make such reports as to the health of insured persons within the county or county borough as the Insurance Commissioners, after consultation with the Local Government Board, may prescribe, and shall furnish to them such statistical and other returns as they may require, and may make to them such other reports on the health of such persons and the conditions affecting the same, and may make such suggestions with regard thereto as it may think fit, and the Insurance Commissioners shall forward to the councils of the counties, boroughs, and urban and rural districts, which appear to them to be affected by or interested in any such reports, returns, or suggestions, copies of such reports, returns, and suggestions, and the reports and returns so made shall include such reports and returns as will enable an analysis and classification to be made of the persons who are deposit contributors;
- (b) It shall make such provision for the giving of lectures and the publication of information on questions relating to health as it thinks necessary or desirable,

and may, if it thinks fit, for that purpose make arrangements with local education authorities, universities, and other institutions;

(c) It shall keep proper books and accounts in the prescribed form and shall, when required, submit such accounts to audit by auditors appointed by the Treasury.

(2) For the purpose of assisting Insurance Committees in the exercise and performance of their powers and duties under this Part of this Act, and with a view to promoting co-operation between such committees and the councils of counties, boroughs, and urban and rural districts, any medical officer of health may, at the request of an Insurance Committee and with the consent of the council by whom he is appointed, attend meetings of the committee and give such advice and assistance as is in his power.

(3) For the purposes of this section the council of a borough includes the mayor, aldermen, and commons of the City of London in common council assembled, and the council of a metropolitan borough.

Income

61.—(1) All sums available for sanatorium benefit in a county or county borough, and all sums payable in respect of the members of approved societies and deposit contributors resident in the county or county borough for the purposes of medical benefit and administrative expenses in any year, shall be paid or credited to the Insurance Committee at the commencement of that year.

(2) There shall also be paid to the Insurance Committee in every year

by each approved society, having members who are insured persons resident in the county or county borough, in respect of each such member, the sum of one penny towards the administrative expenses of the Committee :

Provided that if the special circumstances of any county are such that the Insurance Commissioners consider that the travelling expenses of the members of the committee should be repaid to them by the committee, the Insurance Commissioners may authorise such repayment, and in such case may increase the said sum of one penny to such sum, not exceeding twopence, as they may determine.

(3) It shall be lawful for any local authority, out of any fund or rate out of which the expenses of the authority are payable, to subscribe such sums as it may think fit towards the general purposes of the Insurance Committee.

Local Medical Committees

62.—Where a local medical committee has been formed for any county or county borough or for any area for which a district committee has been formed and the Insurance Commissioners are satisfied that such committee is representative of the duly qualified medical practitioners resident in the county or county borough or such area as aforesaid they shall recognise such committee, and where a local medical committee has been so recognised it shall, subject to regulations made by the Insurance Commissioners, be consulted by the Insurance Committee or district committee as the case may be on all general questions affecting the administration of medical benefit, including the arrangements made with medical practitioners giving attendance and treat-

ment to insured persons, and shall perform such other duties, and shall exercise such powers as may be determined by the Insurance Commissioners.

Excessive Sickness.

Inquiries into Causes of Excessive Sickness, etc.

63.—(1) Where it is alleged by the Insurance Commissioners or by any approved society or Insurance Committee that the sickness which has taken place among any insured persons being, in the case where the allegation is made by a society or committee, persons for the administration of whose sickness and disablement benefits the society or committee is responsible, is excessive, and that such excess is due to the conditions or nature of employment of such persons, or to bad housing or insanitary conditions in any locality, or to an insufficient or contaminated water supply, or to the neglect on the part of any person or authority to observe or enforce the provisions of any Act relating to the health of workers in factories, workshops, mines, quarries, or other industries, or relating to public health, or any regulations made under any such Act, or to observe or enforce any public health precautions, the Commissioners or the society or committee making such allegation may send to the person or authority alleged to be in default a claim for the payment of the amount of any extra expenditure alleged to have been incurred by reason of such cause as aforesaid, and if the Commissioners, society, or committee and such person or authority fail to arrive at any agreement on the subject

may apply to the Secretary of State or the Local Government Board, as the case may require, for an inquiry, and thereupon the Secretary of State or Local Government Board may appoint a competent person to hold an inquiry.

(2) If upon such inquiry being held it is proved to the satisfaction of the persons holding the inquiry that the amount of such sickness has

(i) during a period of not less than three years before the date of the inquiry; or

(ii) if there has been an outbreak of any epidemic, endemic or infectious disease, during any less period;

been in excess of the average expectation of sickness by more than 10 per cent., and that such excess was in whole or in part due to any such cause as aforesaid, the amount of any extra expenditure found by the person holding the inquiry to have been incurred under this Part of this Act by any societies or committees where the allegation is made by the Insurance Commissioners, or if the allegation is made by a society or committee by the society or committee in question by reason of such cause shall be ordered by him to be made good in accordance with the following provisions:—

(a) Where the excess or such part thereof as aforesaid is due to the conditions or nature of the employment or to any neglect on the part of any employer to observe or enforce any such Act or regulation as aforesaid, it shall be made good by the employer:

(b) Where such excess or such part thereof as aforesaid is due to bad housing or insanitary conditions in the locality, or to any neglect on the part of any local autho-

riety to observe or enforce any such Act or regulation or such precautions as aforesaid, it shall be made good by such local authority as appears to the person holding the inquiry to have been in default, or if due to the insanitary condition of any particular premises shall be made good either by such authority or by the owner, lessee, or occupier of the premises who is proved to the satisfaction of the person holding the inquiry to be responsible:

- (c) Where the excess or such part thereof as aforesaid is due to an insufficient or contaminated water supply, it shall be made good by the local authority, company, or person by whom the water is supplied, or who having imposed upon them the duty of affording a water supply have refused or neglected to do so, unless the local authority, company, or person prove that such insufficiency or contamination was not due to any default on the part of the authority, company, or person, but arose from circumstances over which it had no control.
- (3) Where any such inquiry as aforesaid is held in respect of bad housing or insanitary conditions in any locality, it shall be lawful for the local authority to serve notice upon the owner, lessee, or occupier of any premises which are the subject-matter of the inquiry, and where it is proved that such a notice has been served and that any such extra expense as aforesaid, or any part thereof, has been caused by the act or default of such owner, lessee, or occupier, the person holding the inquiry may order the owner, lessee, or occupier to

repay to the local authority the amount of the extra expenditure or part thereof which has been so caused.

(4) For the purpose of this section the average expectation of sickness shall be calculated in accordance with the tables prepared by the Insurance Commissioners for the purpose of valuations under this Part of this Act, but any excessive sickness attributable to any disease or disablement which is due to any disease or injury in respect of which damages or compensation are payable under the Employers' Liability Act, 1880, or the Workmen's Compensation Act, 1906, or at common law, shall not be taken into account.

(5) The Insurance Commissioners shall make regulations as to the procedure on inquiries under this section, and a person holding an inquiry under this section shall have all such powers as an inspector of the Local Government Board has for the purposes of an inquiry under the Public Health Acts, and shall have power to order how and by what parties costs, including such expenses as the Secretary of State or Local Government Board may certify to have been incurred by them, are to be paid, and an order made by such person under this section may by leave of the High Court be enforced in the same manner as a judgment or order of the Court to the same effect:

Provided that a society or committee shall not be ordered to pay the costs of the other party to the inquiry if the person holding the inquiry certifies that the demand for an inquiry was reasonable under the circumstances, and when he so certifies the Treasury may repay to the society or committee the whole or any part of the costs incurred by it.

(6) Without prejudice to any other method of recovery, any sum ordered under this section to be paid by a local authority may, in accordance with the regulations of the Local Government Board with the approval of the Treasury, be paid out of the Local Taxation Account and deducted from any sums payable either directly or indirectly out of that account to the local authority.

(7) For the purposes of this section any expenditure on any benefit administered by an Insurance Committee shall be deemed to be expenditure of that Committee, but any sums paid to any such Committee under this section to meet extra expenditure on sickness benefit or disablement benefit shall be dealt with for the benefit of deposit contributors in accordance with regulations made by the Insurance Commissioners.

(8) Where under this section any sum is paid to the Insurance Commissioners, the Insurance Commissioners shall apply the same in discharge of any expenses incurred by the Commissioners under this section, and shall distribute the balance amongst the societies and committees which appear to the Commissioners to have incurred extra expense on account of the excessive sickness in such proportions as the Commissioners think just.

(9) Where an association of deposit contributors resident in any county or county borough has been formed under regulations made by the Insurance Commissioners, the Insurance Committee for the county or county borough shall, if so required by the association, take proceedings under this section on behalf and at the expense of the association.

Supplementary Provisions.

Provision of Sanatoria, etc.

64.—(1) If under any other Act of the present session any sum is made available for the purposes of the provision of or making grants in aid to sanatoria and other institutions for the treatment of tuberculosis or such other diseases as the Local Government Board with the approval of the Treasury may appoint, such sum shall be distributed by the Local Government Board with the consent of the Treasury in making grants for those purposes, and the Treasury before giving their consent shall consult with the Insurance Commissioners :

Provided that such sum shall be apportioned between England, Wales, Scotland, and Ireland in proportion to their respective populations ascertained in accordance with the returns of the census taken in the year nineteen hundred and eleven.

(2) If any such grant is made to a county council, the Local Government Board may authorise the county council to provide any such institution, and where so authorised the county council shall have power to erect buildings, and to manage and maintain the institution, and for that purpose to enter into agreements and make arrangements with Insurance Committees and other authorities and persons, and to do all such things as may be necessary for the purposes aforesaid, and any expenses of the county council, so far as not defrayed out of the grant, shall be defrayed out of the county fund as expenses for general county purposes or, if the order of the Local Government Board so directs, as expenses for special county purposes

charged on such part of the county as may be provided by the order.

(3) For the purpose of facilitating co-operation amongst county councils, county borough councils, and other local authorities (not being Poor Law authorities) for the provision of such sanatoria and other institutions as aforesaid, the Local Government Board may by order make such provisions as appear to them necessary or expedient by the constitution of joint committees, joint boards, or otherwise, for the joint exercise by such councils and authorities of their powers in relation thereto, and any such order may provide how, in what proportions, and out of what funds or rates the expenses of providing such institutions, so far as they are not defrayed out of grants under this section, are to be defrayed, and may contain such consequential, incidental, and supplemental provisions as may appear necessary for the purposes of the order, and an order so made shall be binding and conclusive in respect of the matters to which it relates.

(4) An Insurance Committee may, with the consent of the Insurance Commissioners, enter into agreements with any person or authority (other than a Poor Law authority) that, in consideration of such person or authority, providing treatment in a sanatorium or other institution or otherwise for persons recommended by the committee for sanatorium benefit, the committee will contribute out of the funds available for sanatorium benefit towards the maintenance of the institution or provision of such treatment such annual or other payment, and, subject to such conditions and for such period as may be agreed, and any such agreement shall be binding on the committee and their successors, and any sums payable by

the committee thereunder may be paid by the Insurance Commissioners and deducted from the sums payable to the committee for the purposes of sanatorium benefit.

Power to Insurance Commissioners to make Regulations, etc.

65.—The Insurance Commissioners may make regulations for any of the purposes for which regulations may be made under this Part of this Act or the Schedules therein referred to, and for prescribing anything which under this Part of this Act or any such schedules is to be prescribed, and generally for carrying this Part of this Act into effect, and any regulations so made shall be laid before both Houses of Parliament as soon as may be after they are made, and shall have effect as if enacted in this Act:

Provided that if an Address is presented to His Majesty by either House of Parliament within the next subsequent twenty-one days on which that House has sat next after any such regulation is laid before it praying that the regulation may be annulled, His Majesty in Council may annul the regulation, and it shall thenceforth be void, but without prejudice to the validity of anything previously done thereunder.

Determination of Questions by Insurance Commissioners

66.—(1) If any question arises—

(a) as to whether any employment or any class of employment is or will be employment within the meaning of this Part of this Act or as to whether a person is entitled to become a voluntary contributor; or

(b) as to the rate of contributions payable by or in respect of any insured person; or

(c) as to the rates of contributions payable in respect of an employed contributor by the employer and the contributor respectively;

the question shall be determined by the Insurance Commissioners, in accordance with regulations made by them for the purpose. Provided that—

(i) if any person feels aggrieved by the decision of the Insurance Commissioners on any question arising under paragraph (a), he may appeal therefrom to the county court, with a further right of appeal upon any question of law to such judge of the High Court as may be selected for the purpose by the Lord Chancellor and the decision of that judge shall be final;

(ii) the regulations of the Insurance Commissioners may provide for questions under paragraph (b) being determined, in the case of any person who is or is about to become a member of an approved society, by the society.

(iii) the Insurance Commissioners may, if they think fit, instead of themselves deciding whether any class of employment is or will be employment within the meaning of this Part of this Act, submit the question for decision to the High Court in such summary manner as subject to rules of court may be directed by the court, and the court, after hearing such parties and taking such evidence (if any), as it thinks just, shall decide the question, and the decision of the court shall be final.

(2) This section shall come into operation on the passing of this Act.

Disputes

67.—(1) Subject to the provisions of the foregoing section, every dispute between—

(a) An approved society or a branch thereof and an insured person who is a member of such society or branch or any person claiming through him;

(b) An approved society or branch thereof, and any person who has ceased to be a member for the purposes of this Part of this Act of such society or branch, or any person claiming through him;

(c) An approved society and any branch thereof;

(d) Any two or more branches of an approved society,

relating to anything done or omitted by such persons, society, or branch (as the case may be) under this Part of this Act, or any regulation made thereunder, shall be decided in accordance with the rules of the society, but any party to such dispute may in such cases and in such manner as may be prescribed appeal from such decision to the Insurance Commissioners.

(2) Every dispute between an insured person and the Insurance Committee, relating to anything done or omitted by such person or the Insurance Committee under this Part of this Act, or any regulation made hereunder, shall be decided in the prescribed manner by the Insurance Commissioners.

(3) The Insurance Commissioners may authorise referees appointed by them to decide any appeal or dispute submitted to the Insurance Commissioners under this section.

(4) The Insurance Commissioners

may make regulations as to the procedure on any such appeal or dispute, and such regulations may apply to any of the provisions of the Arbitration Act, 1889, but, except so far as it may be so applied, the Arbitration Act, 1889, shall not apply to proceedings under this section, and any decision given by the Insurance Commissioners or a referee under this section shall be final and conclusive.

Protection against Distress and Execution in Certain Cases

68.—(1) Where the medical practitioner attending on any insured person in receipt of sickness benefit certifies that the levying of any distress or execution upon any goods or chattels belonging to such insured person and being on premises occupied by him, or the taking of any proceedings in ejectment or for the recovery of any rent or to enforce any judgment in ejectment against such person, would endanger his life, and such certificate has been sent to the Insurance Committee and has been recorded in manner hereinafter provided, it shall not be lawful during any period named in the certificate for any person to levy any such distress or execution or to take any such proceedings or to enforce any such judgment against the insured person :

Provided that, if any person desirous of levying such distress or execution or taking such proceedings or enforcing such judgment disputes the accuracy of the certificate, he may apply to the registrar of the county court, who, if he is of opinion that the certificate should be cancelled or modified, may make an order cancelling or modifying it, and no appeal shall lie against any such order or a refusal to make any such order.

(2) A certificate granted for the purpose of this section shall continue in force for one week or such less period as may be named in the certificate, but may be renewed from time to time for any period not exceeding one week, up to but not beyond the expiration of three months from the date of the grant of the original certificate, but no such renewal shall have effect unless sent to the Insurance Committee and recorded as aforesaid :

Provided that the protection conferred by this section shall not extend beyond the expiration of one month from such date if on demand being made by the person desirous of levying such distress or execution, or taking such proceedings, or enforcing such judgment proper security is not given for payment of rent thereafter to become due from the insured person or the amount of the judgment debt, as the case may be, and any dispute as to the sufficiency of the security shall be determined by the registrar of the county court, whose decision shall be final and not subject to appeal.

(3) If any person knowingly levies or attempts to levy any such distress or execution or takes any such proceedings or enforces or attempts to enforce any such judgment in contravention of this section, he shall be liable on summary conviction to a fine not exceeding fifty pounds.

(4) A certificate or renewal thereof granted under this section shall forthwith be sent to the Insurance Committee, and the Committee shall, unless it has reason to suspect its genuineness, record it in a special register without fee, and such register shall at all reasonable times be open to inspection; and where so recorded its genuineness shall not be questioned in any proceedings against a sheriff or

other officer for failure to levy any distress or execute any warrant.

(5) Where the time within which a warrant may be executed is limited any period during which the warrant cannot be executed by reason of the provisions of this section shall be disregarded in computing the time within which the warrant may be executed.

Offences

69.—(1) If for the purpose of obtaining any benefit or payment or the crediting of a reserve value under this Part of this Act, either for himself or for any other person, any person knowingly makes any false statement or false representation, he shall be liable on summary conviction to imprisonment for a term not exceeding three months, with or without hard labour.

(2) If any employer has failed to pay any contributions which, under this Part of this Act, he is liable to pay in respect of an employed contributor, or if any such employer, any insured person, or any other person is guilty of any other contravention of, or non-compliance with, any of the requirements of this Part of this Act, or the regulations made thereunder in respect of which no special penalty is provided, he shall for each offence be liable on summary conviction to a fine not exceeding ten pounds, and where the offence is failure or neglect on the part of the employer to make any such contributions, to pay to the Insurance Commissioners a sum equal to the amount of the contributions which he has so failed or neglected to pay, which sum when paid shall be treated as a payment in satisfaction of such contributions:

Provided that no person shall be liable to any penalty in respect of any matter if he has acted in conformity with any decision in respect thereto by the Insurance Commissioners, or, if the matter is one which the Insurance Committee is competent to decide, in conformity with its decision.

Civil Proceedings against Employer for Neglecting to Pay Contributions

70.—(1) Where an employer has failed or neglected to pay any contributions which under this part of this Act he is liable to pay in respect of a person being a member of an approved society in his employment, and by reason thereof that person has been deprived in whole or in part of his right to any benefits which would otherwise have been payable to him, he shall be entitled to take proceedings against the employer for the value of the right of which he has been so deprived, and in any such proceedings the employer may be ordered to pay to the Insurance Commissioners a sum equal to the value so ascertained, which sum when paid shall be carried to the credit of the society of which such person is a member, and thereupon such person shall thenceforth be entitled to receive from the society benefits at the same rate as he would have been entitled to had the contributions been properly paid, together with the difference between the amount of the benefits (if any) he has actually received and the benefits he would have received had the contributions been properly paid.

(2) Proceedings may be taken under either this or the last preceding section notwithstanding that proceedings have also been taken under the other section in respect of the same failure or neglect to pay contributions.

Repayment of Benefits Improperly Paid

71.—If it is found at any time that a person has been in receipt of any payment or benefit under this Part of this Act without being lawfully entitled thereto he, or in the case of his death his personal representatives, shall be liable to repay to the Insurance Commissioners the amount of such payment or benefit, and any such amount may be recovered as a debt due to the Crown and when so recovered shall be carried to the credit of the society of which such person was a member, or if he was not a member of any approved society, of the Post Office fund.

Provisions as to Application of Existing Funds of Friendly Societies

72.—(1) Every registered friendly society which provides benefits similar to any of those conferred by this Part of this Act shall submit to the Registrar of Friendly Societies a scheme for continuing, abolishing, reducing, or altering such benefits as respects members who become insured persons and for continuing, abolishing, or reducing the contributions of such members, so, however, that the combined effect of the alteration of the benefits and contributions shall not prejudicially affect the solvency of the society, and, if the scheme or a supplementary scheme shows on an actuarial valuation that, owing to the alterations in the benefits and contributions effected by the scheme, any part of the existing funds of the society is set free as not being required to meet the liabilities of the society, the scheme or the supplementary scheme shall provide for the application of the part of the funds so set free in any one or more of the following ways:—

- (a) towards the cost of the provision of other or increased benefits payable by the society independently of this Part of this Act to existing members whether insured persons or not;
- (b) in reduction of the contributions payable by such members in respect of the benefits payable by the society independently of this Part of this Act;
- (c) towards the payment or repayment of contributions payable under this Part of this Act by such of its existing members as are entitled and elect to receive benefits under this Part of this Act through the society.

(2) This section shall apply to branches of registered societies in like manner as to societies: Provided that a society with branches may, if it so desires (subject always to the exercise of any right of a branch, expressly conferred by the rules of the society, to dispose of any of its funds for the benefit solely of the members of the branch), submit a scheme applicable to all its branches and it shall be competent for the society to provide by its scheme for the application of the whole or any part of any sums so set free towards the discharge of any deficiencies in any of its branches which may be found to exist on such actuarial valuation as aforesaid.

(3) Any scheme adopted by a society or branch of a society in accordance with its rules and when confirmed by the Registrar of Friendly Societies shall be deemed to be incorporated in the registered rules of the society or branch and may be amended accordingly, so, however, that no amendment shall be inconsistent with the provisions of this section.

(4) This section shall apply to sea-

men, marines, and soldiers, from whose pay deductions are made under this Part of this Act as if they were insured persons, and for the purposes of this section "existing" means existing at the passing of this Act.

(5) This section shall come into operation on the passing of this Act.

Provisions as to Existing Employers' Provident Funds

73.—(1) Where at the passing of this Act a superannuation or other provident fund has been established for the benefit of the persons employed by one or more employers the provisions of the last foregoing section shall apply with the necessary adaptations, and with this modification that where under the Act, deed, or other instrument establishing the fund or otherwise any sum is payable by the employer towards benefits secured by the Act or deed, and those benefits include benefits similar to any of those conferred by this Part of this Act, the scheme may provide for allowing the employer to deduct from any contributions payable by him as aforesaid towards benefits of a nature similar to those under this Part of this Act an amount not exceeding the amount of the employer's contributions payable by him under this Part of this Act.

(2) Where the fund is one out of which pensions or superannuation allowances are payable, and it is proved to the satisfaction of the Insurance Commissioners that the rearrangements required in consequence of this Part of this Act will, upon a valuation under the existing rules of the fund, affect prejudicially the sum available for the payment of pensions or superannuation allowances, the Insurance Commissioners may grant a certificate authoris-

ing the value of the prospective extension of benefits under this part of this Act when the reserve values have been written off as hereinbefore provided, to be brought into account in the valuation of the assets available for the discharge of the liabilities of the fund in respect of pensions and superannuation allowances.

Provisions as to Minors who are Members of Approved Societies

74.—Any member of an approved society who is a minor may execute all instruments and give all acquittances necessary to be executed or given under the rules of such society, but shall not be a member of the committee, or a trustee, manager, or treasurer of such society or any branch thereof.

Power for Societies to Register under Friendly Societies Act, 1896.

75.—Any society for the purpose of carrying on business under this Act, either alone or together with any purpose mentioned in section eight, subsection (1), of the Friendly Societies Act, 1896, may, after the passing of this Act, be registered as a friendly society under the Friendly Societies Act, 1896, notwithstanding that the contributions under this Act are not voluntary.

Application of Acts of Parliament to Approved Societies and Sections.

76.—(1) Except in so far as may be inconsistent with this Part of this Act, any business transacted under this Part of this Act by any approved society shall be treated as part of the ordinary business transacted by societies of the class to which that society belongs,

and any enactment applying to the society in relation to the transaction of such ordinary business shall apply accordingly in relation to the business transacted by the society under this Part of this Act.

(2) This section shall apply to an approved society which is a separate section of another body, subject to the necessary adaptation.

Powers of the Local Government Board

77.—(1) The Local Government Board may, for the purposes of their powers and duties under this Part of this Act, hold such local inquiries and investigations as they may think fit, and the Board and their inspectors shall have for the purposes of such an inquiry the same powers as they respectively have for the purposes of an inquiry under the Public Health Acts, and the expenses incurred by the Board in respect of such inquiries and other proceedings under this Part of this Act (including the salary of any inspector or officer of the Board engaged in the inquiry or proceedings, not exceeding three guineas a day) shall be paid by such authorities and persons and out of such funds and rates as the Board may by order direct, and the Board may certify the amount of the expenses so incurred, and any sum so certified and directed by the Board to be paid by the authority or person shall be a debt from that authority or person to the Crown: Provided that this provision shall not apply to inquiries with respect to responsibility for excessive sickness.

(2) Any approval given by the Local Government Board under this Part of this Act may be given for such term, and subject to such conditions as the Board may think fit, and the Board shall have power to withdraw any approval which they have given.

(3) The Local Government Board may make it a condition of any approval to be given, or grant of money to be made under this Part of this Act, that the Board shall have such powers of inspection as may be agreed.

Power to Remove Difficulties

78.—If any difficulty arises with respect to the constitution of Insurance Committees, or the advisory committee, or otherwise in bringing into operation this Part of this Act, the Insurance Commissioners, with the consent of the Treasury, may by order make any appointment and do anything which appears to them necessary or expedient for the establishment of such committees or for bringing this Part of this Act into operation, and any such order may modify the provisions of this Act so far as may appear necessary or expedient for carrying the order into effect:

Provided that the Insurance Commissioners shall not exercise the powers conferred by this section after the first day of January, nineteen hundred and fourteen.

Interpretation

79.—For the purposes of this part of this Act unless the context otherwise requires—

The expression "branch," in relation to a society, shall not include any branch of the society which is not itself separately registered;

The expression "disease or disablement" means such disease or disablement as would entitle an insured person to sickness or disablement benefit;

The expression "dependants," in relation to any person, includes

such persons as the approved society or Insurance Committee shall ascertain to be wholly or in part dependent upon his earnings;

A person whose normal occupation is employment within the meaning of this Part of this Act shall for the purpose of reckoning the number and rate of contributions be deemed to continue to be an employed contributor notwithstanding that he is temporarily unemployed, but if such period of unemployment extends beyond twelve months, he shall not continue to be an employed contributor unless the approved society of which he is a member or, if he is not a member of such a society, the Insurance Committee is satisfied that his unemployment is due to inability to obtain employment, and is not due to any change in his normal occupation;

The suspension of a member of an approved society from benefits under this Part of this Act shall not be deemed to deprive the member of his membership; "membership of an approved society" means membership for the purposes of this Part of this Act;

The expression "valuer" means a person possessing actuarial qualifications as may be approved by the Treasury;

The expression "county" means administrative county;

The Scilly Isles shall be deemed to be a county and the council of those Isles the council of a county, but the Insurance Committee for the Scilly Isles shall be constituted in such

manner as the Insurance Commissioners prescribe

Monmouthshire shall be deemed to form part of Wales;

A person shall be deemed according to the law in England, Wales, and Ireland, as well as according to the law in Scotland, not to have attained the age of seventeen until the commencement of the seventeenth anniversary of the day of his birth, and similarly with respect to other ages.

Application to Scotland

80.—This Part of this Act in its application to Scotland shall be subject to the following modifications:—

- (1) For the purpose of carrying this Part of this Act into effect in Scotland there shall be constituted, as soon as may be after the passing of this Act, Commissioners for Scotland (to be called the Scottish Insurance Commissioners) with a central office in Edinburgh, and with such branch offices in Scotland as the Treasury may think fit, and the Scottish Insurance Commissioners of whom one at least shall be a duly qualified medical practitioner shall be appointed by the Treasury, and may appoint such officers, inspectors, referees, and servants for the purposes aforesaid as the Scottish Insurance Commissioners, subject to the approval of the Treasury, may determine, and the provisions of this Part of this Act with respect to the payment of the salaries and remuneration of the Insurance Commissioners, and the officers,

inspectors, referees, and servants appointed by them, and with respect to the payment of the expenses incurred by the Treasury or the Insurance Commissioners in carrying this Part of this Act into effect shall, with the necessary modifications, apply to the payment of the salaries and remuneration of the Scottish Insurance Commissioners and the officers, inspectors, referees, and servants appointed by them and to the payment of expenses incurred by the Treasury or the Scottish Insurance Commissioners in carrying this Part of this Act into effect in Scotland, and for the purpose aforesaid the Scottish Insurance Commissioners, and the officers, inspectors, referees, and servants appointed by them shall respectively have all the like powers and duties as are by the foregoing provisions of this Act conferred and imposed on the Insurance Commissioners and the officers, inspectors, referees, and servants appointed by them, and references in those provisions to the Insurance Commissioners shall be construed as references to the Scottish Insurance Commissioners;

(2) All sums received from contributions under this Part of this Act in respect of insured persons resident in Scotland, and all sums paid out of moneys provided by Parliament in respect of benefits under this Part of this Act to such persons, and the expenses of administration of such benefits shall be paid into a fund to

be called the Scottish National Health Insurance Fund, under the control and management of the Scottish Insurance Commissioners, and the sums required to meet expenditure properly incurred by approved societies and Insurance Committees for the purposes of such benefits, and the administration of such benefits shall be paid out of that fund, and the foregoing provisions of this Act, with respect to the National Health Insurance Fund, shall, with the necessary modifications, apply to the Scottish National Health Insurance Fund accordingly;

- (3) The expression "Local Government Board" means the Local Government Board for Scotland (in this section referred to as the Board): Provided that as regards the making of regulations respecting sums payable out of the Local Taxation (Scotland) Account the said expression means the Secretary for Scotland; the expression "Local Taxation Account" means the Local Taxation (Scotland) Account; and the expression "inspector of the Local Government Board" includes a person acting under section seven or section eight of the Public Health (Scotland) Act, 1897;
- (4) The expression "county borough" means a burgh or police burgh within the meaning of the Local Government (Scotland) Act, 1889 (in this section referred to as the Act of 1889), containing within the police boundaries thereof according to the census of nineteen hundred and eleven a population of

twenty thousand or upwards, and includes the burgh of Dumfries and the police burgh of Maxwelltown, as if they were a single burgh, and all other burghs and police burghs shall, for the purposes of this Part of this Act, be held to be within the county, and unless already represented on the county council shall, for the purposes of this Part of this Act, be represented thereon as may be determined by the Secretary for Scotland: Provided that references to the council of a county borough shall, in the case of Dumfries and Maxwelltown, be construed as references to a joint committee of the town councils thereof which shall from time to time be appointed subject to the provisions of section seventy-six of the Act of 1889:

- (5) References to a county and the county council thereof shall, as regards—

(a) the counties of Kinross and Clackmannan; and

(b) the counties of Elgin and Nairn;

be construed in each case as references respectively to a combination of the two recited counties and to a joint committee of the county councils thereof which shall from time to time be appointed subject to the provisions of section seventy-six of the Act of 1889:

- (6) The minimum number of an Insurance Committee for any area containing a population of less than forty thousand shall be twenty-five instead of forty; and, where a number less than forty

is fixed, the constitution of the committee may be varied as may be prescribed, so, however, that the proportion of members to be appointed by insured persons and by a county or town council and the number of members possessing a medical qualification shall not be altered.

- (7) No person except a medical practitioner qualified as such shall be qualified for appointment as member of an Insurance Committee by a county or town council unless he is a member of a local authority within the county under the Public Health (Scotland) Act, 1897, or of the town council, as the case may be; but this requirement shall not apply to women if women so qualified are not available;
- (8) Before submitting for approval a scheme prescribing areas to be assigned to district committees the Insurance Committee of a county shall consult with the county council, or any committee thereof appointed for the purpose, and shall consider any representation received from them;
- (9) Where, owing to sparseness of population, difficulties of communication, or other special circumstances, they consider it desirable, an Insurance Committee shall have power, with the consent of the Scottish Insurance Commissioners, to modify or suspend any benefits for the administration of which they are responsible; but where such modification or suspension takes place provision shall be made by the committee, with the like consent, for the increase of

ferred annuity fund under that Act, and to the Board of Education, shall be construed, respectively, as references to section fourteen of the Education (Scotland) Act, 1908, and a scheme thereunder, to the Scottish Teachers' Superannuation Fund, and to the Scotch Education Department.

Application to Ireland

81.—This Part of this Act, in its application to Ireland, shall be subject to the following modifications:—

(1) For the purpose of carrying this Part of this Act into effect in Ireland there shall be constituted, as soon as may be after the passing of this Act, Commissioners for Ireland (to be called the Irish Insurance Commissioners) with a central office in Dublin, and with such branch offices in Ireland as the Treasury may think fit, and the Irish Insurance Commissioners of whom one at least shall be a duly qualified medical practitioner, shall be appointed by the Treasury, and may appoint such officers, inspectors, referees, and servants for the purposes aforesaid as the Irish Insurance Commissioners, subject to the approval of the Treasury, may determine, and the provisions of this part of this Act with respect to the payment of the salaries and remuneration of the Insurance Commissioners and the officers, inspectors, referees, and servants appointed by them, and with respect to the payment of the expenses incurred by the Treasury or the

Insurance Commissioners in carrying this Part of this Act into effect shall, with the necessary modifications, apply to the payment of the salaries and remuneration of the Irish Insurance Commissioners and the officers, inspectors, referees, and servants appointed by them and to the payment of expenses incurred by the Treasury or the Irish Insurance Commissioners in carrying this Part of this Act into effect in Ireland, and for the purpose aforesaid the Irish Insurance Commissioners and the officers, inspectors, referees, and servants appointed by them shall respectively have all the like powers and duties as are by the provisions of this Act conferred and imposed on the Insurance Commissioners and the officers, inspectors, referees, and servants appointed by them, and references in those provisions to the Insurance Commissioners shall be construed as references to the Irish Insurance Commissioners;

(2) All sums received from contributions under this Part of this Act in respect of insured persons resident in Ireland and all sums paid out of moneys provided by Parliament in respect of benefits under this Part of this Act to such persons, and the expenses of administration of such benefits shall be paid into a fund to be called the Irish National Health Insurance Fund under the control and management of the Irish Insurance Commissioners, and the sums required to meet expenditure properly incurred by approved societies and In-

- (12) Expenses incurred by a county council under this Part of this Act shall be defrayed out of the general purposes rate; provided that, notwithstanding anything contained in the Act of 1889, the ratepayers of a police burgh shall not be assessed by the county council for any such expenses unless the police burgh is, for the purposes of this Part of this Act, held to be within the county; and provided further that with respect to every burgh within the meaning of the Act of 1889, which is, for the purposes of this Act, held to be within the county subsection three and subsection four of section sixty, and section sixty-six, of the Act of 1889, shall, so far as applicable, have effect as if such expenses were expenditure therein mentioned;
- (13) Expenses incurred by a town council under this part of this Act (whether under requisition from the county council or otherwise) shall be defrayed out of the public health general assessment, but shall not be reckoned in any calculation as to the statutory limit of that assessment; and references to the borough fund or borough rate shall be construed accordingly;
- (14) The expression "borough" and the expression "urban district" mean burgh or police burgh within the meaning of the Act of 1889, and the expressions "rural district" and "council of a rural district," unless inconsistent with the context, mean respectively a district of a county within the meaning of the said Act and the district committee thereof: Provided that the population limit prescribed for boroughs and urban districts in the subsection of this Act relating to the appointment of district committees for these areas shall not apply;
- (15) The expression "Lord Chief Justice" means the Lord President of the Court of Session;
- (16) The expression "county court" means the sheriff court; and in lieu of an appeal from the county court upon any question of law there shall be substituted an appeal from the sheriff upon any question of law in terms of sub-section (17) (b) of the Second Schedule to the Workmen's Compensation Act, 1906; provided that the decision of either division of the Court of Session on such appeal shall be final;
- (17) The expression "workhouse" means poorhouse; "coverture" means marriage; "levy any distress or execution" means use any diligence; "ejectment" means removing; "amount of judgment debt" means amount decreed for; "registrar of the county court" means court exercising jurisdiction in the proceedings; "public elementary school" means public school; "Public Health Acts" means the Public Health (Scotland) Act, 1897 and 1907; "Local Loans Act, 1875," means the Local Authorities Loans (Scotland) Acts, 1891 and 1893; and "High Court" means Court of Session;
- (18) Unless inconsistent with the context, references to the Elementary School Teachers' Superannuation Act, 1898, to the de-

ferred annuity fund under that Act, and to the Board of Education, shall be construed, respectively, as references to section fourteen of the Education (Scotland) Act, 1908, and a scheme thereunder, to the Scottish Teachers' Superannuation Fund, and to the Scotch Education Department.

Application to Ireland

81.—This Part of this Act, in its application to Ireland, shall be subject to the following modifications:—

(1) For the purpose of carrying this Part of this Act into effect in Ireland there shall be constituted, as soon as may be after the passing of this Act, Commissioners for Ireland (to be called the Irish Insurance Commissioners) with a central office in Dublin, and with such branch offices in Ireland as the Treasury may think fit, and the Irish Insurance Commissioners of whom one at least shall be a duly qualified medical practitioner, shall be appointed by the Treasury, and may appoint such officers, inspectors, referees, and servants for the purposes aforesaid as the Irish Insurance Commissioners, subject to the approval of the Treasury, may determine, and the provisions of this part of this Act with respect to the payment of the salaries and remuneration of the Insurance Commissioners and the officers, inspectors, referees, and servants appointed by them, and with respect to the payment of the expenses incurred by the Treasury or the

Insurance Commissioners in carrying this Part of this Act into effect shall, with the necessary modifications, apply to the payment of the salaries and remuneration of the Irish Insurance Commissioners and the officers, inspectors, referees, and servants appointed by them and to the payment of expenses incurred by the Treasury or the Irish Insurance Commissioners in carrying this Part of this Act into effect in Ireland, and for the purpose aforesaid the Irish Insurance Commissioners and the officers, inspectors, referees, and servants appointed by them shall respectively have all the like powers and duties as are by the provisions of this Act conferred and imposed on the Insurance Commissioners and the officers, inspectors, referees, and servants appointed by them, and references in those provisions to the Insurance Commissioners shall be construed as references to the Irish Insurance Commissioners;

(2) All sums received from contributions under this Part of this Act in respect of insured persons resident in Ireland and all sums paid out of moneys provided by Parliament in respect of benefits under this Part of this Act to such persons, and the expenses of administration of such benefits shall be paid into a fund to be called the Irish National Health Insurance Fund under the control and management of the Irish Insurance Commissioners, and the sums required to meet expenditure properly incurred by approved societies and In-

insurance Committees for the purposes of such benefits, and the administration of such benefits shall be paid out of that fund and the foregoing provisions of this Act with respect to the National Health Insurance Fund shall with the necessary modifications apply to the Irish National Health Insurance Fund accordingly;

- (3) The provisions of this part of this Act conferring a right to exemption shall extend to any person employed in harvesting or other agricultural work who proves—

(a) that he is an Irish migratory labourer, that is to say, a person who, having a permanent home at some place in Ireland, has temporarily removed to some other place in Ireland or to Great Britain for the purpose of obtaining such employment; and

(b) that he ordinarily resides at such permanent home for not less than twenty-six weeks in the year and is not employed within the meaning of this Part of this Act whilst so resident;

and any contributions paid in Great Britain by the employer of a person holding a certificate of exemption by virtue of this provision shall be transferred to the Irish Insurance Commissioners for the purpose of being carried to such account and being dealt with in such manner as may be prescribed by the regulations made in that behalf by the Irish Insurance Commissioners;

- (4) Employment in Ireland as an

outworker, where the wages or other remuneration derived from the employment are not the principal means of livelihood of the person employed, shall be deemed to be included amongst the excepted employments specified in Part II. of the First Schedule to this Act;

- (5) The reference to the Lord Chancellor shall be construed as a reference to the Lord Chancellor of Ireland;

The reference to the Lord Chief Justice shall be construed as a reference to the Lord Chief Justice of Ireland;

The reference to the Local Government Board as regards the making of regulations with respect to payments out of the local taxation account shall be construed as a reference to the Lord Lieutenant and other references to the Local Government Board shall be construed as references to the Local Government Board for Ireland, and the reference to the Local Taxation Account shall be construed as a reference to the Local Taxation (Ireland) Account;

- (6) A reference to the Housing of the Working Classes (Ireland) Acts, 1890 to 1908, shall be substituted for the reference to the Housing of the Working Classes Acts, 1890 to 1909, a reference to the Public Health (Ireland) Acts, 1878 to 1907, shall be substituted for the reference to the Public Health Acts and a reference to the rate or fund applicable to the purposes of the Public Health (Ireland) Acts, 1878 to

1907, shall be substituted for any reference to the borough rate or borough fund;

- (7) (a) If it appears to any county council that, having regard to the number of employed contributors resident in the county who are not members of any society approved under the foregoing provisions of this Act it is desirable that steps should be taken by the council for the establishment of an approved society for the county under the council (in this section referred to as a county society), the council may at any time before the expiration of one year from the commencement of this Act submit to the Irish Insurance Commissioners a scheme for the establishment of a county society;

(b) The scheme may provide for—

(i) the representation of the council on the committee of management of the society;

(ii) the appointment of officers subject to the approval of the council;

(iii) the delegation of powers to committees;

(iv) the giving of security by means of a charge upon the county fund or otherwise;

(v) the restriction of membership to insured persons resident in the county not being members of any other approved society;

(vi) the reduction of benefits below the minimum rates fixed by this Part of this Act; and

(vii) such other matters as may appear necessary and in particular such further modifications of the provisions of this

Part of this Act with respect to approved societies as may be required for the purpose of adapting those provisions to the case of a county society;

- (c) Where such a scheme has been approved by the Irish Insurance Commissioners, the provisions of the scheme shall have effect notwithstanding anything to the contrary in this Part of this Act; and, subject to those provisions, the county society shall be an approved society for all the purposes of this Part of this Act;
- (d) A county council desirous of submitting a scheme under this section may at any time after the passing of this Act take such steps as appear necessary with a view to ascertaining what insured persons resident in the county are eligible and willing to become members of the proposed county society, and generally for the formation of the society;

- (8) The provisions with respect to the appointment of Insurance Committees shall have effect subject to the following modifications, namely:—

The number of members of an Insurance Committee shall be twenty-four, and of that number—

(a) twelve shall be appointed in such manner as may be prescribed by regulations of the Irish Insurance Commissioners so as to secure representation of the insured persons resident in the county or county borough who are members of approved societies, and who are deposit contributors in proportion as

nearly as may be to their respective numbers, and the regulations so made shall provide for conferring on the approved societies which have members resident in the county or county borough the power of appointing representatives of such members, and where an association of deposit contributors resident in the county or county borough has been formed under such regulations as aforesaid for conferring on such association the power of appointing the representatives of the deposit contributors;

(b) eight (of whom at least one shall be a member of a local sanitary authority and at least two shall be women) shall be appointed by the council of the county or county borough; and

(c) four (of whom at least two shall be duly qualified medical practitioners) shall be appointed by the Irish Insurance Commissioners;

Provided that the Irish Insurance Commissioners may, where any part of the cost of sanatorium benefit is defrayed by the council of the county or county borough, increase the representation of the council and make a corresponding diminution in the representation of the insured persons;

- (9) An insured person in Ireland shall not be entitled to medical benefit under this Part of this Act, and the provisions with respect to medical benefit shall not apply:

Provided that medical benefit

for an insured person being a member of an approved society shall be deemed to be included amongst the additional benefits specified in Part II. of the Fourth Schedule to this Act and that such medical benefit when provided shall be administered by the Insurance Committee in accordance with the provisions of this Part of this Act unless the Irish Insurance Commissioners otherwise direct;

- (10) As respects employed contributors in Ireland, the employed rate shall be the rate specified in Part II. of the Second Schedule to this Act, and the contributions by the contributors and contributions by the employers shall be at the rates specified in Part II. instead of the rates specified in Part I. of that schedule, and there shall be credited to the society of which any employed contributor in Ireland is a member or, if he is a deposit contributor, to his account in the Post Office fund, the difference between the amount of contributions actually paid by or in respect of him at the rate specified in Part II. of the Second Schedule to this Act and the amount which would have been paid if those contributions had been at the rate specified in Part I. of that schedule, and the amount of that difference shall be treated as having been expended on benefits and the proper proportion thereof shall accordingly be paid out of moneys provided by Parliament;
- (11) The foregoing provisions of this section as to the crediting of differences shall apply in the case

of voluntary contributors resident in Ireland, with the modification that where the voluntary rate is not the same as the employed rate the difference to be credited shall be the difference between the amount of contributions actually paid at the voluntary rate and the amount which would have been paid if the contributor had been a voluntary contributor resident in Great Britain :

Provided that in the case of a married woman resident in Ireland becoming a voluntary contributor at reduced rates of benefit under the special provisions with respect to married women, the rate of contributions payable by her shall be one penny halfpenny a week instead of three pence a week, and the difference to be credited shall be one penny halfpenny a week accordingly ;

- (12) In ascertaining the voluntary rate applicable to voluntary contributors in Ireland in cases where that rate is not the same as the employed rate, regard shall be had both to the provisions of this section as to the crediting of differences and to the proportion of benefits to be paid out of the contributions payable by or in respect of such contributors ;
- (13) Rules of an approved society or Insurance Committee under this Part of this Act may provide for the inspection of medical relief registers by officers of the society or committee at all reasonable times and for the furnishing to the society or committee of such medical certifi-

cates as may be necessary for the purposes of the administration of the benefits administered by the society or committee and for the payment by the society or committee to duly qualified medical practitioners of such remuneration in respect of the furnishing of those certificates as the Irish Insurance Commissioners may sanction, and all payments so made by the society or committee shall be treated as expenses of administering the benefits aforesaid ;

- (14) If a grant is made to a county council or county borough council out of any sum made available under any other Act of the present session for the purposes of the provision of or making grants in aid to sanatoria and other institutions for the treatment of tuberculosis or such other diseases as the Local Government Board may with the approval of the Treasury appoint, the council may, subject to the sanction of the Local Government Board, exercise for all or any of those purposes the powers given to them by Part II. of the Tuberculosis Prevention (Ireland) Act, 1908, in like manner as if those purposes were purposes authorised by that Part of that Act, and any expenses of the council so far as not defrayed out of the grant shall be defrayed in manner provided by that Part of that Act ;
- (15) For the purposes of proceedings in Ireland under the provisions of this part of this Act relative to disputes regulations of the Irish Insurance Commissioners may apply all or any of

- the provisions of the Common Law Procedure (Ireland) Act, 1856, with respect to arbitration;
- (16) The special provisions with respect to the reduction of contributions in cases where the employer is liable to pay wages during sickness shall have effect, subject to the modification that where the rate of contributions payable by the employed contributor is one halfpenny a week the weekly contributions payable by the employer shall be reduced by one penny halfpenny (or, if the employed contributor is a woman, one penny), and the weekly contributions payable by the employed contributor shall be reduced by one halfpenny;
- (17) In the special provisions as to persons becoming certificated teachers, references to the Board of Education, to the Elementary School Teachers (Superannuation) Act, 1898, and to a public elementary school shall respectively be construed as references to the Superintendent of the Teachers' Pension Office, to the National School Teachers (Ireland) Act, 1879, and to a national school, and any sums paid to the Superintendent of the Teachers' Pension Office in pursuance of those provisions shall be carried to the Pension Fund established under the last-mentioned Act, and shall be dealt with in accordance with rules under that Act;
- (18) As respects insured persons in Ireland "six-elevenths" shall be substituted for "four-sevenths" and (in the case of women) "four-ninths" shall be substituted for "one-half";

(19) For the reference to the registrar of the county court there shall be substituted a reference to a magistrate appointed under the Constabulary (Ireland) Act, 1836.

(20) For references to a duly certified midwife, there shall be substituted references to a midwife having such qualifications as may be prescribed.

Establishment of Commissioners for Wales

82.—(1) For the purpose of carrying this Part of this Act into effect in Wales there shall be constituted, as soon as may be after the passing of this Act, Commissioners for Wales (to be called the Welsh Insurance Commissioners) with a central office in such town in Wales as the Treasury may determine, and with such branch offices in Wales as the Treasury may think fit, and the Welsh Insurance Commissioners of whom one at least shall be a duly qualified medical practitioner, shall be appointed by the Treasury, and may appoint such officers, inspectors, referees, and servants for the purposes aforesaid as the Welsh Insurance Commissioners, subject to the approval of the Treasury, may determine, and the provisions of this Part of this Act with respect to the payment of the salaries and remuneration of the Insurance Commissioners, and the officers, inspectors, referees, and servants appointed by them, and with respect to the payment of the expenses incurred by the Treasury or the Insurance Commissioners in carrying this Part of this Act into effect shall, with the necessary modifications, apply to the payment of the salaries and remuneration of the Welsh Insurance Commissioners and

the officers, inspectors, referees, and servants appointed by them, and to the payment of expenses incurred by the Treasury or the Welsh Insurance Commissioners in carrying this Part of this Act into effect in Wales, and for the purpose aforesaid the Welsh Insurance Commissioners and the officers, inspectors, referees, and servants appointed by them shall respectively have all the like powers and duties as are by the provisions of this Act conferred and imposed on the Insurance Commissioners and the officers, inspectors, referees, and servants appointed by them, and references in those provisions to the Insurance Commissioners shall be construed as references to the Welsh Insurance Commissioners.

(2) All sums received from contributions under this Part of this Act in respect of insured persons resident in Wales, and all sums paid out of moneys provided by Parliament in respect of benefits under this Part of this Act to such persons, and the expenses of administration of such benefits shall be paid into a fund to be called the Welsh National Health Insurance Fund, under the control and management of the Welsh Insurance Commissioners, and the sums required to meet expenditure properly incurred by approved societies and Insurance Committees for the purposes of such benefits, and the administration of such benefits shall be paid out of that fund, and the foregoing provisions of this Act, with respect to the National Health Insurance Fund, shall, with the necessary modifications, apply to the Welsh National Health Insurance Fund accordingly.

(3) The powers of the Local Government Board with respect to the distribution of any sum available for the

purpose of the provision of or making grants in aid to sanatoria and other institutions shall, as respects the part thereof apportioned to Wales, be exercised by the Welsh Insurance Commissioners.

(4) If before or within twelve months after the commencement of this Act there is established for Wales by royal charter an association for the purpose of providing sanatoria and other institutions for the treatment and prevention of tuberculosis or such other diseases as the Local Government Board, with the approval of the Treasury, may appoint, the Welsh Insurance Commissioners in making and the Treasury in approving grants from any such sum as is in the last preceding subsection mentioned shall have regard to the provision of such institutions which may have been made, or may be proposed to be made, by the association.

Joint Committee of Commissioners

83.—(1) There shall be constituted as soon as may be after the passing of this Act, in accordance with regulations to be made by the Treasury, a joint committee of the several bodies of Commissioners appointed for the purposes of this Part of this Act, consisting of such members of each such body selected in such manner as may be provided by the regulations and of a chairman and other members (not exceeding two in number) to be appointed by the Treasury, and the chairman shall not by reason of his office be incapable of being elected to or voting in the Commons House of Parliament.

(2) The joint committee may make such financial adjustments as may be necessary between the several funds, under the control and management of

the several bodies of Commissioners, and shall exercise and perform such powers and duties of the several bodies of Commissioners under this Part of this Act, either alone or jointly with any of those bodies, as may be provided by such regulations.

(3) Amongst the powers so exercisable by the joint committee shall be included a power of making regulations as to the valuation of societies and branches which have amongst their members persons resident in England, Scotland, Ireland, and Wales, or any two or any three of such parts of the United Kingdom, and the regulations so made shall require that, for the purposes of the provisions of this Part of this Act relating to valuations, surpluses, deficiencies, and transfers, the members resident in each such part shall be treated as if they formed a separate society.

(4) Regulations made by the Treasury under this section shall be laid before Parliament as soon as may be after they are made, but if an Address is presented to His Majesty by either House of Parliament within the next subsequent twenty-one days on which that House has sat next after any such regulation is laid before it, praying that the regulation may be annulled, His Majesty in Council may annul the regulation and it shall thenceforth be void, but without prejudice to the validity of anything previously done thereunder.

PART II.

UNEMPLOYMENT INSURANCE.

Right of Workmen in Insured Trades to Unemployment Benefit

84.—Every workman who, having been employed in a trade mentioned in

the Sixth Schedule to this Act (in this Act referred to as "an insured trade"), is unemployed, and in whose case the conditions laid down by this Part of this Act (in this Act referred to as "statutory conditions") are fulfilled, shall be entitled, subject to the provisions of this Part of this Act, to receive payments (in this Act referred to as "unemployment benefit") at weekly or other prescribed intervals at such rates and for such periods as are authorised by or under the Seventh Schedule to this Act, so long as those conditions continue to be fulfilled, and so long as he is not disqualified under this Act for the receipt of unemployment benefit:

Provided that unemployment benefit shall not be paid in respect of any period of unemployment which occurs during the six months following the commencement of this Act.

Contributions by Workmen, Employers, and the Treasury

85.—(1) The sums required for the payment of unemployment benefit under this Act shall be derived partly from contributions by workmen in the insured trades and partly from contributions by employers of such workmen and partly from moneys provided by Parliament.

(2) Subject to the provisions of this Part of this Act, every workman employed within the United Kingdom in an insured trade, and every employer of any such workman, shall be liable to pay contributions at the rates specified in the Eighth Schedule to this Act.

(3) Except where the regulations under this Part of this Act otherwise prescribe, the employer shall, in the first instance, be liable to pay both the contribution payable by himself, and

also on behalf of and to the exclusion of the workman, the contribution payable by such workman, and subject to such regulations shall be entitled notwithstanding the provisions of any Act or any contract to the contrary, to recover from the workman by deductions from the workman's wages or from any other payment due from him to the workman the amount of the contributions so paid by him on behalf of the workman.

(4) Notwithstanding any contract to the contrary, the employer shall not be entitled to deduct from the wages of, or other payment due to the workman, or otherwise recover from the workman by any legal process the contributions payable by the employer himself.

(5) Subject to the provisions of this Part of this Act, the Board of Trade may make regulations providing for any matters incidental to the payment and collection of contributions payable under this Part of this Act, and in particular for—

(a) payment of contributions by means of adhesive or other stamps affixed to or impressed upon books or cards, and for regulating the manner, times, and conditions in, at, and under which such stamps are to be affixed and impressed;

(b) the issue, sale, custody, or delivery up of books or cards and the replacement of books or cards which have been lost, destroyed, or defaced.

(6) A contribution shall be made in each year out of moneys provided by Parliament equal to one-third of the total contributions received from employers and workmen during that year, and the sums to be contributed in any year shall be paid in such manner and

at such times as the Treasury may determine.

Statutory Conditions for Receipt of Unemployment Benefit

86.—The statutory conditions for the receipt of unemployment benefit by any workman are—

(1) that he proves that he has been employed as a workman in an insured trade in each of not less than twenty-six separate calendar weeks in the preceding five years;

(2) that he has made application for unemployment benefit in the prescribed manner, and proves that since the date of the application he has been continuously unemployed;

(3) that he is capable of work but unable to obtain suitable employment;

(4) that he has not exhausted his right to unemployment benefit under this Part of this Act:

Provided that a workman shall not be deemed to have failed to fulfil the statutory conditions by reason only that he has declined—

(a) an offer of employment in a situation vacant in consequence of a stoppage of work due to a trade dispute; or

(b) an offer of employment in the district where he was last ordinarily employed at a rate of wage lower, or on conditions less favourable, than those which he habitually obtained in his usual employment in that district, or would have obtained had he continued to be so employed; or

(c) an offer of employment in any other district at a rate of wage

lower or on conditions less favourable than those generally observed in such district by agreement between associations of employers and of workmen, or, failing any such agreement, than those generally recognised in such districts by good employers.

porarily or permanently outside the United Kingdom.

(4) A workman shall be disqualified for receiving unemployment benefit while he is in receipt of any sickness or disablement benefit or disablement allowance under Part I. of this Act.

Determination of Claims

88.—(1) All claims for unemployment benefit under this Part of this Act, and all questions whether the statutory conditions are fulfilled in the case of any workman claiming such benefit, or whether those conditions continue to be fulfilled in the case of a workman in receipt of such benefit, or whether a workman is disqualified for receiving or continuing to receive such benefit, or otherwise arising in connection with such claims, shall be determined by one of the officers appointed under this Part of this Act for determining such claims for benefit (in this Act referred to as "insurance officers"):

Provided that—

(a) in any case where unemployment benefit is refused or is stopped, or where the amount of the benefit allowed is not in accordance with the claim, the workman may require the insurance officer to report the matter to a court of referees constituted in accordance with this Part of this Act, and the referees after considering the circumstances may make to the insurance officer such recommendations on the case as they may think proper, and the insurance officer shall, unless he disagrees, give effect to those recommendations. If the insurance officer disagrees with

Disqualifications for Unemployment Benefit

87.—(1) A workman who has lost employment by reason of a stoppage of work which is due to a trade dispute at the factory, workshop, or other premises at which he was employed shall be disqualified for receiving unemployment benefit so long as the stoppage of work continues, except in a case where he has, during the stoppage of work, become *bonâ fide* employed elsewhere in an insured trade.

Where separate branches of work which are commonly carried on as separate businesses in separate premises are in any case carried on in separate departments on the same premises, each of those departments shall, for the purposes of this provision, be deemed to be a separate factory or workshop or separate premises, as the case may be.

(2) A workman who loses employment through misconduct or who voluntarily leaves his employment without just cause shall be disqualified for receiving unemployment benefit for a period of six weeks from the date when he so lost employment.

(3) A workman shall be disqualified for receiving unemployment benefit whilst he is an inmate of any prison or any workhouse or other institution supported wholly or partly out of public funds, and whilst he is resident tem-

any such recommendation he shall, if so requested by the court of referees, refer the recommendation, with his reasons for disagreement, to the umpire appointed under this Part of this Act, whose decision shall be final and conclusive;

- (b) the insurance officer in any case in which he considers it expedient to do so may, instead of himself determining the claim or question, refer it to a court of referees, who shall in such case determine the question, and the decision of the court of referees shall be final and conclusive.

(2) Nothing in this section shall be construed as preventing an insurance officer or umpire, or a court of referees, on new facts being brought to his or their knowledge, revising a decision or recommendation given in any particular case, but where any such revision is made, the revised decision or recommendation shall have effect as if it had been an original decision or recommendation, and the foregoing provisions of this section shall apply accordingly, without prejudice to the retention of any benefit which may have been received under the decision or recommendation which has been revised.

(3) The Arbitration Act, 1889, shall not apply to proceedings under this section except so far as it may be applied by regulations under this Part of this Act.

(4) For the purposes of proceedings under this section in Ireland regulations may apply all or any of the provisions of the Common Law Procedure (Ireland) Act, 1856, with respect to arbitration.

Appointment of Umpire, Insurance Officers, Inspectors, etc.

89.—(1) For the purposes of this Part of this Act an umpire may be appointed by His Majesty and insurance officers shall be appointed by the Board of Trade, subject to the consent of the Treasury as to number, and the insurance officers shall be appointed to act for such areas as the Board direct.

(2) The Board of Trade may appoint such other officers, inspectors, and servants for the purposes of this Part of this Act as the Board may, with the sanction of the Treasury, determine, and there shall be paid out of moneys provided by Parliament to the umpire and insurance officers and to such other officers, inspectors, and servants such salaries or remuneration as the Treasury may determine; and any expenses incurred by the Board of Trade in carrying this Part of this Act into effect to such amount as may be sanctioned by the Treasury shall be defrayed out of moneys provided by Parliament:

Provided that such sum as the Treasury may direct, not exceeding one-tenth of the receipts, other than advances by the Treasury, paid into the unemployment fund on income account shall, in accordance with regulations made by the Treasury, be applied as an appropriation in aid of money provided by Parliament for the purpose of such salaries, remuneration, and expenses.

Courts of Referees

90.—(1) A court of referees for the purposes of this Part of this Act shall consist of one or more members chosen to represent employers, with an equal number of members chosen to repre-

sent workmen, and a chairman appointed by the Board of Trade:

(2) Panels of persons chosen to represent employers and workmen respectively shall be constituted by the Board of Trade for such districts and such trades or groups of trades as the Board may think fit, and the members of a court of referees to be chosen to represent employers and workmen shall be selected from those panels in the prescribed manner.

(3) Subject as aforesaid, the constitution of courts of referees shall be determined by regulations made by the Board of Trade.

(4) The regulations of the Board of Trade may further provide for the reference to referees chosen from the panels constituted under this section, for consideration and advice, of questions bearing upon the administration of this Part of this Act, and for the holding of meetings of referees for the purpose.

(5) The Board of Trade may pay such remuneration to the chairman and other members of a court of referees and such travelling and other allowances (including compensation for loss of time) to persons required to attend before any such court, and such other expenses in connection with any referees, as the Board, with the sanction of the Treasury, determine, and any such payments shall be treated as expenses incurred by the Board of Trade in carrying this Part of this Act into effect.

Regulations

91.—(1) The Board of Trade may make regulations for any of the purposes for which regulations may be made under this Part of this Act and the schedules therein referred to and

for prescribing anything which under this Part of this Act or any such schedules is to be prescribed and—

- (a) for permitting workmen who are employed under the same employer partly in an insured trade and partly not in an insured trade to be treated with the consent of the employer as if they were wholly employed in an insured trade; and
- (b) for giving employers and workmen and the Board of Trade an opportunity of obtaining a decision by the umpire appointed under this Part of this Act on any question whether contributions under this Part of this Act are payable in respect of any workman or class of workmen, and for securing that a workman, in whose case contributions have been paid in accordance with any such decision, shall, as respects any unemployment benefit payable in respect of those contributions, be treated as a workman employed in an insured trade, and for securing that employers and workmen shall be protected from proceedings and penalties in cases where, in accordance with any such decision, they have paid or refrained from paying contributions; and
- (c) for prescribing the evidence to be required as to the fulfilment of the conditions and qualifications for receiving or continuing to receive unemployment benefit, and for that purpose requiring the attendance of workmen at such offices or places and at such times as may be required; and
- (d) for prescribing the manner in

which claims for unemployment benefit may be made and the procedure to be followed on the consideration and examination of claims and questions to be considered and determined by the insurance officers, courts of referees, and umpire, and the mode in which any question may be raised as to the continuance, in the case of a workman in receipt of unemployment benefit, of such benefit, and for making provision with respect to the appointment of a deputy umpire in the case of the unavoidable absence or incapacity of the umpire; and

- (e) with respect to the payment of contributions and benefits during any period intervening between any application for the decision of any question or any claim for benefit, and the final determination of the question or claim; and
- (f) for providing that where any workmen are employed in or for the purposes of the business of any person, but are not actually employed by that person, that person may be treated for the purposes of this Part of this Act as their employer instead of their actual employer, and for allowing that person to deduct from any payments made by him to the actual employer any sums paid by him as contributions on behalf of the workmen, and for allowing the actual employer to recover the like sums from the workmen; and generally for carrying this Part of this Act into effect, and any regulations so made shall have effect as if enacted in this Act.

Any regulations made under this section for giving an opportunity of obtaining a decision of the umpire may be brought into operation as soon as may be after the passing of this Act.

(2) The regulations may, with the concurrence of the Postmaster-General, provide for enabling claimants of unemployment benefit to make their claims for unemployment benefit under this Act through the Post Office, and for the payment of unemployment benefit through the Post Office.

(3) All regulations made under this section shall be laid before each House of Parliament as soon as may be after they are made, and if an address is presented to His Majesty by either House of Parliament within the next subsequent forty days on which that House has sat next after any such regulation is laid before it, praying that the regulation may be annulled, it shall thenceforth be void, but without prejudice to the validity of anything previously done thereunder, or to the making of any new regulation.

Unemployment Fund

92.—(1) For the purposes of this Part of this Act there shall be established under the control and management of the Board of Trade a fund called the unemployment fund, into which shall be paid all contributions payable under this Part of this Act by employers and workmen and out of moneys provided by Parliament, and out of which shall be paid all claims for unemployment benefit and any other payments which under this Part of this Act are payable out of the fund.

(2) The accounts of the unemployment fund shall be audited by the

Comptroller and Auditor-General in such manner as the Treasury may direct.

(3) Any moneys forming part of the unemployment fund may from time to time be paid over to the National Debt Commissioners and by them invested in accordance with regulations made by the Treasury in any securities which are for the time being authorised by Parliament as investments for savings banks moneys.

(4) The National Debt Commissioners shall present to Parliament annually an account of the securities in which moneys forming part of the said fund are for the time being invested.

Treasury Advances

93.—(1) The Treasury may out of the Consolidated Fund or the growing produce thereof advance on the security of the unemployment fund any sums required for the purpose of discharging the liabilities of that fund under this Part of this Act: Provided that the total amount of advances outstanding at any time shall not exceed three million pounds.

(2) If whilst any part of any such advance is outstanding it appears to the Treasury that the unemployment fund is insolvent, the Board of Trade shall, if the Treasury so direct, by order, make such temporary modifications in any of the rates of contribution, or the rates or periods of unemployment benefit, and during such period, as the Board of Trade think fit, and as will on the whole, in the opinion of the Treasury, be sufficient to secure the solvency of the unemployment fund:

Provided that no order made under this subsection shall reduce the weekly

rate of unemployment benefit below the sum of five shillings, or shall increase the rates of contribution from employers or workmen by more than one penny per workman per week, or increase those rates unequally as between employers and workmen, and no such order shall remain in force more than three months after all the advances and interest thereon have been repaid, or come into force until one month after it is made.

(3) An order under this section shall not be made so as to be in force at any time while any previous order made under this section is in force.

(4) On any such order being made the Board of Trade shall cause the order, together with a special report as to the reasons for making the order, to be laid before Parliament.

(5) The Treasury may for the purpose of providing for the issue of sums out of the Consolidated Fund under this section, or for the repayment to that fund of all or any part of the sums so issued, or for paying off any security issued under this section, so far as that payment is not otherwise provided for, borrow money by means of the issue of Exchequer bonds or Treasury bills, and all sums so borrowed shall be paid into the Exchequer.

(6) The principal of and interest on any Exchequer bonds issued under this section shall be charged on and payable out of the Consolidated Fund of the United Kingdom or the growing produce thereof.

(7) Notwithstanding anything in any other Act, money in the hands of the National Debt Commissioners for the reduction of the National Debt shall not be applied to purchasing, reducing, or paying off any Exchequer bonds or Treasury bills issued under this section.

Refund of Part of Contributions Paid by Employer in the case of Workmen Continuously employed

94.—(1) The Board of Trade shall, on the application of any employer made within one month after the termination of any calendar year, or other prescribed period of twelve months, refund to such employer out of the unemployment fund a sum equal to one-third of the contributions (exclusive of any contributions refunded to him under any other provisions of this Part of this Act) paid by him on his own behalf during that period in respect of any workman who has been continuously in his service through the period, and in respect of whom not less than forty-five contributions have been paid during the period.

(2) For the purpose of meeting any change in the period for which any refund of contributions is to be made under the foregoing provisions of this section, or for the purpose of making provision for any period which may elapse between the date on which contributions commenced to be payable under this Part of this Act, and the date on which the first period for the refund of contributions under the foregoing provisions of this section commences, the Board of Trade may, so far as necessary for the purpose, apply the provisions of this section to any period less than twelve months, subject to such proportionate reduction of the number of contributions required as they direct, and this section shall take effect as regards any such period of less than twelve months as so applied.

Repayment of Part of Contributions by Workmen in Certain Cases

95.—(1) If it is shown to the satisfaction of the Board of Trade by any

workman or his personal representatives that the workman has paid contributions in accordance with the provisions of this Part of this Act in respect of five hundred weeks or upwards, and that the workman has reached the age of sixty, or before his death had reached the age of sixty, the workman or his representatives shall be entitled to be repaid the amount, if any, by which the total amount of such contributions have exceeded the total amount received by him out of the unemployment fund under this Act, together with compound interest at the rate of two and a half per cent. per annum calculated in the prescribed manner.

(2) A repayment to a workman under this section shall not affect his liability to pay contributions under this Part of this Act, and, if after any such repayment he becomes entitled to unemployment benefit, he shall be treated as having paid in respect of the period for which the repayment has been made the full number of contributions which is most nearly equal to five-eighths of the number of contributions actually paid during that period.

Refund of Contributions Paid in respect of Workmen Working Short Time

96.—(1) If any employer satisfies the Board of Trade that during any period of depression in his business workmen employed by him have been systematically working short time, and that during such period he has paid contributions under this Part of this Act on behalf of such workmen, as well as on his own behalf, without recovering such contributions from such workmen either by way of deductions from wages or otherwise, there shall be refunded to him out of the unemployment fund in

accordance with regulations made by the Board of Trade the contributions so paid by him in respect of those workmen (including those paid on behalf of the workmen as well as those paid on his own behalf), for the period or such part thereof as in the circumstances may seem just :

Provided that, except in a case where the working of short time has been effected by stopping the work for some day in the week which has been usually recognised as a working day of at least four hours in the trade and district, no such refund shall be made in respect of any workmen for any week in which the hours of work have exceeded five-sixths of the number usually recognised as constituting a full week's work at that time in the trade and district.

(2) Any employer who desires to take advantage of this section may make an application to the Board of Trade with a view to obtaining their ruling as to the circumstances under which, and the means by which, he proposes to effect a reduction of working hours, and the Board of Trade may, if they think fit, on the necessary information being supplied, give their ruling as to whether the circumstances are such, and the proposed means of reducing working hours are such, as to satisfy the requirements of this section.

Saving for Occasional Employment in Rural Neighbourhoods

97.—Where a workman is employed in a district which is rural in its character, and the workman usually follows in that district some occupation other than an insured trade, and is employed in an insured trade occasionally only, contributions under this Part of this Act shall not be pay-

able in respect of the workman, except in cases where the employer and the workman agree that contributions shall be payable notwithstanding this provision.

Payment of Contributions in case of Reservists or Territorials during Training

98.—Where a man of the Naval Reserves, the Army Reserve, or the Territorial Force, is being trained and is in receipt of pay out of the moneys provided by Parliament for Navy or Army services, and immediately before the training was employed in an insured trade, he shall, for the purposes of this Part of this Act, be deemed, whilst so training, to be in the employment of the Crown in an insured trade.

Provisions with respect to Workmen Engaged through Labour Exchanges

99.—(1) The Board of Trade may in such cases, and on such conditions as the Board may prescribe, make an arrangement with any employer liable to pay contributions under any part of this Act whereby in respect of workmen engaged by him through a Labour Exchange, or in his employ at the date of such arrangement, the performance of all or any of the duties required under any part of this Act to be performed by the employer in respect of those workmen, whether on his own behalf or on behalf of the workmen, shall be undertaken on behalf of the employer by the Labour Exchange, and whereby in respect of such workmen different periods of employment, whether of the same workmen or different workmen, may for the purposes of the employer's contributions under this Part of this Act, but not for the purposes of a refund of any part of the

employer's contributions, be treated as a continuous employment of a single workman.

(2) Where any such arrangement has been made, all the periods of employment during which a workmen engaged through a Labour Exchange is employed by one or more employers with whom such an arrangement has been made, may, subject to regulations made by the Board of Trade, on the application of the workman, be treated for the purposes of his contributions under this Part of this Act as a continuous period of employment under one employer, and those regulations may provide for the refund of part of his contributions under this Part of this Act accordingly.

Subsidiary Provisions

100.—(1) If the repeated failure of any insured workman to obtain or retain employment appears to the insurance officer to be wholly or partly due to defects in skill or knowledge, the insurance officer may, if he thinks fit, for the purpose of testing the skill or knowledge of the workman, offer to arrange for the attendance of the workman at a suitable place for the purpose, and may, out of the unemployment fund, pay all or any of the expenses incidental to such attendance.

If the workman fails or refuses either to avail himself of the offer, or to produce satisfactory evidence of his competence, or if as a result of the test the insurance officer considers that the skill or knowledge of the workman is defective, and that there is no reasonable prospect of such defects being remedied, such facts shall be taken into consideration in determining what is suitable employment for the workman.

If in any case as a result of the test the insurance officer considers that the skill or knowledge of the workman is defective, but that there is a reasonable prospect of the defects being remedied by technical instruction, the insurance officer may, subject to any directions given by the Board of Trade, pay out of the unemployment fund all or any of the expenses incidental to the provision of the instruction, if he is of opinion that the charge on the unemployment fund in respect of the workman is likely to be decreased by the provision of the instruction.

(2) The regulations of the Board of Trade made under this Part of this Act shall provide for the return to a workman who is not a workman in an insured trade and to his employer of any contributions paid by them respectively under the belief that the workman was a workman in an insured trade, subject, in the case of the workman's contributions, to the deduction of any amount received by him in respect of unemployment benefit under a similar belief.

(3) Where under regulations made by the Board of Trade any sum has been paid out of the unemployment fund by way of reward for the return of a book or card which has been lost, the person responsible for the custody of the book or card at the time of its loss shall be liable to repay the sum so paid, not exceeding one shilling, in respect of any one occasion.

Offences and Proceedings for Recovery of Contributions, etc.

101.—(1) If for the purpose of obtaining any benefit or payment under this Part of this Act, either for himself or for any other person, or for the pur-

pose of avoiding any payment to be made by himself under this Part of this Act, or enabling any other person to avoid any such payment, any person knowingly makes any false statement or false representation, he shall be liable on summary conviction to imprisonment for a term not exceeding three months, with or without hard labour.

(2) If any employer or workman has failed to pay any contributions which he is liable under this Part of this Act to pay, or if any employer or workman or any other person refuses or neglects to comply with any of the requirements of this Part of this Act, or the regulations made thereunder, he shall for each offence be liable on summary conviction to a fine not exceeding ten pounds, and also, where the offence is failure or neglect to make any contribution under this Part of this Act, to pay to the unemployment fund a sum equal to three times the amount which he has refused or neglected to pay (not exceeding five pounds), which sum, when paid, shall be treated as a payment in satisfaction of the contributions which he has so refused or neglected to pay.

(3) Proceedings under the foregoing provisions of this section shall not be instituted except by, or with the consent of the Board of Trade, and may be commenced at any time within three months of the date at which the offence comes to the knowledge of the Board of Trade.

(4) Nothing in this section shall be construed as preventing the Board of Trade from recovering any sums due to the unemployment fund by means of civil proceedings, and all such sums shall be recoverable in such proceedings as debts due to the Crown.

(5) If it is found at any time that a

person has been in receipt of unemployment benefit under this Part of this Act whilst the statutory conditions were not fulfilled in his case or whilst he was disqualified for receiving unemployment benefit, he shall be liable to repay to the unemployment fund any sums paid to him in respect of unemployment benefit whilst the statutory conditions were not fulfilled or whilst he was disqualified for receiving the benefit, and the amount of such sums may be recovered as a debt due to the Crown.

(6) In any proceedings under this section, or in any proceedings involving any question as to the payment of contributions under this Part of this Act, or for the recovery of any sums due to the unemployment fund, the decision of the umpire appointed under this Part of this Act on any question arising, whether the trade in which the workman is or has been employed is an insured trade or not shall be conclusive for the purpose of these proceedings, and if no such decision has been obtained and the decision of the question is necessary for the determination of the proceedings the question shall be referred, in accordance with the regulations made under this Part of this Act, to the umpire for the purpose of obtaining such a decision.

Periodical Revision of Rates of Contribution

102.—If at any time after the expiration of seven years from the commencement of this Act it appears to the Board of Trade that the unemployment fund is insufficient or more than sufficient to discharge the liabilities imposed upon the fund under this Part of this Act, or that the rates of contribution

are excessive or deficient as respects any particular insured trade, or any particular branch of any such trade, the Board may, with the sanction of the Treasury, by special order made in manner hereinafter provided, revise the rates of contribution of employers and workmen under this Part of this Act, and any such order may, if the Board think fit, prescribe different rates of contribution for different insured trades or branches thereof, and where any such order is made the rates prescribed by the order shall as from such date as may be specified in the order be substituted as respects trades or branches thereof to which it relates for the rates prescribed by this Act :

Provided that where such a revision has been made no further revision under this section shall be made before the expiration of seven years from the last revision, and that no order under this section shall increase the rates of contribution from employers or workmen by more than one penny per workman per week above the rates specified in the Eighth Schedule to this Act, or shall vary such rates unequally as between employers and workmen.

Power to Extend to Other Trades

103.—If it appears to the Board that it is desirable to extend the provisions of this Part of this Act to workmen in any trade other than an insured trade, or to vary the definition of "workman" with respect to the age of the persons included therein, either generally or for any particular insured trade, or any particular branch of any such trade, the Board may, with the consent of the Treasury, make, in manner hereinafter provided, a special order extend-

ing this Part of this Act to such workmen or so varying the definition of "workman," as the case may be, either without modification or subject to such modifications of rates of contribution or rates or periods of benefit as may be contained in the order, and on any such order being made, this Part of this Act shall, subject to the modifications (if any) contained in the order, apply as if the trade mentioned in the order were an insured trade, or as if the definition of "workman" were varied in accordance with the order, as the case may be, and as if the rates of contribution and the rates and periods of benefit mentioned in the order were the rates of contribution and the rates and periods of benefit provided by this Part of this Act in respect of such trade :

Provided that no such order shall be made if the person holding the inquiry in relation to the order reports that the order should not be made, or if the order would, in the opinion of the Treasury, increase the contribution to the unemployment fund out of moneys provided by Parliament to a sum exceeding one million pounds a year before the expiration of three years from the making of the order, and that the rates of contribution mentioned in the order shall not exceed the rates specified in the Eighth Schedule to this Act, and shall be imposed equally as between employers and workmen.

Exclusion of Subsidiary Occupations

104.—The Board of Trade may, if in any case they consider that it is desirable, by special order exclude from the occupations which are to be deemed employment in an insured trade for the purpose of this Part of the Act—

- (a) Any occupation which appears to them to be common to insured and uninsured trades alike, and ancillary only to the purposes of an insured trade; and
- (b) Any occupation which appears to them to be an occupation in a business which, though concerned with the making of parts or the preparation of materials for use in connection with an insured trade, is mainly carried on as a separate business or in connection with trades other than insured trades;

and on any such order being made the occupation to which the order relates shall not be treated as employment in an insured trade for the purposes of this Part of this Act.

Any special order made under this section may be made so as to cover one or more occupations. The provisions of this Part of this Act as to the laying of regulations before Parliament and the presentation of an Address thereon shall apply to special orders made under this section.

Arrangements with Associations of Workmen in Insured Trade who make Payments to Members whilst Unemployed

105.—(1) The Board of Trade may, on the application of any association of workmen the rules of which provide for payments to its members, being workmen in an insured trade, or any class thereof, whilst unemployed, make an arrangement with such association that, in lieu of paying unemployment benefit under this part of this Act to workmen who prove that they are members of the association, there shall be repaid periodically to the associa-

tion out of the unemployment fund such sum as appears to be, as nearly as may be, equivalent to the aggregate amount which such workmen would have received during that period by way of unemployment benefit under this Part of this Act if no such arrangement had been made, but in no case exceeding three-fourths of the amount of the payments made during that period by the association to such workmen as aforesaid whilst unemployed.

(2) The council or other governing body of any association of workmen which has made such an arrangement as aforesaid shall be entitled to treat the contributions due from any of its members to the unemployment fund under this Part of this Act, or any part thereof, as if such contributions formed part of the subscriptions payable by those members to the association, and, notwithstanding anything in the rules of the association to the contrary, may reduce the rates of subscription of those members accordingly.

(3) For the purpose of determining whether a workman has exhausted his right to unemployment benefit under this Part of this Act, the amount of any sum which, but for this section, would have been paid to him by way of unemployment benefit shall be deemed to have been so paid.

(4) The Board of Trade may make regulations for giving effect to this section, and for referring to the umpire appointed under this Part of this Act any question which may arise under this section.

(5) The fact that persons other than workmen can be members of an association shall not prevent the association being treated as an association of workmen for the purposes of this section, if the association is substantially an association of workmen.

Repayments to Associations who make payments to Persons, whether Workmen in Insured Trade or not, whilst Unemployed

106.—(1) The Board of Trade may, with the consent of the Treasury, and on such conditions and either annually or at such other intervals as the Board may prescribe, repay out of moneys provided by Parliament to any association of persons not trading for profit the rules of which provide for payments to persons whilst unemployed, whether workmen in an insured trade or not, such part (in no case exceeding one-sixth) as they think fit, of the aggregate amount which the association has expended on such payments during the preceding year or other prescribed period, exclusive of the sum (if any) repaid to the association in respect of such period in pursuance of an arrangement under the last foregoing section, and exclusive in the case of payments which exceed twelve shillings a week of so much of those payments as exceeds that sum.

(2) No repayment shall be made under this section in respect of any period before the expiration of six months from the commencement of this Act.

(3) The Board of Trade may make regulations for giving effect to this section, and for determining the mode in which questions arising under this section shall be settled.

Interpretation and Application

107.—(1) For the purposes of this Part of this Act—

The expression "workman" means any person of the age of sixteen or upwards employed wholly or mainly by

way of manual labour, who has entered into or works under a contract of service with an employer, whether the contract is expressed or implied, is oral or in writing, and in relation to a person whilst unemployed means a person who, when employed, fulfilled the conditions aforesaid, but does not include an indentured apprentice;

Contributions made by an employer on behalf of a workman shall be deemed to be contributions by the workman;

Two periods of unemployment of not less than two days each, separated by a period of not more than two days, during which the workman has not been employed for more than twenty-four hours, or two periods of unemployment of not less than one week each, separated by an interval of not more than six weeks, shall be treated as a continuous period of unemployment, and the expression "continuously unemployed" shall have a corresponding meaning;

Temporary work provided by a central body or distress committee under the Unemployed Workmen Act, 1905, or towards the provision of which any such central body or distress committee has contributed under that Act, shall not be deemed to be employment in an insured trade.

A workman shall not be deemed to be unemployed whilst he is following any remunerative occupation in an insured trade, or whilst he is follow-

ing any other occupation from which he derives any remuneration or profit greater than that which he would derive from the receipt of unemployment benefit under this Part of this Act.

A workman shall not for the purposes of contributions be deemed to be employed in any period in respect of which he receives no remuneration from his employer notwithstanding that he continues during such period in his employment.

The expression "trade dispute" means any dispute between employers and workmen, or between workmen and workmen, which is connected with the employment or non-employment, or the terms of employment, or with the conditions of labour, of any persons, whether workmen in the employment of the employer with whom the dispute arises or not.

(2) In determining any question as to whether any trade in which a workman is or has been employed is an insured trade or not, regard shall be had to the nature of the work in which the workman is engaged rather than to the business of the employer by whom he is employed.

(3) This Part of this Act shall apply to workmen employed by or under the Crown to whom this Act would apply if the employer were a private person, except to such of those workmen as are serving in an established capacity in the permanent service of the Crown, subject, however, to such modifications as may be made therein by Order in Council for the purpose of adapting the

provisions of this Part of this Act to the case of such workmen.

(4) If the Board of Trade are satisfied that any class of workmen are, having regard to their claim to pension or to the other terms of their service, in as permanent a position as that of persons serving in an established capacity in the permanent service of the Crown, the Board of Trade may exempt that class of persons from the provisions of this Part of this Act, and any persons so exempt shall not be deemed to be workmen.

PART III.

GENERAL.

Provisions as to Stamps

108.—Stamps required for the purposes of this Act shall be prepared and issued in such manner as the Commissioners of Inland Revenue with the consent of the Treasury may direct, and the said Commissioners may by regulations in accordance with the provisions of Part I. of this Act relating to regulations by the Insurance Commissioners provide for applying, with the necessary adaptations, as respects such stamps, all or any of the provisions (including penal provisions) of the Stamp Duties Management Act, 1891, as amended by any subsequent Act, and section sixty-five of the Post Office Act, 1908, and may with the consent of the Postmaster-General provide for the sale of such stamps through the Post Office.

Outdoor Relief

109.—In granting outdoor relief to a person in receipt of or entitled to receive any benefit under this Act, a

Board of Guardians shall not take into consideration any such benefit, except so far as such benefit exceeds five shillings a week.

Priority of Claims for Contributions due by Bankrupt Employers

110.—(1) There shall be included among the debts which, under section one of the Preferential Payments in Bankruptcy Act, 1888, and section two hundred and nine of the Companies (Consolidation) Act, 1908, are, in the distribution of the property of a bankrupt and in the distribution of the assets of a company being wound up, to be paid in priority to all other debts, all contributions payable under this Act by the bankrupt or the company in respect of employed contributors or workmen in an insured trade during the four months before the date of the receiving order, or as the case may be, the commencement of the winding up, or the Winding-up Order, and those Acts shall have effect accordingly, and formal proof of the debts to which priority is given under this section shall not be required except in cases where it may otherwise be provided by rules made under the Bankruptcy Act, 1883, or the Companies (Consolidation) Act, 1908.

(2) In the case of the winding up of a company within the meaning of the Stannaries Act, 1887, such contributions as aforesaid shall, if payable in respect of a miner, have the like priority as is conferred on wages of miners by section nine of that Act, and that section shall have effect accordingly.

(3) This section shall not apply where a company is wound up volun-

tarily merely for the purposes of reconstruction or of amalgamation with another company.

(4) In the application of this section to Scotland a reference to section three of the Bankruptcy (Scotland) Act, 1875, and the respective dates therein mentioned shall be substituted for the reference to section one of the Preferential Payments in Bankruptcy Act, 1888, and the date of the receiving order; and an Act of Sederunt under the Bankruptcy Amendment (Scotland) Act, 1856, shall be substituted for rules under the Bankruptcy Act, 1883.

(5) In the application of this section to Ireland a reference to section four of the Preferential Payments in Bankruptcy (Ireland) Act, 1889, shall be substituted for the reference to section one of the Preferential Payments in Bankruptcy Act, 1888; and a reference to general orders made under the first-mentioned Act shall be substituted for the reference to rules made under the Bankruptcy Act, 1883; and any reference to a bankrupt shall include a reference to an arranging debtor; and the reference to the receiving order shall be construed as a reference to the order of adjudication in the case of a bankrupt, or to the filing of the petition for arrangement in the case of an arranging debtor.

Benefits to be Inalienable

111.—Every assignment of, or charge on, and every agreement to assign or charge, any of the benefits conferred by this Act shall be void and on the bankruptcy of any person entitled to any such benefit, the benefit shall not pass to any trustee or other person acting on behalf of his creditors,

Powers of Inspectors

112.—(1) An inspector appointed under this Act shall, for the purposes of the execution of this Act have power to do all or any of the following things, namely:—

- (a) to enter at all reasonable times any premises or place other than a private dwelling-house not being a workshop where he has reasonable grounds for supposing that any employed contributors or workmen in an insured trade are employed;
 - (b) to make such examination and inquiry as may be necessary for ascertaining whether the provisions of this Act are complied with in any such premises or place;
 - (c) to examine, either alone or in the presence of any other person, as he thinks fit, with respect to any matters under this Act, every person whom he finds in any such premises or place, or whom he has reasonable cause to believe to be or to have been an employed contributor or workman in an insured trade, and to require every such person to be so examined, and to sign a declaration of the truth of the matters in respect of which he is so examined;
 - (d) to exercise such other powers as may be necessary for carrying this Act into effect.
- (2) The occupier of any such premises or place and any other person employing any employed contributor or workman in an insured trade, and the servants and agents of any such occupier or other person, and any employed contributor or workman in an insured trade shall furnish to any inspector all such information and shall

produce for inspection all such registers, books, cards, and other documents as the inspector may reasonably require.

(3) If any person wilfully delays or obstructs an inspector in the exercise of any power under this section or fails to give such information or to produce such documents as aforesaid, or conceals or prevents or attempts to conceal or prevent any person from appearing before or being examined by an inspector, he shall be liable on summary conviction to a fine not exceeding five pounds: .

Provided that no one shall be required under this section to answer any question or give any evidence tending to incriminate himself.

(4) Where any such premises or place are liable to be inspected by inspectors or other officers, or are under the control, of some other Government department, the Insurance Commissioners or Board of Trade may make arrangements with that other Government department for any of the powers and duties of inspectors under this section being carried out by inspectors or other officers of such other Government department, and where such an arrangement is made such inspectors and officers shall have all the powers of an inspector under this section.

(5) Every inspector shall be furnished with the prescribed certificate of his appointment, and on applying for admission to any premises for the purposes of this Act shall, if so required, produce the said certificate to the occupier.

Procedure for making Special Orders

113.—(1) Sections eighty and eighty-one of the Factory and Workshop Act, 1901, relating to the making of regula-

tions under that Act, as set out and adapted in the Ninth Schedule to this Act, shall apply to special orders made under this Act.

(2) Before a special order (other than a special order excluding any occupation from the occupations which are to be deemed employment in an insured trade) comes into force it shall be laid before each House of Parliament for a period of not less than thirty days during which the House is sitting, and if either of those Houses before the expiration of those thirty days presents an address to His Majesty against the order or any part thereof, no further proceedings shall be taken thereon, without prejudice to the making of any new order.

Provisions as to Birth Certificates

114.—Where for the purposes of this Act the age of any person is required to be proved by the production of a certificate of birth any person shall, on presenting a written requisition in such form and containing such particulars as may be from time to time prescribed by the Local Government Board for England, Scotland, or Ireland, as the

case may be, and on payment of a fee of six pence, be entitled to obtain a certified copy of the entry of the birth of that person in the birth register, under the hand of the registrar or superintendent registrar having the custody thereof, and forms for such requisition shall on request be supplied without any charge by every registrar of births and deaths and by every superintendent registrar.

Short Title and Commencement

115.—This Act may be cited as the National Insurance Act, 1911, and shall, save as otherwise expressly provided by this Act, come into operation on the fifteenth day of July nineteen hundred and twelve :

Provided that His Majesty in Council may, should necessity arise, substitute some subsequent date or dates not being later than the first day of January nineteen hundred and thirteen as respects the provisions of this Act relating to health insurance, and not being later than the first day of October nineteen hundred and twelve as respects the provisions of this Act relating to unemployment insurance.

SCHEDULES

FIRST SCHEDULE.

PART I.

EMPLOYMENTS WITHIN THE MEANING OF PART I. OF THIS ACT RELATING TO HEALTH INSURANCE.

(a) Employment in the United Kingdom under any contract of service or apprenticeship, written or oral, whether expressed or implied, and whether the employed person is paid by the employer or some other person, and whether under one or more employers, and whether paid by time or by the piece or partly by time and partly by the piece, or otherwise, or, except in the case of a contract of apprenticeship, without any money payment.

(b) Employment under such a contract as aforesaid as master or a member of the crew of any ship registered in the United Kingdom or of any other British ship or vessel of which the owner, or, if there is more than one owner, the managing owner or manager, resides or has his principal place of business in the United Kingdom.

(c) Employment as an outworker (that is to say, a person to whom articles or materials are given out to be made up, cleaned, washed, altered, ornamented, finished, or repaired, or adapted for sale in his own home or on other premises not under the control or management of the person who

gave out the articles or materials for the purposes of the trade or business of the last-mentioned person), unless excluded by a special order made by the Insurance Commissioners, and any such order may exclude outworkers engaged in work of any class, or outworkers of any class or description specified in the order, or may defer the commencement of this Act as respects all outworkers, and the person who gave out the articles or materials shall in relation to the person to whom he gave them out be deemed to be the employer.

(d) Employment in the United Kingdom in plying for hire with any vehicle or vessel the use of which is obtained from the owner thereof under any contract of bailment (or in Scotland any contract of letting to hire) in consideration of the payment of a fixed sum or a share in the earnings or otherwise, in which case the owner shall for the purposes of Part I. of this Act be deemed to be the employer.

PART II.

EXCEPTIONS.

(a) Employment in the naval or military service of the Crown, including service in Officers Training Corps, excepting as otherwise provided in Part I. of this Act.

(b) Employment under the Crown or any local or other public authority where the Insurance Commissioners certify that the terms of the employment are such as to secure provision in respect of sickness and disablement on the whole not less favourable than the corresponding benefits conferred by Part I. of this Act.

(c) Employment as a clerk or other salaried official in the service of a railway or other statutory company, or of a joint committee of two or more such companies, where the Insurance Commissioners certify that the terms of employment, including his rights in such superannuation fund as is hereinafter mentioned, are such as to secure provision in respect of sickness and disablement, on the whole, not less favourable than the corresponding benefits conferred by Part I. of this Act, and the person so employed is entitled to rights in a superannuation fund established by Act of Parliament for the benefit of persons in such employment, or in Ireland is entitled to rights in any such superannuation fund or in any railway superannuation fund which may be approved by the Insurance Commissioners.

(d) Employment as a teacher to whom the Elementary School Teachers Superannuation Act, 1898, or a scheme under section fourteen of the Education (Scotland) Act, 1908, or the National School Teachers (Ireland) Act, 1879, applies, or in the event of any similar enactment being hereafter passed as respects teachers or any class of teachers (other than teachers in public elementary schools) as a teacher to whom such enactment applies.

(e) Employment as an agent paid by commission or fees or a share in the profits, or partly in one and partly in another such ways, where the person

so employed is mainly dependent for his livelihood on his earnings from some other occupation, or where he is ordinarily employed as such agent by more than one employer, and his employment under no one of such employers is that on which he is mainly dependent for his livelihood.

(f) Employment in respect of which no wages or other money payment is made where the employer is the occupier of an agricultural holding and the employed person is employed thereon, or where the person employed is the child of, or is maintained by, the employer.

(g) Employment otherwise than by way of manual labour and at a rate of remuneration exceeding in value one hundred and sixty pounds a year, or in cases where such employment involves part-time service only at a rate of remuneration which, in the opinion of the Insurance Commissioners, is equivalent to a rate of remuneration exceeding one hundred and sixty pounds a year for whole-time service.

(h) Employment of a casual nature otherwise than for the purposes of the employer's trade or business, and otherwise than for the purposes of any game or recreation where the persons employed are engaged or paid through a club, and in such case the club shall be deemed to be the employer.

(i) Employment of any class which may be specified in a special order as being of such a nature that it is ordinarily adopted as subsidiary employment only and not as the principal means of livelihood.

(j) Employment as an outworker where the person so employed is the wife of an insured person and is not wholly or mainly dependent for her livelihood on her earnings in such employment.

(k) Employment as a member of the crew of a fishing vessel where the members of such crew are remunerated by shares in the profits or the gross earnings of the working of such vessel in accordance with any custom or practice prevailing at any port if a special order is made for the purpose by the Insurance Commissioners, and the particular custom or practice prevailing at the port is one to which the order applies.

(l) Employment in the service of the husband or wife of the employed person.

SECOND SCHEDULE.

RATES OF CONTRIBUTION UNDER PART I. OF THIS ACT RELATING TO HEALTH INSURANCE. *R*

PART I.

Employed Rate.

In the case of men ... 7d. a week.
 „ „ women ... 6d. „

Contributions by Employers and Employed Contributors.

To be paid by the { Men 4d. a week.
 Employer ... { Women 3d. „
 To be paid by the
 Contributor ... 3d. „

In the case of employed contributors of either sex of the age of 21 or upwards whose remuneration does not include the provision of board and lodging by their employer, and the rate of whose remuneration does not exceed 1s. 6d. a working day, the following shall be the rates of contribution:—

Where the rate of remuneration does not exceed 1s. 6d. a working day—

A week.
 To be paid by the { For men 6d.
 Employer ... { For women 5d
 To be paid out of
 moneys provided
 by Parliament 1d.

Where the rate of remuneration exceeds 1s. 6d., but does not exceed 2s. a working day—

A week.
 To be paid by the { For men 5d.
 employer ... { For women 4d.
 To be paid by the
 contributor 1d.
 To be paid out of
 moneys provided by
 Parliament 1d.

Where the rate of remuneration exceeds 2s., but does not exceed 2s. 6d. a working day—

A week.
 To be paid by the { For men 4d.
 employer ... { For women 3d.
 To be paid by the
 contributor 3d.

PART II.

Employed Rate in Ireland.

In the case of men ... 5½d. a week
 „ „ women ... 4½d. „

Contributions by Employers and Employed Contributors.

A week
 To be paid by the
 employer 2½d.
 To be paid by the { Men ... 3d.
 contributor ... { Women... 2d.

In the case of employed contributors of either sex of the age of 21 or upwards whose remuneration does not include the provision of board and lodging by their employer and, the rate of whose remuneration does not exceed

2s. 6d. a working day, the following shall be the rates of contribution:—

Where the rate of remuneration does not exceed 1s. 6d. a working day—

		A week	
To be paid by the employer ...	{	For men	4½d.
		For women	3½d.
To be paid out of moneys provided by Parliament ...			1d.

Where the rate of remuneration exceeds 1s. 6d. but does not exceed 2s. a working day—

		A week.	
To be paid by the employer ...	{	For men	4d.
		For women	3d.
To be paid by the contributor ...			½d.
To be paid out of moneys provided by Parliament...			1d.

Where the rate of remuneration exceeds 2s. but does not exceed 2s. 6d. a working day—

		A week.	
To be paid by the employer ...	{	For men	3½d.
		For women	2½d.
To be paid by the contributor ...			2d.

THIRD SCHEDULE.

RULES AS TO PAYMENT AND RECOVERY OF CONTRIBUTIONS PAID BY EMPLOYERS ON BEHALF OF EMPLOYED CONTRIBUTORS UNDER PART I. OF THIS ACT RELATING TO HEALTH INSURANCE.

(1) A weekly contribution shall be payable for each calendar week during the whole or any part of which an employed contributor has been employed by an employer: Provided that where one weekly contribution has

been paid in respect of an employed contributor in any such week no further contribution shall be payable in respect of him in the same week, and that where no remuneration has been received and no services rendered by an employed contributor during any such week, or where no services have been rendered by an employed contributor during any such week and the employed contributor has been in receipt of sickness or disablement benefit during the whole or any part of that week, the employer shall not be liable to pay any contribution either on his own behalf or on behalf of the contributor in respect of that week.

(2) The employer shall, except as hereinafter provided, be entitled to recover from the employed contributor the amount of any contributions paid by him on behalf of the employed contributor.

(3) Except where the employed contributor does not receive any wages or other pecuniary remuneration from the employer, the amounts so recoverable shall, notwithstanding the provisions of any Act or any contract to the contrary, be recoverable by means of deductions from the wages or other remuneration, and not otherwise; but no such deductions may be made from any wages or remuneration other than such as are paid in respect of the period or part of the period in respect of which the contribution is payable, or in excess of the sum which represents the amount of the contributions for the period (if such period is longer than a week) in respect of which the wages or other remuneration are paid.

(4) Where a contribution paid by the employer on behalf of an employed contributor is recoverable from the contributor but is not recoverable by means of deductions as aforesaid, it shall

(without prejudice to any other means of recovery) be recoverable summarily as a civil debt, but no such contribution shall be recoverable unless proceedings for the purpose are instituted within three months from the date when the contribution was payable.

(5) Where the contributor is employed by more than one employer in any calendar week, the first person employing him in that week or such other employer or employers as may be prescribed shall be deemed to be the employer for the purposes of the provisions of Part I. of this Act relating to the payment of contributions and of this Schedule.

(6) Regulations of the Insurance Commissioners may provide that in any cases or any classes of cases where employed contributors work under the general control and management of some person other than their immediate employer, such as the owner, agent, or manager of a mine or quarry, or the occupier of a factory or workshop, such person shall, for the purposes of the provisions of Part I. of this Act relating to the payment of contributions and of this Schedule, be treated as the employer, and may provide for allowing him to deduct the amount of any contributions (other than employers' contributions) which he may become liable to pay from any sums payable by him to the immediate employer, and for enabling the immediate employer to recover from the employed contributors the like sums and in the like manner as if he were liable to pay the contributions.

(7) Where the contributor is not paid wages or other money payments by his employer or any other person, the employer shall be liable to pay the contributions payable both by himself and the contributor, and shall not be

entitled to recover any part thereof from the contributor.

(8) Notwithstanding any contract to the contrary, the employer shall not be entitled to deduct from the wages of or otherwise to recover from the contributor the employer's contribution.

(9) Any sum deducted by any employer from wages or other remuneration under this Schedule shall be deemed to have been entrusted to him for the purpose of paying the contribution in respect of which it was deducted.

(10) The Insurance Commissioners may by regulations provide that in the case of outworkers the contributions to be paid may be determined by reference to the work actually done, instead of by reference to the weeks in which work is done, and any such regulations may apply to all trades or to any specified classes or branches of trades, and may determine the conditions to be complied with by employers who adopt such a system of payment of contributions.

(11) For the purposes of this Schedule the expression "calendar week" means the period from midnight on one Sunday to midnight on the following Sunday.

FOURTH SCHEDULE.

BENEFITS UNDER PART I. OF THIS ACT
RELATING TO HEALTH INSURANCE.

PART I.

Rates of Benefits.

TABLE A.—*Ordinary Rates.*

Sickness benefit: for men the sum of 10s. a week throughout the whole period of twenty-six weeks; for women the sum of 7s. 6d. a week throughout the whole period of twenty-six weeks.

Disablement benefit: the sum of 5s. a week for men and women alike.

TABLE B.—*Reduced Rates in the case of Unmarried Minors.*

Sickness benefit—for males, the sum of 6s. a week during the first thirteen weeks and the sum of 5s. a week during the second thirteen weeks;

for females, the sum of 5s. a week for the first thirteen weeks and the sum of 4s. a week for the second thirteen weeks.

Disablement Benefit—for females, the sum of 4s. a week.

TABLE C.—*Reduced Rates for Persons over Fifty in certain cases.*

Where the insured person is over 50 and under 60 at the time of becoming an employed contributor—

For men, the sum of 7s. a week throughout the whole period of twenty-six weeks.

For women, the sum of 6s. a week throughout the whole period of twenty-six weeks.

Where the insured person is over 60 at the time of becoming an employed contributor—

For both men and women the sum of 6s. a week for the first thirteen weeks, and 5s. a week during the second thirteen weeks.

TABLE D.—*Rates and Conditions for Married Women.*

Sickness benefit: during the first thirteen weeks, the sum of 5s. a week; during the second thirteen weeks, 3s. a week.

Disablement benefit: the sum of 3s. a week.

Sickness benefit and disablement benefit shall not be payable during the two weeks before and four weeks after confinement, except in respect of a disease or disablement neither directly nor indirectly connected with child-birth.

PART II.

Additional Benefits.

(1) Medical treatment and attendance for any persons dependent upon the labour of a member.

(2) The payment of the whole or any part of the cost of dental treatment.

(3) An increase of sickness benefit or disablement benefit in the case either of all members of the society or of such of them as have any children, or any specified number of children, wholly or in part dependent upon them.

(4) Payment of sickness benefit from the first, second, or third day after the commencement of the disease or disablement.

(5) The payment of a disablement allowance to members though not totally incapable of work.

(6) An increase of maternity benefit.

(7) Allowances to a member during convalescence from some disease or disablement in respect of which sickness benefit or disablement benefit has been payable.

(8) The building or leasing of premises suitable for convalescent homes and the maintenance of such homes.

(9) The payment of pensions or superannuation allowances whether by way of addition to old age pensions under the Old Age Pensions Act, 1908, or otherwise.

(10) The payment, subject to the pre-

scribed conditions, of contributions to superannuation funds in which the members are interested.

(11) Payments to members who are in want or distress, including the remission of arrears whenever such arrears may have become due.

(12) Payments for the personal use of a member who, by reason of being an inmate of a hospital or other institution, is not in receipt of sickness benefit or disablement benefit.

(13) Payments to members not allowed to attend work on account of infection.

(14) Repayment of the whole or any part of contributions thereafter pay-

able under Part I. of this Act by members of the society or any class thereof.

PART III.

Benefits for Married Women who do not become Voluntary Contributors at reduced rates.

Payment of the sum of 5s. a week on confinement during a period not exceeding four weeks on any one occasion.

Payments during any period of sickness or distress, subject to regulations made by the Insurance Commissioners and to the discretion of the society or committee administering the benefit.

FIFTH SCHEDULE.

REDUCTION OR POSTPONEMENT OF SICKNESS BENEFIT AND WHERE CONTRIBUTIONS ARE IN ARREAR.

(1) TABLE. (2)

Where the arrears amount to				Rates of Sickness Benefit.			
				Men.		Women.	
				s.	d.	s.	d.
4	contributions	a year	on average	9	6	7	3
5	"	"	"	9	0	7	0
6	"	"	"	8	6	6	9
7	"	"	"	8	0	6	6
8	"	"	"	7	6	6	3
9	"	"	"	7	0	6	0
10	"	"	"	6	6	5	9
11	"	"	"	6	0	5	6
12	"	"	"	5	6	5	3
13	"	"	"	5	0	5	0
				5s. od., commencing 5th day after commencement of illness.			
For both Men and Women.				"	"	6th	"
				"	"	7th	"
				"	"	8th	"
				"	"	9th	"
				"	"	10th	"
				"	"	11th	"
				"	"	12th	"
"	"	13th	"				
"	"	14th	"				

Notes.

Where the insured person is by virtue of any of the provisions of Part I. of this Act, other than those relating to arrears, entitled to sickness benefit at a rate lower than the full rate, this Table shall have effect as if the entries in the first column were so shifted down that the first entry therein was set opposite the entry in the second column next below the entry specifying the rate of sickness benefit to which the insured person is entitled.

When the rate of sickness benefit during the first thirteen weeks to which the insured person is entitled is by virtue of any of the provisions of this Act, other than those relating to arrears, less than 5s. a week, this Table shall have effect as if such lower rate were therein substituted for the rate of 5s. a week.

SIXTH SCHEDULE.

LIST OF INSURED TRADES FOR THE PURPOSES OF PART II. OF THIS ACT RELATING TO UNEMPLOYMENT INSURANCE.

(1) Building; that is to say, the construction, alteration, repair, decoration, or demolition of buildings, including the manufacture of any fittings of wood of a kind commonly made in builders' workshops or yards.

(2) Construction of works; that is to say, the construction, reconstruction, or alteration of railroads, docks, harbours, canals, embankments, bridges, piers or other works of construction.

(3) Shipbuilding; that is to say, the construction, alteration, repair, or decoration of ships, boats, or other craft by persons not being usually members of a ship's crew, including the

manufacture of any fittings of wood of a kind commonly made in a shipbuilding yard.

(4) Mechanical engineering, including the manufacture of ordnance and firearms.

(5) Ironfounding, whether included under the foregoing headings or not.

(6) Construction of vehicles; that is to say, the construction, repair, or decoration of vehicles.

(7) Sawmilling, including machine woodwork carried on in connection with any other insured trade or of a kind commonly so carried on.

SEVENTH SCHEDULE.

RATES AND PERIODS OF UNEMPLOYMENT BENEFIT.

In respect of each week following the first week of any period of unemployment, seven shillings, or such other rates as may be prescribed either generally or for any particular trade or any branch thereof:

Provided that, in the case of a workman under the age of eighteen, no unemployment benefit shall be paid while the workman is below the age of seventeen, and while the workman is of the age of seventeen or upwards but below the age of eighteen, unemployment benefit shall only be paid at half the rate at which it would be payable if the workman was above the age of eighteen.

No workman shall receive unemployment benefit for more than fifteen or such other number of weeks as may be prescribed either generally or for any particular trade or branch thereof within any period of twelve months, or in respect of any period less than one day.

No workman shall receive more unemployment benefit than in the proportion of one week's benefit for every five contributions paid by him under this Act.

Provided that for the purpose of the foregoing paragraph—

(a) In the case of a workman who satisfies the Board of Trade that he is over the age of twenty-one and has habitually worked at an insured trade before the commencement of this Act, there shall be deemed to be added to the number of contributions which he has actually paid five contributions for each period of three months or part of such period during which he has so worked before the commencement of this Act, up to a maximum of twenty-five contributions; and

(b) where, owing to the fact that the wages or other remuneration of a workman are paid at intervals greater than a week, or for any other like reason contributions are paid under Part II. of this Act in respect of any workman at intervals greater than a week, that workman shall be entitled to treat each of such contributions as so many contributions as there are weeks in the period for which the contribution has been paid.

Any time during which a workman is under Part II. of this Act disqualified for receiving unemployment benefit shall be excluded in the computation of periods of unemployment under this Schedule.

A period of unemployment shall not be deemed to commence till the workman has made application for unemployment benefit in such manner as may be prescribed.

The power conferred by this Schedule on the Board of Trade to prescribe rates and periods of unemployment benefit shall not be exercised so as to increase the rate of benefit above eight shillings per week or reduce it below six shillings per week, or to increase the period of unemployment benefit above fifteen weeks, or to alter the proportion which the period of benefit bears to the number of contributions paid, except by rules confirmed by an order made in accordance with the provisions of this Act relating to special orders.

EIGHTH SCHEDULE.

CONTRIBUTIONS FOR THE PURPOSES OF PART II. OF THIS ACT RELATING TO UNEMPLOYMENT INSURANCE.

RATES OF CONTRIBUTION FROM WORKMEN AND EMPLOYERS.

From every workman employed in an insured trade for every week he is so employed - - $2\frac{1}{2}d.$

From every employer by whom one or more workmen are employed in an insured trade, in respect of each workman, for every week he is so employed - $2\frac{1}{2}d.$

Provided that in the case of a workman below the age of eighteen *id.* shall be substituted for $2\frac{1}{2}d.$ as the contribution from the workman and from the employer, but for the purpose of reckoning the number of contributions in respect of such a workman except as regards the payment of unemployment benefit before he reaches the age of eighteen the *id.* shall be treated as two-fifths of a contribution.

Every such period of employment of less than a week shall for the purposes

of this Schedule be treated as if it were employment for a whole week, except that, where the period of employment is two days or less, the contributions both of the employer and of the workman shall be reduced to one penny if the period does not exceed one day and to twopence if it exceeds one day; and in such case in reckoning the number of contributions under Part II. of this Act and the Schedules therein referred to contributions at such reduced rates shall be treated as two-fifths or four-fifths of a contribution as the case may require.

NINTH SCHEDULE.

PROVISIONS OF THE FACTORY AND WORKSHOP ACT, 1901, APPLIED TO SPECIAL ORDERS MADE UNDER THIS ACT.

80.—(1) Before the authority empowered to make special orders make any special order under this Act, they shall publish, in such manner as they may think best adapted for informing persons affected, notice of the proposal to make the order, and of the place where copies of the draft order may be obtained, and of the time (which shall be not less than twenty-one days) within which any objection made with respect to the draft order by or on behalf of persons affected must be sent to the authority.

(2) Every objection must be in writing and state—

- (a) the draft order or portions of draft order objected to;
- (b) the specific grounds of objection; and
- (c) the omissions, additions, or modifications asked for.

(3) The authority shall consider any objection made by or on behalf of any persons appearing to them to be affected which is sent to them within the required time, and they may, if they think fit, amend the draft order, and shall then cause the amended draft to be dealt with in like manner as an original draft.

(4) Where the authority do not amend or withdraw any draft order to which any objection has been made, then (unless the objection either is withdrawn or appears to them to be frivolous) they shall, before making the order, direct an inquiry to be held in the manner hereinafter provided.

81.—(1) The authority may appoint a competent and impartial person to hold an inquiry with regard to any draft order, and to report to them thereon.

(2) The inquiry shall be held in public, and any objector and any other person who, in the opinion of the person holding the inquiry, is affected by the draft order, may appear at the inquiry either in person or by counsel, solicitor, or agent.

(3) The witnesses on the inquiry may, if the person holding it thinks fit, be examined on oath.

(4) Subject as aforesaid, the inquiry and all proceedings preliminary and incidental thereto shall be conducted in accordance with rules made by the Board of Trade.

(5) The fee to be paid to the person holding the inquiry shall be such as the authority may direct and shall be deemed to be part of the expenses of the authority in carrying this Act into effect.

(6) For the purposes of this schedule, the expression "authority" means the Insurance Commissioners or the Board of Trade, as the case may be.

IN DEFENCE OF THE MEASURE



PART IV

IN DEFENCE OF THE MEASURE

I.—INSURANCE AS A WEAPON AGAINST POVERTY AND DISEASE

(From a Speech delivered by the RIGHT HON. D. LLOYD GEORGE in Birmingham, June 10th, 1911.)

An Affair of Urgent Importance

It is very good of you on a warm and pleasant June afternoon to come here to discuss an affair of urgent public importance. I have come here this afternoon to talk to you about the national health. Your chairman has already reminded you that a few weeks ago I had the honour of introducing in the House of Commons a measure dealing with proposals for securing the national health, and also proposals for securing the workers of this country against the distress which is incidental to the illness of a breadwinner or to the failure of employment. I have devoted three years of labour, research, consultation, and continuous thought to that proposal. I have been assisted by many able, experienced, and well-informed men, and I am delighted to see two or three of them here on this platform—some of the ablest men in the friendly society world—and I am very pleased in your presence to be able to express my gratitude to them for the great help which they gave me in the preparation of that scheme.

Necessity for Early Passing of the Bill

I hope to see this scheme soon converted into an Act of Parliament. I am told that if it took the

Government three years to prepare it you certainly ought to give the same time for people to examine it. But if it takes three years to build a house it need not take three years to make up your mind whether you will purchase it. It takes time to lay down your foundations, prepare your plans, gather your materials, and put up your structure, but surely you can make up your mind in at least a few months whether the house suits you and whether you want a few alterations. If it takes as much time to make alterations as it took to build the house, it means that the house does not suit you. But since I am to talk about surveying the structure, may I also add that if you want to find out whether a building is adapted to your purpose you should never survey it with a microscope in order to discover the quality of the atoms in the bricks. Examine it as a whole, see whether it fits you, make such alterations as you require, and then live happily ever afterwards. Not that you will never need further repairs. The happy householder is a man who is constantly making alterations in his house, adding here, decorating there, and adorning some other portions of the house. It is part of the happiness of life to do that, and

when you have the National Insurance Bill I have no doubt from time to time you will find that amendment, alteration, and decoration will be required in that as well.

The Unanimous Acceptance of the Main Principles of the Bill

I cannot in the course of this afternoon cover one-tenth of the ground which it is necessary to survey when you are dealing with a gigantic problem of this kind, and if anybody on Monday morning complains that I have omitted something, or that I have overlooked something else, you may depend upon it that I have not done so because I am under any apprehension with regard to any criticism which I have yet heard delivered or directed against the Bill. I must have some regard to the limitations of time, to the limitations of your own patience and of my own strength. Your chairman has said, and said very truly, that the main principles of the Bill have been accepted with perfectly amazing unanimity. In fact, for the first few weeks it was smothered in honey; so much so that it looked suspicious, because I observed that a good many of the eulogiums passed on the Bill said that it was so good that it would be a pity to pass it this year. I really cannot recall anything of the kind since the days when the Duke of Clarence was drowned in a butt of sweet wine. And my Bill runs practically the same risk at the present moment. "An excellent Bill, just what we wanted; hope some day it will be an Act of Parliament, but don't be in a hurry, don't pass it now; let's think about it, let's talk about it, let's do anything except put it on the Statute Book." But I am out for making it an Act of Parliament.

Necessity for a Firm Grip of the Purpose of the Measure

There is a real danger in the unanimity with which the principles of the Bill have been accepted, and I will tell you why—they are not discussed. If you call attention to the objects of the Bill they say, "We accept that." They are taken for granted. If you begin to dwell upon its principles they say, "That is a waste of time—we accept that." They say the measure has been rushed into Committee before it really was allowed to have a second reading. I am not protesting against an examination of the Bill. I invited it when I introduced the Bill. It is important it should be scrutinised to the last detail. But any examination of the detail can be nothing but barren unless you have a firm grip of the purpose and main outlines of the measure; and for that reason I propose here this afternoon to deal with the Bill as a whole, why it was introduced, what are the chief characteristics of it, and what are the remedies we propose in it for the evil we have to contend against.

The Evil We have to Contend Against

What is the evil in this country and in every old country in the world? Side by side with great and most extravagant wealth you have got multitudes of people who cannot consider even a bare subsistence as assured to them. What do I mean by a bare subsistence? I don't mean luxuries; I exclude even comforts. By a bare subsistence I mean that minimum of food, raiment, shelter, and medical care which is essential to keep human life in its tenement of clay at all. For multitudes in every land that is precarious to-day.

To maintain Efficiency

That is not our idea. We aspire to something more. Our object, our goal ought to be enough to maintain efficiency for every man, woman, and child. The individual demands it, the State needs it, humanity cries for it, religion insists upon it. But for millions of the poor a bare subsistence is difficult to win and easy to lose. The illness of the wage earner in hundreds of thousands of households, trade depression, a change of fashions precipitates thousands into destitution, poverty and privation. The wolves of hunger prowl constantly round millions of doors in this land, in this favoured land, and if the illness of the head of the family takes him away from his watch at the doorpost they rush in, and ere relief arrives plant their fangs deep into their victims. There are streets in every great city—I am not excluding Birmingham—where their snarl is ever heard in the ears of the inhabitants. That ought not to be. All their money is spent in food, shelter, raiment, and nothing can be spared for the storeroom when the needs of illness and unemployment come.

The Pawnbroker

I am asked how can they afford fourpence per week. They pay more now. Who to? To the friendly society? No. To the trade union? No. To the pawnbroker. They insure now, but it is the most wasteful method, the most extravagant method, the most heart-rending method. Sickness comes; one little bit of furniture after another—a labour of love—goes. Furniture, clothes, all converted into food and physic. A day's wage to pay for the doctor when there is no one earning it.

"Family Pride is not in the Rent-Book"

You may say, "There is the Poor Law." Ah! let me say this. To the honour of the workers of this country, the last thing they pawn is their pride. There is no greater heroism in history than you find in the humble annals of those who fight through life against odds to maintain their self-respect and independence. They will suffer the last privation before they pin the badge of pauperism over their hearts, and certainly before they will put it on the breasts of their children. Read the records of the friendly societies. We have gentlemen here who can confirm what I say. A struggle is made to keep up contributions so as to avoid the charity of the parish and keep up the honour and pride of the family. Family pride is not in the rent-book. You will find it amongst names that have never yet appeared in Dod, Burke, or Kelly. Many are compelled to surrender. They sustain the siege long, but it often ends in defeat, and if you look at the records of pauperism in this country you will find this: Take places like Leeds, Glasgow—I have not the figures for Birmingham—you will find that half of the outdoor pauperism is due directly to the illness or the breakdown of the breadwinner in the family. Now that is purely an index of the suffering it causes.

"The Yawning Chasm which comes with Unemployment"

Let me give you another fact. In the course of my investigations—I mentioned this in the House of Commons, but I think it is worth repeating—I discovered that most of the wage-earners in this country at one time or another have been members of friendly societies, of trade unions, or of provi-

dent societies of some kind. Why are not they members now? They could not keep it up at sixpence or sevenpence a week, or even fivepence; they could not carry it on. They went for some time accumulating benefit, but they could not carry it across that yawning chasm which comes with unemployment. We have gone out to bridge it for them. If you want to realise for a moment how precarious mere living is in hundreds of thousands of households you have only to think of what happens to that household when the wage-earner is swept away. It is hurled into poverty, destitution, and privation in hundreds and thousands of cases.

The Strengthening of the Walls. . . .

Some of you have travelled in Italy. There on the slopes of the hills you will see comfortable little cottages. They seem secure, planted on a rock. They are there under a blue sky without a frown in it, surrounded by orange and olive groves, swayed by the caressing breezes of a fair land. They seem happy, contented, secure homes. Pass by that neighbourhood in about a year, and look up where the cottages stood, and you will find an ugly gaping rent in the hillside. What has happened? A cloud gathered from the unknown burst over the homesteads, and swept them away into the abyss. The inhabitants are crushed and broken under the ruins of their homes. That is a fair picture of what happens to many a worker's home when the breadwinner is swept away. They are hurled into destitution. I will tell you what we are doing. We propose to strengthen the walls of the cottage against attack. We propose more than that—to divert the flood so that it shall not attack those

walls; and I have not the faintest doubt that when this Bill becomes an Act of Parliament it will avert under the blessing of Providence myriads of ruined homes and broken hearts.

Illness of the Breadwinner

What is the special difficulty we have to meet? Your great citizen Mr. Chamberlain once said that preventable illness was responsible for filling the workhouses. I quite agree. The trouble now is—many a workman has told me—a workman cannot afford to put himself on the sick list? Why? He knows that the moment he feels unfit for work, goes to the doctor, seeks a few days' repose to recruit his strength and to recover his power, there will be none there providing for the household. So the workmen go on, unless there is some provision for them, working in what I think Dr. Bagster Wilson of your city calls, in a very able book which he published, a condition of under-health.

That is thoroughly bad economy. It is thoroughly bad husbandry. Why, if that condition of things applied to horses and cattle the farmers of this country would be insolvent. Take a brewer's horse. How well he is looked after, how well fed, well cared for, well doctored if he does not feel up to the mark! He has got a guardian there specially looking after him. The guardian says, "There is something the matter with this horse to-day; he does not feel well." The shafts of the dray are empty that day. He is kept and doctored until he is right. That is not merely humanity; it is good business. Take a machine. If you neglect a machine a very small defect develops into a big one. It may simply mean that you want to oil the bearings—I hope that is right—to tighten a screw.

But if the machinist says, "I cannot afford to allow this machine to rest for two or three days in order to overhaul it," what happens? That machine has a bad breakdown sooner or later, and it may have to be scrapped. It is good business to overhaul a thing of that kind in time before it develops. How much better is man than a machine? He may be better, but he is not better off, poor fellow.

The Greatest Asset of any Land

I will tell you the trouble—there is no one who has a sense of responsibility to look after him; it is nobody's concern to see that that wonderfully delicate piece of machinery is all right, is fit. A man owns the machine, a man owns the horse; if they break down they are costly to replace. What is wanted in this country, and in many others, is to cultivate in the State a sense of proprietorship over these workers. They are the greatest asset of any land. When you reckon up the national wealth and begin to talk about imports and exports, when you add up our bank balances and the value of our railways, our house property, and our investments, I have never seen a balance-sheet of that kind up to the present that did not omit the greatest asset of all, and that is the men, the women, and the children of the land.

The Soul of the Problem

You have our great Colonial leaders in this country now. We are all delighted to see, to hear, and to welcome them. Go to Canada with an offer in one hand of a million of our able-bodied workmen, in the other hand a hundred millions of our sterling gold.

Do you think they would hesitate for a moment which to accept? It is the men, it is the women they want in order to develop and draw out and increase and improve the wealth and prosperity of their land. After all, work implies skill. We talk about unskilled labour. Let any man who is here accustomed to wield the pen try his hand for a day at the pick. He'll start saying this is unskilled labour; he'll end by being completely disillusioned in half an hour, yea, less. There is the trained suppleness, the discipline of the eye; you accustom the body to it. There is no unskilled business, and all that training covering years, that is wealth, national wealth. And yet we waste it with a recklessness, with an unconcern, with an unintelligence which simply baffles anybody who sits down to consider the problem for five minutes. There is too little heed paid in our industrial organisation to the physical and mental efficiency of the worker. That is the soul of the problem.

The Industry Contributes, not the Employer

The other day I received a communication from the Birmingham Chamber of Commerce. If I may respectfully say it, I have a great respect for the Birmingham Chamber of Commerce. I had a good deal to do with them when I had the honour of presiding over the Board of Trade. They were helpful, they were fair, and therefore I will consider any communication which comes from the Birmingham Chamber of Commerce, and consider it twice, and consider it three times with great care and with great respect. But I will tell you one proposition which they lay down in this communi-

cation by way of protesting against what they call the contribution of the employer. The employer does not contribute; it is the industry that contributes. Take the factory legislation of the last forty or fifty years to improve the conditions of the worker—shortening his hours, giving him better air, more light. I have no doubt there were Chambers of Commerce then who said, "This is a great burden on the employer." They have since discovered that it increased the efficiency of the workman to such an extent that it has benefited both. Take the Employers' Liability Act, for which Mr. Chamberlain was responsible. I was in the House of Commons at the time, and it is one of my proudest recollections that, although I was in opposition to Mr. Chamberlain, as you may have known, I steadily supported that Bill. I gave it the most effective support, because I never said a word when it was passed through the House of Commons. I did not retard its progress by a single minute, and I voted steadily for the Bill throughout the Committee stage. That put an enormous cost on the employer in the first instance, but does anyone imagine that the employer is paying that now? It is all absorbed in the greater efficiency of the worker and in the cost of the business. The Birmingham Chamber of Commerce say, "Your threepence is adding so much to our income tax." It is doing nothing of the kind. It is a fundamental error. They do not put the cost of lubricating their machinery, of repairing their engines against their income tax. If they have a new ventilator under the Factory Act they do not take that out of their income tax. It is one of the errors which it is essential for the continued prosperity and

growth of this country that we should stamp out. All those things contribute to the improvement and effectiveness of the race, and everything that does that is better for employer and employed.

The Best Investment

Yesterday I met a very intelligent agricultural friend of mine, and I said to him, "Would you mind telling me the difference between a horse which is well-cared for and a half-starved horse?" He said he would think about it, and last night he sent a note which is so excellent that I will read it to you. This is the first horse:—"A horse with good wages"—that is, living under the Factory Acts—"is well doctored, well stabled, and then he is always fit for work. He cannot thrive without being well fed. Coat always sleek and fine, full of heart and dash, can stand any amount of work; if young, liable to play pranks." And then he adds a very necessary precaution which is rather significant:—"Being well fed, the horse should be worked and not kept idle." Idleness brings on many troubles; amongst others he mentions sore feet, which is the horse's equivalent for gout. That, I think, does not apply so much to the workers of this country as to those who are well fed without working. What about the half-starved horse? "No energy, cannot stand much work, and weak; liable to break down at any time; liable to any disease; a melancholy creature altogether. Does not pay to keep although only consuming half what he should. A very foolish policy to half feed; better not keep the horse at all." All that is full of wisdom, and all you have to say is, "Do let us treat men as intelligently as we

treat horses." Money which is spent on maintaining the health, the vigour, the efficiency of mind and body in our workers is the best investment in the market.

Doctors and the Bill

What do we do to meet that? The first thing we do in our Bill is to provide adequate medical treatment for every workman in the kingdom. I am dealing here with a very thorny subject, and I am warned that there are gentlemen of the medical profession present. I know there are gentlemen representing friendly societies. I hope they are not on the same side of the hall. There has been a good deal of discussion as to what they ought to be paid. At the present moment I am not going to enter into that. I had two hours' discussion with the medical men themselves the other day. I don't think there has been anything like it since the days when Daniel went into the lions' den. I was on the dissecting table for two hours. But I can assure you they treated me with the same civility as the lions treated my illustrious predecessor. You must remember this discussion about what they ought to be paid is an old one. I did not create it. I cannot say that I care very much for this wrangle in the sick room. It is unpleasant and may very well become unseemly. All the same it has got to be settled. For the moment I am the buffer state. The doctors say to me, "Six shillings is not enough," and they cuff me on one side of the head. The friendly societies say, "How dare you give as much?" and I get a cuff on the other side of the head. Between them I can only receive the blows with that Christian meekness which characterises

politicians. The only comment I would make is this—When one set of people say you are paying too little and another set of people say you are paying too much, it generally means that you are about right.

Friendly Societies and the Bill

However, may I say this to my friends of the friendly societies? A badly paid service is a bad service, and there is no business where an adequate fair remuneration is more essential than in the profession of healing. A man ought to enter your sick room with a sense at any rate that he is fairly treated, and I am confident that that difficulty can be overcome. There are unreasonable men in every profession, except that of the law. That does not command the universal acceptance which I should have expected from my knowledge of that profession and of the unselfish character of those who pursue it. But although there are unreasonable men in every profession and men who, if they could take the whole of the 25 millions raised, would still be unsatisfied, the vast majority of people in every trade, in every occupation, in every walk of life, are animated, I think, by a sense of what is fair, reasonable, and practicable, and I am sure when we come to consider the contracts between the medical men and the societies and the health committees, as the case may be, each upon its merits, each having regard to the conditions of medical practice in that neighbourhood (because that is important), and the difficulties, the obstacles, the hardness of the work, I am certain we shall be able to effect a settlement that will satisfy every reasonable man. As I said, most people are really very

reasonable except when they are excited.

What the Bill Means to the Worker

For the worker the Bill means no medical bills in future. And mind you, that is a very serious business. I was told of a working man the other day who earns something under 20s., and who was ill for some time, and confronted when he got well with a bill for £7—not a penny too much from what I know of the circumstances, reasonable having regard to the services rendered; but I am just thinking of the worker's point of view. There he was with a good many arrears to pay. He had had to live in the meantime; he had had to run up other bills; he was a strictly honest man who would pay them all to the last penny, and it was a very serious outlook for him. In future there is a medical service at his disposal. There will be no anxiety during the time of his illness about how he is to pay the man who is coming there. He will not have to elect—and it is a hard election for an honourable man—between starving his family and not paying the man who has rendered him honourable service. In future provision will be made under this Bill for doctoring for every worker, man and woman, throughout the whole of this land.

Consumption

What else? One of the most terrible diseases in this land is consumption. Read its records. You cannot do so without a shudder. Seventy or eighty thousand lives each year are carried away by it. It kills as many people as all the zymotic diseases put together. Worst of all, it kills people in the period of life when they are

attaining the height of efficiency, between 15 and 40. Out of the deaths between those ages in this land one out of three is due to this dread pestilence—one-third—that hideous cavity corroded into the most hopeful, vigorous, valuable part of human life in Britain. It is the greatest burden of any disease. There is no disease that costs nearly as much to the friendly societies. It means, I believe, 58 weeks' sickness, long lingering agony now, without a gleam of hope on the horizon. It is a burden on the rates; it is a burden on the State, and wastes its resources. In London alone it is reckoned that four millions of wages are lost every year through consumption.

A New Prospect for the Worker

As a rule it is the worker who is attacked. As one man said, "It rarely attacks the man who pays income tax." I do not suggest that as a remedy. But you have industries in Birmingham and in the surrounding district which are peculiarly liable to it. Your brass working, some of your iron working. Go to Sheffield—your cutlery, file-making. These trades are peculiarly liable. Now a man clings to his work as long as he can, because he knows if he gives it up there will be no one to provide for his family, so he sticks as long as he can stand it to his work, and then he lingers on through dreary months, charged with pain to himself and peril for his household. What do we do in the Bill? We open a new prospect for that worker. We plant all over Britain cities of refuge to which he can flee from this avenger. We are setting a million and a half aside for the purpose of building sanatoria throughout

the country. There will be a million for maintaining them. The worker will be able to command medical attendance; he will discover the disease in time; he will be taken to these institutions; in a few months the bulk of the cases that are taken in time are cured. He will be restored to his health, restored to his workshop, a fit, capable citizen, instead of being a wreck. That is one thing that we are doing.

The Maternity Allowance

What next? We have a provision for maternity, an allowance of 30s., which I think is one of the most valuable provisions in the Bill, and we are going to see that the money is spent for the purpose for which it is designed, in spite of one or two protests we have had from friendly societies. The money is meant for the mother, to help her in discharging the sacred function of motherhood by proper treatment, fair play, so as to put an end to the disgraceful infantile mortality of this country.

The Allowance during Sickness

What else do we provide? It is no use sending men to sanatoria, it is no use even giving them free doctoring, unless you relieve them from anxiety about their households. So we are making provision for the maintenance of the family during the time a man is under the doctor's hands. When he is fighting his struggle with the angel of death, we look after his children for him. Let him have both hands free to fight with the help of a doctor, and we will pull through in thousands of cases. The allowance we are making is not a sumptuous one

to begin with, but it will grow. It will grow without a single addition or charge upon employer or employed. One of the advantages of our scheme is that it will expand, it will fructify, it will bear more fruit. This is the beginning, and the beginning of a good deal more before we have done. We are not done with fighting poverty and misery in this land yet. There is provision for 10s. a week for the first thirteen weeks, and it is also provided in the Bill that if they like to make provision for twenty-six weeks they can do so.*

An Allowance for the Infirm

What happens to a man if he does not recover at the end of twenty-six weeks? Supposing he has broken down altogether, what happens to him? Then we provide 5s. for him until he recovers, although he be ill for years and years, until he reaches the pension age. Ten shillings a week sick pay is not a sumptuous allowance, but it will enable a workman and his family ever after to pass the workhouse door with their heads erect. Five shillings a week if permanently incapacitated—no, I never said you could keep a family on that, but every man who has lived in workmen's homes—and I have done it—knows what it means to have a steady dependable allowance, even though a small one. The other members of the family will gradually adapt themselves to the circumstances. They will be able to pick a few shillings here and a few shillings there, and there will be always the solid foundation of 5s. a week to build upon.

* The Act as passed provides for the payment of 10s. a week to men and 7s. 6d. a week to women for the first twenty-six weeks.

Unemployment Allowance

What else do we do? One of the greatest difficulties with friendly societies and trade unions now is that men cannot keep up their payments during times of unemployment. What do we do? We allow a man a large margin of unemployment without charging arrears at all. He can get three weeks' unemployment in every year—and most of us get more than that—without his being forced to pay arrears at the end of it, and if he likes to go on until bad times come, and just put his three weeks in the bank and not spend it every year, he can, say once every four years, when trade is very bad, get twelve weeks without paying anything if he is not earning wages, and at the end of the time we do not compel him to pay up arrears. Now that is quite a new thing in the history of provident dispensation in this country. We are providing a margin of two millions when all these benefits are exhausted for additional benefits. That means you can, after your thirteen weeks at 10s., or twenty-six weeks if you like, provide something for convalescence. If you want to send a workman after he has begun to recover for a week to the seaside just to pick up, you can do so. That is done in some cases in Germany.

Similar rates of payment for all

Then we come to a provision of the scheme that is not thoroughly understood, and unless I am wearying you I will refer to this very important point. There are six million working people in the country who are already members of friendly societies and trade unions and bodies of that kind. There are seven or eight millions who are

not. You know that if you join friendly societies at 16 or 20 you pay very much less than if you join at 40 or 50. I think if you join at 45 you pay twice as much as you would if you joined at 20. Why? The risks are greater as you get on in life, so they have to charge you more; but if you start at 20 you have only to pay the same rate through life, because you are paying something up the whole time for the evil days that come to us all. Now, what am I doing here? I am going to start everybody as if he were 16 years of age. For this purpose I am going to make everybody young—to renew their youth financially. I start everybody with this scheme at the rate which he would have to pay if he were a young man. That costs money. It means a great deficiency. The man of 45 and of 50 will be a loss. So I have to make provision for wiping out that loss, and that is where the money of the State comes in. The State comes and puts its strong shoulder under that burden and carries it. It will have to carry it for 16½ years, and then it vanishes like the mist on our hills when the sun comes. It all goes; not a penny of that burden is left in the sixteen years and a half.

A future Benefit

What happens then? We shall then release six millions and a quarter a year for the purpose of increasing the benefits to everybody. There are advantages in this scheme for the old. The State sees them limping along with their burden, getting more and more tired and weary as they go along, and the State says, "Let me help you." There are advantages for the young man. He will go on paying, paying,

paying; if he is ill he will get his doctor and his 10s. a week and his sanatorium if he is attacked by consumption; but in sixteen and a half years' time he will come in for an additional harvest. That is his advantage. Young and old come into this scheme. We have got benefits for all, and we have lifted a weight of misery and of wretchedness which was crushing millions of people in this land.

Friendly Societies' Benefits

"Oh, but," says my friend in the corner there, "what about the man who has already been paying since he was twenty years of age? Are you only to give the same thing to him?" Well, I have a very good Scriptural warrant for that—the man who came in at the eleventh hour. He got the same sickness pay at the eleventh hour. People have asked me, "How is it you can't do it for 66 and 67?" Well, even the parable did not give it to the man who came in at half-past eleven. What am I doing for the friendly society man who is already in? Let me tell my friendly society supporters—I think I can call them that—I do not think they fully realise what has been done for them. There are some of them under the impression that they are going to pay the 4d. in addition to the present contributions. That is not the case. You start under this scheme by paying less than you are paying now. I hope you do not mind, because if you do I am quite prepared to let you go on paying exactly the same and get larger benefits. But more than that, if you have been in a friendly society for 25 years—and the same thing applies, of course, on a smaller scale if you have been for 15 or 20 or even 10 years—you have

always got credit to your account. What happens to that? I release that credit, because I take over the whole burden on the State scheme. What happens to the money? Go to your friendly society and say, "We want additional benefits," and you can get them.

State Benefits

Let me show you. Are there many members of friendly societies here? You are just the gentlemen I want to talk to. Suppose you joined at 20, and you are now 45. The same thing applies if you joined at 16 and you are now 41. You should pay 2s. 2d. a month or 6½d. a week. What do you get for that? You get a doctor and you get 10s. for six months. For the moment you will find that it does not very much matter. I am putting the case at its highest. If you say three months so much the better, but I will take it at six. You get 5s. for the remainder; your next-of-kin will get £10 on your death; you get £5 on the death of your wife. I have taken one of the friendly societies; it may be that in your particular society the benefits are adjusted in a different way, but it all comes to the same thing. Now, you are 45. What will happen to you under the State scheme? You will pay in future not 2s. 2d. a month, but 1s. 4d.—4d. a week. You will pay therefore 10d. a month less than you are paying now. What will you get for it? You will get your death benefits. I am not insuring death, but in order to keep your death benefits in your society you need not pay in future. If you have been in your society for 25 years and have accumulated resources you need not pay more than the 4d. which I am

asking. You will get not 10s. a week, you will get more; that is to say, if your society is completely solvent. Everything depends upon that. If it is not, that is a different matter. But you will get 13s. a week for 26 weeks, and afterwards you will get not 5s. but 6s. 6d. a week. If your society is not absolutely solvent and if its funds are not altogether available you will reduce that amount by perhaps 1s. a week, but you will get more. You will be paying less by 10d. a month, and you will get more than you are getting now. That is the condition you will be in under this scheme.

The State's and Friendly Societies' schemes compared

Is there anybody here insured for 12s. a week? Well, I have something to say to you. You are paying roughly about 2s. 4d. or 2s. 4½d. a month. Well, if you have been paying for about 25 years, what do you pay in future? You will pay your 4d. a week, 1s. 4d. a month; 1s. less a month, but you will get bigger benefits. You ought to get instead of 12s. a week 14s. a week; instead of 6s. for your second period you will get 7s. You will be paying less per month by 1s., and you will be getting larger benefits in future. That is your condition. I worked it up to 15s.; is there anybody insured for 15s.? Well, I have a word to say to you. You are paying now per month 2s. 9d. In future—mind you, on the assumption that you have been in your society for 25 years paying regularly—you will pay 1s. 4d. a month. You will be paying 1s. 5d. a month less. What will you get? You will get 16s. a week, and instead of 7s. 6d. you ought to get 8s. a week, and you will get, of course,

your death benefits if you have accumulated enough reserve, but you need not pay for those, and all you will be paying is 1s. 4d. instead of 2s. 9d.

The minimum State Benefit

Again I warn you, it is all on the assumption that the societies are perfectly solvent, and the funds available, and I can well understand friendly societies saying, "We will be a little cautious at first, we will give a little less." But nothing will prevent your getting for 1s. 4d. a month—the 4d. which I am charging—equal benefits and even greater benefits if you have been in your society a regular contributor for 25 years.

"We are realising credit which you have created."

What happens to the man who has been 20 years, 15 years, ten years in membership? He will also get something, less of course, because his reserve is less, but what I want to point out to you is this—we are realising credit which you have created through your thrift or industry or foresight; we are giving you the full benefit of it, and we are adding something on the top of it.

Local Health Committees

I just want to say this one word. I am glad we are able to do something for those who are sick, for those who are out of work. I regret that I cannot to-day explain that portion, because time will not permit, but the one thing in the scheme which I lay greater stress upon is that we have got provision to prevent disease. We are setting up Local Health Committees, and do not you allow anybody to cajole

or bully or misrepresent you in regard to this. They are the most fertile and hopeful provisions in the Bill. There you have got them as a great agency for prevention. They do not take away the function of any council, municipal, county, or district, but they are there to see that those councils are doing their duty. They will organise instruction on the principles of health—a most important thing.

Instruction in Health Principles

It is amazing the amount of ignorance that exists about the simplest rules of health. Why? You cannot persuade people that it is life for them to have an open window, that air is meant to breathe and not to keep out, that you want a constant renewal of its freshness. There will be instruction on the principles of health and of diet, the dangers of excessive drinking—all these things will come in. But we shall also entrust to these committees the function of seeing that the laws of this land with regard to health are enforced.

A Lesson in Self-Government

There is nothing more marked in this country, in most countries, than the contrast between the relentlessness and the rigour with which the laws of property are enforced and the slackness and sluggishness with which the laws affecting the health of the people are administered. These health committees, these societies will be administered by the men themselves. It will be a great lesson in self-government. It will be the first time the workers of this country have been really federated for the purpose of administering affairs which are essential to their very happiness and comfort. And the Local

Health Committees will also have representatives.

The Reek of Insanitary Property

The protection of property in this country is the most perfect machine ever devised by the human brain. The guardians of property patrol every street, and if the transgressor eludes their vigilance he is pursued to the ends of the earth. Continents cannot hide him, the waves of the ocean cannot cover his tracks. They would have caught even Peter the Painter had not he been protected by the certificate of character given to him by Mr. Justice Grantham. But compare that with the way in which the Public Health Acts, the Housing Acts are administered in this country. We have had Public Health Acts in this country for years and years, long before I was born, and that is getting a long time ago. We have Housing Acts on the Statute Book. And yet there is no city or town, hardly a village, without the reek of insanitary property.

The First Thing We Ought to Do

I want to see the law protecting property—yes, but I also want to see it protecting the worker's home. I would treat the man who receives rents or ground rents from insanitary dwellings which kill little children—I would treat him as I would the receiver of stolen property. They won't have very much to say in future. Look at the minuteness with which the most insignificant property is protected. Take the game of the land. Why should not life, health, be protected with the same ruthlessness, with the same remorselessness, with the same care? That ought to be our concern if we are going to make this land greater

than it is. If we are going to make it worthy of the splendid Empire of which it is the centre, if we are going to make it worthy of the position in the story of humanity which it ought to achieve, the first thing we ought to do is to cleanse Britain of the foul habitations which spread corruption, disease, and death in our great cities.

Not a Final Solution

I never said this Bill was a final solution. I am not putting it forward as a complete remedy. It is one of a series. We are advancing on the road, but it is an essential part of the journey. I have been now some years in politics, and I have had, I think, as large a share of contention and strife and warfare as any man in British politics to-day. I remember this beautiful building wrecked. This year, this session, I have joined the Red Cross. I am in the ambulance corps. I am engaged to drive a waggon through the twistings and turnings and ruts of the Parliamentary road. There are men who tell me I have overloaded the waggon. I have taken three years to pack it carefully. I cannot spare a single parcel, for the suffering is very great. There are those who say my waggon is half-empty. I say it is as much as I can carry now. There are some who say I am in a great hurry. I am rather in a hurry, for I can hear the moanings of the wounded, and I want to carry relief to them in the alleys, the homes

where they lie stricken. And I ask you, and through you I ask the millions of good-hearted men and women who constitute the majority of the people of this land, I ask you to help me to set aside hindrances, to overcome obstacles, to avoid the pitfalls that beset my difficult path.

Answers to Questions.

Life Insurance Agents

Replying to a number of questions, Mr. Lloyd George said that they were not interfering with the business of life insurance agents. There was no provision for death in the measure at all. Some people had criticised them for that, but they had given an understanding that they would not do it, and they redeemed their pledge. He wished to point out that there was nothing to prevent any society that was dealing in death benefits organising a sickness section if they liked, so that as a matter of fact agents for societies in this country would find that they would be in a much better condition than before the Act.

Dividing Societies

With regard to dividing societies, the Chancellor said that if they chose to organise a section of their society under the Bill they had the same right to come in as any other society. What they could not allow was that any part of the provision which was made by the State under the fourpenny, threepenny, and twopenny payments should be divided at Christmas.

II.—THE INSURANCE BENEFITS AND HOW THEY WILL OPERATE.

(From a Speech delivered by the RIGHT HON. D. LLOYD GEORGE in *Whitefield's Tabernacle*, on Saturday, October 14th, 1911.)

The Three Causes of Poverty

I plead for fair treatment for a measure which, in my judgment, will do more to hinder or assuage human misery than any Bill carried by the Legislature since the abolition of the Corn Laws. The three principal causes of poverty and destitution in the homes of the industrial population of the country are ill-health, unemployment, and drink. What does this Bill propose to do for the first two, nay, even for the third? It makes provision for fifteen millions of men and women engaged in industrial occupations in this country—a provision that will save multitudes from falling into ill-health, that will diminish the pain and perils of sickness for many more, and that will remove to a very large extent the destitution, the penury, and the privation which follow on the heels of sickness in the homes of the people. In addition to that, it makes a provision against the distress which follows unemployment in two millions and a half of the homes of this country.

The Bill as a Check upon Alcoholism

Now I will assume at the present moment the entire burden of sickness amongst the industrial population falls upon the shoulders of labour. In future more than half of that burden will be shouldered by others. Incidentally, it combats the evils of drink, for there is the provision in the Bill whereby the organisations which have the control of the health provisions of

the measure shall have, as one of their duties, to instruct the people on the evil effects of alcoholism upon the health and upon the constitution.

The Opposition to the Bill

I have only just summarised at the beginning the character of the measure which I have come to say a few words about and to explain further. The Bill at first was received by all sections of the Press and by all parties with enthusiastic acclaim. Even now all parties do what they call "accept the principle of the Bill." I will tell you by and by what they mean. Gradually the clamour of interests was heard. You cannot embark on any reform which is worth undertaking but you come across vested interests somewhere, and there is only one way for a reformer, and that is to fight his way pertinaciously through them. That is the job I have in hand to-day, and will probably be engaged in, not only with this Bill but in other Bills, to the end of my days. And I am here to ask your help. The Bill has been assailed by more misrepresentation than any measure of modern times, and that is saying a good deal, for perhaps you will recollect I put a Budget through.

The "Accepted Principle"—

Whenever I attempt to explain and write a letter or make a speech to point out the advantages of the Bill, they

say, "That is not the point, because we accept the principle. You should dwell on its shortcomings." The principle of the Bill is universally accepted, and I now know what is meant by that. It means that whenever you accept the principle of a Bill you have no right to refer to its benefits, and you must confine yourself in any allusion you make to it strictly and rigidly to its shortcomings. That is a grotesque method of considering a Bill. There is one rather fatuous journal which went so far as to declare that to refer to the advantages of the Bill was immoral advocacy; so that, if you want to maintain the reputation of being virtuous citizens, if anybody asks you a question about the Bill—what benefits a workman gets under it—you must say, "That is an improper question, and no respectable father of a family can answer it, but since you have asked me a question about the Insurance Bill I will give you a list of the faults which have been discovered in its drafting."

— And its Effect

The effect of that on some minds is this—if by some process I am going to get 4*d.* a week from workmen, 3*d.* a week from employers, 2*d.* a week from the taxpayer—fifteen millions—nobody would get anything. Fifteen millions a year collected, and nobody shall get anything. That is the sort of impression made on my mind by criticisms I have been reading in the public Press.

The Unprovided Workman

Now I am going to tell you exactly what the workman gets and also what he contributes. I will take two

classes of workmen—one the workman who is not a member of a friendly society, and another who is a member of a friendly society, and I will tell you what happens to both. I will start with the man who is not a member of a friendly society. How many men and women are there in this country who have by joining friendly societies made provision for the dark days of sickness? According to Mr. Watson—and he is about the greatest authority in the country—there are not more than four and a half millions. There are fifteen millions—about—of working men and working women, so you have only got provision for sickness made in so far as one-third of these are concerned. I know you have building societies and co-operative societies and savings banks, but very often you will find that the best customers of these are the men who have been paying regularly into friendly societies, and they are trade unionists.

Reasons at the Basis of the Bill

Why are there so many unprovided for? I will give you three reasons which it is important that every man and woman should go into, because they are at the basis of the Insurance Bill.

(1.) Lack of Foresight to Insure During Youth

One is that when a man is young and vigorous, and is earning not merely enough money for his daily needs but has something to spare every week, it is difficult for him to realise that the time will come when not merely his weekly wage will be barely adequate, but when it will be insufficient to provide for the days when he

is sick and unemployed. I have got a diagram showing what the average of sickness is at different ages, and I can tell you it is very interesting. What is very remarkable about it is that in the first ten or fifteen years the average sickness is just about the same. I dare say that there are many of you in this meeting who have gone on to thirty or forty years of age without ever consulting a doctor—and that is the experience of a good many people.

(2.) Higher Rates When Aged

Then suddenly you find how ill-health leaps up. Well, now, it is difficult to persuade men in those days of low averages of sickness that the days of the high average are coming, and that every reasonable man, every thoughtful man, will make some preparation for them. You cannot persuade human nature to look a year ahead without some difficulty, but to ask them to look ten, twenty, thirty, and forty years—why, I say, it is one of the greatest triumphs of organisation that the friendly societies and the trade unions between them have persuaded five millions of people in this country to look ahead so far. Well, when they begin to realise the mistake they made in not joining young it is too late, because the friendly society rates by that time have gone up. You join young, your rate is low. Join late, your rate is high. You are so much nearer the rainy season. It is too late then, and the man who is earning a weekly wage and has to provide for a wife and growing family cannot afford to pay a higher rate for joining a friendly society than the other workman who joined when he was ten or seventeen.

(3.) Difficulty of Keeping up Contributions

Now what is the third reason?—and that is the greatest reason of all. The difficulty of keeping it up. Unemployment comes. He has got to pay regularly to his friendly society; and I want you to bear that in mind. He has got to pay regularly to his friendly society. He cannot. He tries to keep that up. He breaks down. He is out of work for a month, two, three, and at the end of it he has other arrears to think of. He has run up a bill at the grocer's; he has run up a bill for the necessaries of life for himself and his children; there is rent owing. He has got arrears to meet. He has got to liquidate those first before he pays up the arrears of his friendly society. There are millions of people in this country who have been in friendly societies and have broken down.

Insecurity of Certain Friendly Societies

Sometimes—too often—drink is responsible. What is the other reason? Men have joined friendly societies which have become bankrupt. Look at the reports of the Registrar of Friendly Societies in this kingdom year by year, and you find societies have been wound up during the year. Here is a list; 1909 is the last return; 155 societies dissolved. Look at the assets. They have practically nothing. They have come to the end of their tether. In a single valuation—quinquennial valuation—155 societies had to be wound up. Hundreds and thousands of members have paid all their lives. There is an old friend of a friend of mine who is present on this platform. He had a friend who had been paying all his life in a friendly society and just when old age was overcoming him and he could not go on working and was looking

forward to getting a few shillings a week from his friendly society he received notice that it was wound up. He had to go to the workhouse.

10,000,000 Workers Unprovided For

Don't mistake what I am saying. There are friendly societies in this country that I have no hesitation or doubt about are strong and powerful, that can meet all their liabilities, and are taking steps now to strengthen their position. I am only wanting to give you a reason why there are so many people in this country who are unprovided for by friendly societies. For one reason and another there are ten millions of working men and working women unprovided for.

The Case of the Man Who is Unprovided For

Let us follow the career of that man who is unprovided for. Take any wage you like. I think the average wage in this country is about 24s., and that is the highest average in Europe—and much too low at that. What happens to that man? He has no friendly society. He is a married man with a family. Let us follow him. He feels out of sorts. He is ill. He does not care to consult a doctor, because if he consults a doctor he will have to pay the doctor, he will have to pay for the medicine which he prescribes, and perhaps half a day's wage goes in those two operations. He generally buys something at the chemist's. He goes on and gets worse. Why? He cannot afford to leave off. He has got a wife and family to think of, and he hangs on and hangs on as long as he can—

“For men must work
And women must weep,
And there's little to earn
And many to keep.”

The Disaster of Illness

The result is that the illness which might have been cured in a few days becomes a serious one. What happens to him then? He does not go to the parish doctor. He very often in some districts cannot do it without entering the institution, and a workman, to his honour be it said, does not like to wear the pauper's garb. And so another doctor is called in. A bill is run up. What about food? The last few shillings of the household are spent upon food for the necessaries of life. Then the credit of the household is exhausted. If a man has been paying regularly to his tradesman no decent tradesman ever cuts him off because he is ill. But still there is a limit. And, after all, tradesmen have lost a good deal of money by that operation.

The “Poor Man's Banker” Steps In

What is the next step? It is the step too familiar in many of our great cities. Articles are pledged with what is called the “poor man's banker”; the wife has to dispose of articles, either of adornment or of furniture; one after the other they are disposed of just in order to rescue the little household from the grip of hunger and to help her mate to fight the grim enemy. There are two things that may happen—two alternatives. If the battle is lost the wife faces the world with nothing but heavy debts and a sore heart. If the man pulls through he has arrears of rent, he has arrears of tradesmen's bills, he has a heavy doctor's bill, and I shall give you some illustrations of that before I am done. And he generally returns to work too soon. There are hundreds of thousands of people in this country who never through life overtake the debt

incurred during illness. They just drag along through the swamp, with heavy feet, unable to get back to the firm high road—right to the end.

Consumption

As a matter of fact, ill-health is accountable for a gigantic mass of penury, misery, and pauperism in this country. Look at the pauper returns. Ill-health has been first among the causes of pauperism in the land. Let us take another contingency of a man with no provision. He has a bad cough; it troubles him night and day. He is wasting; his strength is waning; he clings on to his work because he cannot afford to fight for his life. At last he has to go to a doctor. The doctor examines him and finds that he has been attacked by one of the most terrible diseases in the world—a disease which carries away 70,000 people every year in this country, and a disease which always attacks people in the vigour and strength of their energies. Consumption kills the young, the vigorous, the people who ought to have the hope of life in front of them. Most of these casualties are between 15 and 40.

A Disease of which the Poor Man Can not be Cured

What has the doctor to say to him? This is the first thing I want to get in your minds. The moment of his examination the doctor knows what is the matter with him, but he cannot recommend the one treatment that will save his life. Why? Because he knows the poor fellow cannot afford it. It is no use telling a workman that he must go for three or four months to a sanatorium. How is he to get there? There are very few of them in this

country; for all classes there are only a few thousand beds. Therefore the doctor knows that whatever he does within the limit of the man's power, his patient is doomed, and all he can do is to prescribe some medicine to him, which will just for a short time, perhaps, arrest the evil, but the end is inevitable.

The Case of the Man in Chronic Ill-Health

Let us take another case—a man who breaks down prematurely altogether. There are many in this country and in every country—the man who gets into a state of chronic ill-health and cannot get on with his work. Unless he has some provision made for him there is nothing for him but the workhouse or the charity of the parish.

The Case of the Woman in Childbirth

Those are three cases. And there is the case of childbirth, where in so many hundreds of thousands of cases women in this country cannot receive proper nursing, nourishment, and care in the discharge of this sacred function of motherhood. What ought to be done—not merely for her sake, for the sake of the child, for the sake of the father, for the sake of this land which depends upon these poor little children? Give the little one a fair start in the obstacle race which he has got to run through life, hard enough, difficult enough, full of pitfalls—give the little chap a good start at any rate.

The Bill provides Free Medical Attendance

I have just presented to you in rough outline the sort of contingencies a man may have to face who is utterly unprovided for. And there are ten

millions of them in this country. What happens to him under the Bill? The first thing that happens to him under the Bill is that he can command free medical attendance. If he is ill or feels there is something the matter with him, he need not wait until he becomes seriously ill because he cannot afford to pay the two shillings or half-a-crown, or whatever may happen to be the charge in that particular district. He has his society doctor to go to.

Freedom in Choice of Doctor

Another thing established under this Bill is this—he can have a doctor of his own choice. He is not obliged to go to Dr. A because there happens to be a majority in the club who prefer A to B. He puts his confidence in B, who has pulled him through before, or he has pulled through somebody he liked better than himself, or he says, "This is a man I trust in." And faith is nine points of all healings—spiritual, mental, physical. So we say to him, "Go to the doctor you believe in." The very sight of some doctors makes you ill, and if you have been harried as much by them as I have been you would find it very difficult for any doctor to pull you through. On the other hand, at the mere sight of some men—well, you feel better the moment they come into the room. That is the doctor for you, and under the Insurance Bill you can get him. Yes, but what a fine thing it is to get the doctor you want and get somebody else to pay for him. That is the Government Insurance Bill.

Prevention better than Cure

That is the first thing that happens. He can go to the doctor he pleases, and every doctor who chooses can go on to the panel. So there is not merely free choice for patient, but for the doctor

as well. So we are going to make this really a free country. Very well; he goes to the doctor, and the doctor examines him. He probably may find that the man has come to him just in time, because there will not now be the same reluctance to go to the doctor in time, seeing you can send the bill elsewhere. The doctor may give something that just staves off a serious illness. That is why the Bill will avert illness in hundreds and thousands of cases that might have developed into something grave, and, after all, it is far better to avert it than to cure it.

Sickness Benefits

Supposing he fails to cure it the first time. He says: "You had better go home, and go to bed." "But," says the workman, "there will be the big bill you will run up against me." "Not a penny," the doctor will say. "But what happens to my wife and family?" "You will get," the doctor replies, "during the whole time you are ill—you will get 10s. a week for thirteen weeks from the first day onwards." "But supposing it lasts longer?" "If it lasts the rest of your natural life you will get what the old-age pensioners get for the rest of your days."

The Rent Paid, at any Rate

Supposing you break down at 35 or 40, and become a helpless invalid, you will get your old-age pension to the end of your days and free medical attendance. Not much, you may say. It is better than nothing, and that is all he had before. Five shillings a week for a man for the rest of his days. What is that? Well, I will tell you what that does. When the woman turns to be the bread-winner and the children are beginning to help, the five

shillings a week pays the rent at any rate. And what she earns and the children earn may go for sustenance. It is something to get the rent out of the way.

10/- a Week only a Beginning

More than that, the ten shillings a week is to be a beginning. We have got a balance of two millions in hand, and a well-managed society can bring that up to 12s. 6d. a week. What does that mean? I do not say it does everything, but it helps during a time of stress and strain, and at any rate when a man gets well, instead of having to face arrears of rent—because that could be paid at any rate out of the ten shillings a week—he has then got less to pay than he had before, and he has had the best doctor for him on the panel to cure him.

A Case from Blackburn

A man wrote me the other day from Blackburn; the statement was verified by a lawyer, who gave his name. And this is what he said about a Blackburn man in a cotton mill there. He was a man earning 21s. to 22s. a week. He had a most protracted family illness—himself, his wife—and he had two boys of 26 and 24 years of age who seem to have broken down in health altogether, and to have been unemployed for some years. They had had five doctors, one after the other, in the house. The total bills came to £87 16s. for a man who was earning 21s. to 22s. a week. He was paying by weekly or fortnightly instalments, and here is the statement which the old man himself sent me:—“I owe nothing,” he said, “only £3 12s., and my doctor’s bills, £87 16s., and have paid regularly. I

have had to stay off work two weeks being ill and not having help.” One doctor had put him in the county court. The debt and costs were £6 17s. The doctor did not press very hard when he got into court—that ought to be said for him. There was an order for the old man to pay 2s. a month—6d. a week for one doctor’s bill. Why, for 4d. a week he could have had a doctor free, 10s. a week during his illness, 5s. a week if the illness lasted three months, and he would have had more than that. The two boys would also have had free doctors, and each of them 10s. a week, so that during the time they were ill the house would have received £1 10s. a week and a free doctor. That is what would have happened under the Bill.

The Example of Germany

I will show you another effect of this Bill. I hope I am not wearying you, because I want you to follow the Bill and judge it by what it is, and not by what is said about it. I ought to say this. I am prepared to stand by any statement which I make, and I ask you afterwards to view the Bill itself as amended in the House of Commons, and find out whether any statement which I make is not strictly accurate—find it out for yourselves. Here is another effect of the Insurance Bill. There are men in this country—and there are a good many of them—who have saved a little money, and put it in savings banks, building societies, and other institutions. They are saving up for the time when they cannot work and earn money. But they don’t want that money to be dissipated by the small hindrances that happen to a man before he begins finally to break up. Well, now, let me show you what has

happened in Germany from the effect of insurance. There was a document published the other day, a very able report from one of the ablest Consuls of the British Empire, Sir Francis Oppenheimer, British Consul at Frankfurt. That document has been partially quoted in the papers. They quoted one passage that they thought would damage the Insurance Bill, a passage which states that the employers in Germany were growling. That is the only quotation they gave. They do not say what they might have found if they had only gone on a few lines—that the employers and the workmen in Germany pay more than twice as much as we call upon them to pay under the Insurance Bill here. What more does this document say? And this is most important. It points out that the effect of the insurance scheme in Germany is that it has put an end to the withdrawal of money from the savings bank, because people are able to tide over their illnesses with the allowance of five, six, seven, eight, and ten shillings which they get from the insurance fund, and the free doctoring.

The Effects of the Sickness Benefits

Consider what the effect of that is. Men put money by for a rainy day, but many a sum of money put by for a rainy day has been dissipated by summer showers before the winter season draws nigh. And the one effect of insurance in those cases is that a man is able to keep his little money in the bank and not withdraw it until the real time of heavy trouble comes. He goes to his insurance fund, gets his ten shillings a week, goes to the doctor and gets that paid out of the insurance, and it is quite unnecessary for him to

send his wife to the bank to withdraw his little savings from that quarter.

The Case of the Consumptive under the Bill

Let me tell you what happens to the consumptive worker—and there are in this country at the present moment between two and three hundred thousand people suffering from this fell disease. A man goes to the doctor; he is examined. The doctor discovers at once that he is attacked by tuberculosis, and he says to him: "You must knock off work at once. You must go to a sanatorium." The workman says to him: "You are mocking me. How can I go to a sanatorium? I cannot pay." He cannot pay to go to a great building in the country where he gets the best nursing, the best doctoring, the best food for his case, open air, lives practically in a sort of consumptive hotel, a first-class hotel, for three or four months. So the poor man who is earning 20s. or 24s. a week is told: "You have to go for four months to a first-class hotel." He will say: "You are mocking me. How can I go?" And the doctor will say: "Haven't you heard? The Government are finding a million and a half by the Insurance Bill to build sanatoria throughout the country. They are raising a million of money more out of the Insurance Fund to keep it up. They have also a provision in that Bill, by which, if that is not enough, they will find half of the balance." And then the workman will say: "What happens to my wife and children?" There again the doctor will say—very reluctantly I have no doubt—"In that Insurance Bill of that inhuman monster the Chancellor of the Exchequer, you will find a provision of ten shillings a week to keep the wife and family from

starvation during the time you are getting cured."

Sanatoria for Children as well as Adult

At the end of three or four months he comes back cured. In the early cases the vast majority of people who are sent to these institutions come back cured. More than that. He is trained to fight the evil for the future. He comes back a trained soldier to repel the deadly tubercle that invades his home. He knows now how to keep his little children free from it, the wife and the family; he knows how to fight it and drive it out. That is what this Insurance Bill does. But it does more than that. We have got an amendment in now—and I am glad the House of Commons is prepared to support the Government, for they have the command of the finance—by which not merely can a man himself go to these sanatoria, but his wife and his children. And there you are. A little chap who under the old system would have languished away amid the torturing anxiety of his parents, a source of peril and infection to all those who love him best—what happens to him now? In three months he comes back a plump, chubby, rosy-cheeked little fellow, leaping with life and energy and joy among his comrades; and he has to thank the Insurance Bill for that. I ask you here, frankly, have you read in any of the newspapers which criticise the Bill anything that would give you any notion that this is what it would do?

The Maternity Benefit

Let us go further. I have already pointed out to you that if a man breaks down permanently he gets 5s., which is an old-age pension, for the rest of his days. But not only that. I re-

ferred to the case of maternity and child-birth. A million children are born every year in this country under conditions which do not conduce to the welfare of these little children, which are disastrous for the future of the race, and which are cruelty inflicted on the mother. What happens? Every wife of an insured person at child-birth gets 30s. from the Insurance Fund to provide nursing, nourishment, care, somebody to look after her household. It will make a gigantic difference, not merely to the poor woman, but to the child as well. Working women who are insured persons themselves—and there are many of them—and who are the wives of insured persons, will not merely get the 30s. of the husband, but the 30s. that comes from their own insurance. So that they will get £3. Why? Because you want to offer every inducement to them not to go too soon back to their work.

A Contributory Scheme

How is all this to be paid for? You cannot do it for nothing. We have said from the start that we proposed that the scheme should be a contributory scheme, that all classes should contribute to it, as all classes will benefit by it, because it is not merely the workmen who will benefit by it. The community will benefit by it. Industries will benefit by it. The workman is a more efficient man when his vitality is not depressed by anxiety and worry, and when he is not in a condition of chronic under-health, a very good phrase for hundreds of thousands of persons at the present moment. It will cost 9d. per week per person. The benefits for a woman are less. She gets 7s. 6d. per week instead of 10s., but gets 5s. during the whole of the time after that, and other benefits in

the same way. The workman pays 4*d.* Fourpence the workman pays, the employer pays 3*d.*, the State pays 2*d.* Thus for 4*d.* a week the workman gets 9*d.*

Finance of the Scheme

I see that a pamphlet has been circulated which seeks to prove that they are not getting 9*d.* for 4*d.*—that they are only getting 8½*d.* Well, really, I would rather trust an actuary than a writer who seems to be ashamed of his own name, since he writes anonymously. But at any rate if anybody comes to me and offers me 8½*d.* a week for 4*d.* I will take it, and give him the halfpenny as discount. I should consider that I had made a very good bargain. But it is 9*d.*—as a matter of fact it is more, because the whole expense of the State provision will be paid by the State itself. I want you to get this into your minds—no State officials under this Act will receive a penny out of that 9*d.* All that will be “added unto you.” It is a little better than that. We have made provision for those who are earning small wages. We see they cannot pay 4*d.*, and we say that those who are earning between 15*s.* and 12*s.*—and there are a good many agricultural labourers in this country to-day who are—will have to pay not 4*d.* but 3*d.*; from 12*s.* down to 9*s.* not 4*d.* but 2*d.*; those earning 9*s.* and under will only pay 1*d.* I think, on the whole, after great consideration, although there is a good deal to be said for the principle of everybody contributing, still those who are only earning 9*s.* a week can ill spare even a penny, and I think you will find, the State will undertake the whole of it. What does that mean? Those under 9*s.* are mostly women.

Those under 12*s.* are mainly women, though there are a good many men, and there are a good many men amongst those between 12*s.* and 15*s.* I have already told you that there is not a penny for State officials in this work. It provides all those benefits, and there will be two millions to spare. Why have we provided these two millions to spare? Why not distribute them? I will tell you why—we want to give a margin to those societies to induce them to manage economically and successfully, and those who do it can declare bigger benefits. We offer them a very wide choice as to the benefits they give. They may say, We will give better sick benefits each week, or they can say, We will roll it up for a man to receive it altogether when he is seventy. At the end of sixteen years there will be another six millions to spare. Why? Because we are insuring people at all ages as if they were young—a man of 50 is a boy of sixteen in the Insurance Bill. We propose that that should be wiped out in sixteen years or sixteen and a half years. At the end of that time there will be six millions more to distribute in increased benefits amongst those who are insured.

Case of Friendly Society Members

That is the scheme so far as it affects those who are not members of friendly societies. What about the friendly society members? Really, the misrepresentations about friendly societies are so many, so diverse, so dark, that they are perfectly bewildering. I am not at all surprised that any friendly society member is frightened out of his wits by this carnival of distortion, this disgraceful attempt to mislead friendly society members, and to make them

unhappy about the poor savings that with great sacrifice they have made every week for years.

good many years when it is practically insolvent.

Societies will be Better Off under the Bill

Let me say this here, and I ask them to produce any actuary who knows—I make the statement now to every member of the friendly societies—not merely is there no need for anxiety, but he will be better off under the Bill than he was before.

The Young, not the Old Members Pay the Societies

That sounds a very remarkable statement, but it is true, and I will tell you why it is true. The men who join friendly societies are generally young people, because when they become old the subscription is so high the people don't join. Therefore, when you start a friendly society it is young. That society can go on for twenty, thirty, forty years before its real indebtedness is discovered in practice. When people came to me and said, For threepence a week we are doing more than you are doing, I began to discover the members were young people. They have not been at it very long. Long before they have gone on for twenty or thirty years most of the members have either left the neighbourhood, or something of that kind. They have never actually taken upon their shoulders the heavy burden of ill-health. That is when the real burden—ill-health—comes, at the end. The insurance scheme takes it up, and takes it up to seventy. Then the old-age pensions carry it right to the end.

The Present Position of the Societies

What is the position of friendly societies now? Have you read the very able speech delivered by Mr. Moffrey? I think it was at the conference in Edinburgh as President of the National Conference of Friendly Societies. He gave in that address a very clear account of the position of friendly societies during the last few years and at the present moment, and he points this out—that during the last few years the friendly societies were making no progress; that they were at a standstill so far as members were concerned. Why? He gives that reason, too. He points this out—that societies had been promising benefits which the contributions would not justify. During the last few years they have been pulling themselves together. They have reduced the benefits in some cases and increased subscriptions in others. What has been the result? They are gradually becoming more and more solvent. But recruiting has stopped. As long as great benefits were promised at small subscriptions people came pouring in. But when they found that this was producing disaster and reduced benefits or increased subscriptions it stopped recruiting. A society can go on for a

Two-thirds of the Societies have a Deficiency

In the valuation of the independent societies* for 1905 there were 455 societies which had a surplus. There were 1,139 societies which had a deficiency. Can you follow that? Two-thirds of all the societies in the kingdom had a deficiency; only a third had a surplus, and I am quoting now the official valuation. By the time the next valuation came

* Excluding societies with branches.

round hundreds had disappeared altogether. Efforts have been made to restore solvency, and a very vivid account is given of it by Mr. Moffrey in his address delivered in Edinburgh.

State Supervision

What happens when these societies break up? Hundreds of thousands of people are left without any provision at all for the time of sickness. This is what I want to say. In future we have so arranged the finance of the Bill that you have a practical guarantee and security for the old people who pay their money into the funds. We have real State supervision, because we have real contribution. We have a contribution which amounts to five millions a year up to six, and therefore we have the right to supervise. Of course, there are people who do not like supervision. They would rather not; they would rather go on in their own way. It is better for the millions of people who are in friendly societies that the Government should be able to say at the end of three, six, or nine years, "Let us see how you are getting on; what is being done with the money," because the State cannot allow an old man to pay for nothing. Nay, nor the young man with a family either, after it has compelled him to contribute fourpence a week. We must see that he gets his money, for that is the equivalent of a substantial State guarantee in future.

No Future Fears as to Stability of Societies

That is the first thing you gain. No man need have fear in future for the condition of his friendly society. Friendly societies which are insolvent now will the moment this Bill is passed have a surplus.

An Illustration

I will give you an illustration. I do not say the Oddfellows are insolvent. That is not my point. No, certainly not. They are a very powerful body. But take what Mr. Watson says as to what the Oddfellows will get. As an addition to their reserves, the moment this Bill is passed they will get three millions and a half. It is equivalent to an addition to the Oddfellows' reserve account of three millions and a half. And you inquire of the Foresters, the Hearts of Oak, the Shepherds, the Druids, the Rechabites, and the Sons of Temperance, ask any of them, and they will tell you the same thing. If they have consulted their actuaries, you will find their reserves will be strengthened, some by thousands, some by hundreds of thousands, and some by millions. The societies which now have a deficit will begin life afresh, with an account which is to their credit. That is a good start. How many of them have told you that? Not one. Growling, nagging, grumbling—I am waiting for the "Thank you."

Attitude of the Conservative and Liberal Parties to the Bill

Mr. Balfour the other day said we would be weakening trade unions as well as friendly societies. I wonder whether he will take the trouble of reading the report of the actuary appointed by the trade unions. He ends up a very able and careful report by saying that it will "strengthen the trade unions financially and enable them to strengthen their superannuation funds, their unemployed funds, as well as their health funds." It took them months to discover that. In the meantime they gave me a very bad

time. There is one very interesting passage there. I fought one night until six o'clock in the morning against a combination of my Labour friends and the Conservatives—who, whenever they are in a difficulty, are more extreme than the Socialists—an amendment that would have been ruinous to trade unions and friendly societies—for, above all, I must see that the Bill has a financially sound basis. The friendly societies and trade unions consulted an actuary, and he congratulated them on the fact that their amendment was defeated. "Perhaps you may permit me," he says, "to refer to Clause 11 of the Bill. It is, I think, fortunate that that clause was not amended in the manner desired by the Labour party." And this is their actuary—not mine.

Concessions not always Amendments

There is one special warning which I ought to give you—I don't mean merely you here, but those outside. Concessions do not always mean amendments. I have to concede here and concede there, because I am assailed by innumerable vested interests, whom I have to conciliate and coax and persuade somehow or other to allow me to get on with the ambulance waggon. And I have many a time to fling things out of that waggon, things which would be far better there, so that I might give them to the sick who need them, but I have to give a delicacy here, and a bit of luxury there, and an opiate here to get along. You must not imagine that every concession is an amendment under the Bill. That is the important thing. But still there are amendments, and real amendments. These I am prepared to make,

but as few concessions which are not improvements as I can possibly afford to give.

The gain to the individual member, from youth . . .

I have told you what would happen in the way of strengthening the financial basis of these unions and societies. They will be stronger in the future. But what about the individual member of a friendly society? Let me tell you. Supposing you have got a man who has been a member of a friendly society from early youth until he is 50. What will happen under the Insurance Bill? He begins by having £10 placed to his credit by the Bill. What can he do for that? Paying the same subscriptions he can get an extra 3s. per week more than he has got now for sick pay. Is that clear? Then I had better repeat it. I want you to understand it. Supposing a man is insured under a friendly society from early youth until he is 50 to get 10s. per week during sickness; 5s. per week during permanent breakdown. Let us see. He is insured now at this present moment. What will happen to him under the Bill? If he goes on paying the same subscription as he is paying now, not in addition to the 4d., but including the 4d., he will get instead of 10s. per week 13s. per week; and instead of getting 5s. per week for permanent breakdown he will get 6s. 6d. per week for the rest of his days.

. . . and at various ages

What about the man of 40? Now I am getting home. Or the man of 35? He is not so ready to own his age. What happens to him? He will get for the same subscription, including, mind you, the 4d. of the State, he will get

12s. 6d. where he formerly got 10s. He will get that extra half-crown for 26 weeks. He will get an extra 1s. 3d., which would make it 6s. 3d., even if he is ill right up to 70 years of age, when he gets his pension.

Gain if applied to Old Age Pensions

Now, I am giving these figures, on whose authority do you think? On the authority of the actuary of the Odd-fellows, the most distinguished friendly society actuary in the world. What does he recommend? He recommends that the money should not be used to increase the weekly pay. He recommends that it should be saved up in order to increase the old-age pensions. That is entirely a matter for the societies. But supposing you did that, I will give you figures in order to show you what would happen. Paying the same subscription as you are now paying, say 6d.—4d. will be deducted out of your wages, you will pay the extra 2d. yourself—and make the same subscription as you are paying now. A man of 35 would get at 70 an annuity of £5 18s. out of this money without paying a penny-piece more. Do you follow that? A man of 40 would get an annuity of £5 8s.; a man of 50 an annuity of £5 5s.; and a man of 60 an annuity of £3 2s., added on to the pension he will get from the State.

No deduction during Sickness

What happens to a man who is sick and unemployed? In a friendly society, when a man is sick his weekly payment is always deducted. If you should be receiving 10s. and paying 6d. you will get only 9s. 6d. The payment is a week's payment. Supposing you are out of work. You have either

to pay up regularly during that time, or you will have to pay up arrears at the end. There is no misrepresentation greater than the misrepresentation of the Bill on this point. The Bill does a thing no friendly society in the world has ever attempted for the unemployed and sick. We are making no deduction at all during sickness. We don't ask a man to pay anything at all during sickness. Afterwards it is wiped out completely. The bill is never sent to him.

Distress fund during Unemployment

What about the unemployed? For three weeks in every year we make no deduction for unemployment. He is never asked to pay up when he comes back. He gets exactly the same benefits as if he had paid for the full time. What friendly society in the world does that to begin with? After three weeks if you are in arrear in your friendly society and don't pay up arrears you have to go. We have a distress fund as well. You never heard of that. We don't strike a man off the books even at the end of three weeks. After that we allow him to remain on for another thirteen weeks with a scale of reduced benefits. More than that, he can go on for twenty-six weeks, and we still give him sanatorium benefit, medical attendance, and maternity benefit. Can you name a friendly society that does that anywhere in England, Scotland, Wales, or Ireland, or throughout the world that gives those terms? But that is not all. We have given the power to a society to forgo arrears even beyond that, if they like. If a poor fellow comes and says, "Well, I have done my level best to get a job, but things have been very bad," the society can say, "You are an honest fellow.

You are not a loafer. You have led an industrious life all through. We can forgive you your arrears." Have they ever told you that? That is not the sort of thing they dwell upon.

The Facts as to Women under the Bill

I should have liked to say something to you about the position of women under the Bill. You have heard a great deal about the cruel way in which we are treating women under the scheme. I will tell you the facts. Women pay less. They are to get less. This is a business concern. They pay one penny less, and they get what corresponds to the value of that penny less. That is all. But let me show you what we do. That penny the women pay goes into a women's fund. They are under the impression that the women have to pay in order that we should give benefits to the men. Not a penny piece of the women's money is ever transferred under any condition to the ledgers of the men, so that whatever money they pay in they get the full advantage of it. And not only that, but they get 2d. from the State. The men pay 4d. and get 2d. from the State. Women pay 3d. and they will get 2d. As a matter of fact, there has been no scheme ever launched in this country by the Legislature which has conferred so many direct benefits upon women. The sliding scale I gave you is largely in the interests of women. The sliding scale of 9s. and 12s. is very largely to their benefit.

The Various Benefits Women will Enjoy

Then the maternity benefit. One million and a half every year given to the women of this country. The sanatorium benefit. There was very great pressure brought to bear upon us to

try and keep the women who, when single women were insured—to keep them now in the insurance after they are married. The difficulty is that there is no employer—there is no 3d. from the employer. You cannot collect it by force from the individual, and going to the employer is so much cheaper and more effective. There is such a difference between going to an employer who has 3,000 workmen and saying, "You have got to collect," instead of sending a man from door to door to 3,000 homes and in picking the pennies up in twopences and fourpences, and being asked to call again in a week. That is the real difficulty. But I will tell you what we are devising. We are trying to devise a scheme whereby for a small contribution we can keep in insurance women who were insured before marriage, so that they can keep insured afterwards, with medical attendance, and a small allowance to enable them to pay somebody to look after the home during the time they are ill, and also to provide for them when they are widows, and when the breadwinner has gone. As a matter of fact, women have suffered and sacrificed more than even men in order to pay the subscription to the friendly society. It is often paid by them even without the knowledge of the husband—paid out of their house-keeping amount—and the relief under the Bill will be enormous to the poor woman who is struggling to keep her family going.

The Employer's Case

As to employers who pay their employees when they are sick. If they will guarantee—if they don't guarantee, and if we keep them out of the Bill and find there is no guarantee afterwards, then these poor fellows will

be in a very poor plight—but if they guarantee that they will pay wages during the time they are ill, we will let them off the sick list. But you must have somebody to look after these poor people if they break down permanently. An employer would not keep a man in wages for two or three years. There are very few rich combines who do it at all, and after all we have to deal with the bulk. We have got to look after the people who are broken down permanently.

The past History of the Bill

I have asked myself one question. I wonder you have not asked it—and that is why with all this misrepresentation of the Bill, these wild statements which are made about it—that it is destroying friendly societies and trade unions, impoverishing doctors, crushing industry, robbing the working classes, and spreading ruin, destruction, and dismay all round—why there is no party in the State that will take the responsibility of opposing it out and out. This ruthless, reckless, ruinous measure passed the first reading without a division. Three weeks after the first reading, when the Bill was printed, when people could see every clause of it, it passed the second reading. After days of debate not a man went to the lobby to vote against it. If all these things said about it are true, can you tell me why they did not do it? I will tell you. It is because they know they are not true. At any rate, if they don't know they are rather afraid they might be demonstrated to be untrue.

The example of a by-election

I have received letters from members of Parliament—Liberal members of Parliament. This is the sort of way they always begin:—"I have been address-

ing my constituents explaining your Bill. At first I could see misrepresentations had told on the audience. As I proceed to explain it they are amazed; they get interested; they gradually become cordial; and they end with enthusiastic approval." I have received letters from members of Parliament from every part of the kingdom. And have you followed the Kilmarnock by-election? What happened? There were three candidates—one of them an out-and-out supporter of the Bill, one of them an out-and-out opponent of the Bill, and the third a critic who was prepared to support it with variations. Lots of people thought they could make so much better Bills if they only had the chance. What happened? Those three candidates pretty well took up the whole of their time discussing the Insurance Bill. It was the one great topic. At first you had the same atmosphere of doubt. As the Bill got explained and argued there was a complete change. At the end of it the straightforward supporter of the Bill got a majority which surprised his most ardent supporters in the constituency. The man who opposed it received the smallest proportion of the total vote since Kilmarnock was founded in the deep, and his personality does not altogether account for that. What does that mean? That where the Bill is explained to an intelligent, industrial community, where it is argued on both sides, or on three sides, for weeks, and discussed, debated, and looked into, the verdict is emphatic in its favour. And the longer they looked into it the better they liked it. So will you.

What happened to Old Age Pensions?

Why don't they oppose it in a straightforward fashion? I will tell

you why. They have the memory of old-age pensions. You remember what they said about it. I was reading up the other day what was said in the House of Lords about it. One noble lord who is always seeing nightmares said: "It was a mortal blow to the Empire." That was Lord Rosebery. Lord Lansdowne, the leader of the Unionist party, said: "It will weaken the moral fibre of the nation, and diminish the self-respect of our people." Receiving five shillings a week for a life of toil and industry "weakens the moral fibre!" I wonder whether every pension has that effect, or is it only when the pension is small? He also said: "It is a measure we regard with grave apprehension, which we fear may have far-reaching and disastrous effects upon the future of this country." That is not the Insurance Bill, but the Old-age Pension Bill. What has happened? Nothing, except that the veto of the Lords has gone. What else has happened? A million old people have been made very happy, and the rest of us have been made very happy by looking on. That is the mortal blow to the Empire—that the old people can sit by the fireside, honoured guests, without anxiety, without the dread of the workhouse, without the horror of a pauper's doom. That is the weakening of the moral fibre!

Trade Unions: Then and Now

That is the way they talk of pensions. What are they saying about this Bill? They are afraid of it. Mr. Balfour made a speech at Haddington the other day.

He will not lift a finger to help it along, but he will not accept the responsibility of killing it. He wants the trade unions and friendly societies

to do it. Lord Salisbury said trade unions were "cruel and tyrannical organisations"; his distinguished nephew has only one concern, lest he should hurt these cruel organisations. And he looks from afar on this Bill of mine and says: "I wonder whether the animal is dangerous. He looks innocent. But so did that other beast. On the whole, I think I will leave it alone. But still, if I say nothing, then all these people in the Unionist party will say, 'What is the good of keeping a dog that won't bark?'" So he just gives a sort of a "Yap," and then says to the friendly societies and the trade unions, "You go at 'em." If the Bill is killed he won't mind that. He won't suffer. He need not go to a friendly society to get a doctor's assistance. He will never stand in need of the 10s. or 5s. a week. But there will be others who will suffer.

"A Non-Party measure"

I have endeavoured in all sincerity to make this a non-party measure. I am told I have tried to bribe the working classes. If I set out to bribe the working classes I should know how to do it, but in future when I try to table the next measure that calls upon the working classes for a fair share of contribution I shall know that the people who are always flaunting the honesty of their opinions are the first to join with the extremest Socialist in the land to embarrass and hinder me on the way. I promise that I am not going to forget the lesson. I made an offer to the Opposition because I thought I was out for my fellow-countrymen, especially the poor and helpless. I said to them: "Come and help me; appoint two, three, or four of your own men to meet me at the Treasury to

consider the Bill, to see how you would like to alter it. I will put every document in the Treasury at your disposal. You can see the officials and ask questions. You can bring your men, and we will have a free and frank interchange of opinion."

The offer to the Conservatives

I said more to them. I said: "If you can advise something better, I am willing that you should propose it in the House of Commons, and I will agree to it, so that you shall get the credit." What more could mortal man do? If my offer had been accepted—I made it once, twice, three times—we should have had a Bill commanding the votes of all parties, reflecting credit not on one party or on one Minister, but on the common sense, constructive capacity, and governing power of our race and of our men. They rejected it. They preferred going to the fields, to the forests, and to the Press to misrepresent and malign it, to whisper calumnies about it, to stop us getting it through without standing up against it.

Their refusal

I am earnestly sorry. It would have formed such a valuable precedent. No offer of the kind had ever been made before by a Minister. We asked them to assist us to see how we could save the wretched in the land. They would have nothing to do with it.

And their reason for refusing

And now what do they want? They won't fight it. Why? I will tell you why. I will let you into a secret. Do you know why they were anxious to put it off two or three years. There

have been two general elections in twelve months—three in five years. The country doesn't want any more, and in all human probability you won't have another. I did not mean to say for ever, but for four years. The Bill is going through this year.

The effects of the Bill on the Country at Large

Next year it will be in operation. In the following year the benefits will be flowing, and the stream of benefits will get wider, greater in value—swollen year by year, and by the time the general election comes, what will be the use of misrepresentations of this Bill? Why, there will be living refutations of every falsehood springing up in every street, town, city, and hamlet of the land. Oh, yes! There won't be a village where you cannot point to lives having been saved by the Insurance Bill. There won't be a town or a hamlet where you cannot point to households saved from privation and hunger by the Insurance Bill. There will be the man who has come back from the sanatorium fit for work, strong, vigorous, who, but for that Bill, would have been a poor, wretched consumptive, staggering to the grave. There will be children who will be saved. What is the good of telling lies about the Insurance Bill when you can point to people of that kind? This is what will happen. There will be the slums which have defiled our great cities for generations cleansed and swept out of the way by the health provisions of this Bill. They are anxious to put it off. They say, "Why not wait?" Wait for whom? Wait! For what are we to wait? Wait until the stream, that dark stream of human misery has all flowed past? Or are we to wait until it surges up and swells and

breaks over the banks of law and convention which hem it in and devastates the land with its horrors? Are we to delay until another million people have endured without hope and without help the racking torments of consumption? Why are we to wait?

"This is not the end of Social Reform"

This Bill was promised three years ago. It has been on the table six months, discussed and advertised in every paper. No; we will have it through. We want to get on with other work. This is not the end of social reform. It is a good beginning. Some of these provisions are only palliatives until we can get deeper. But it does more than that. It amasses information, and gathers it from all sources as to social evils—analyses and

collects it; and all this will be of enormous benefit when we come to deal with the great problems. I never said it would do everything. It will help, and then we will go on. I am taunted that I promised "a new heaven and a new earth." They seem to think that phrase was uttered by me. But I am a humble believer in it. I should like to be able in a humble way to help its advent—a new earth, where the health of the multitude would be more precious in the eyes of the law than the wealth of the few; a new earth, where the superabundance with which Providence blesses labour can be directed and controlled so that the home of the labourer shall be saved from wretchedness, penury, and privation; a new earth, and the best of all to be concentrated and organised to avert the worst from each.

III.—THE EFFECT UPON LOCAL AUTHORITIES.

(From a Speech by the CHANCELLOR OF THE EXCHEQUER in the House of Commons on November 9th, 1911, in support of the provisions for penalising Local Authorities where excessive sickness is caused by their neglect to enforce Public Health Acts—Section 63 of the Act as passed.)

There is no proposal here to interfere with local authorities in any way, except that which is already enshrined, or, I think, embalmed is a better word, in Acts of Parliament, because most of them are mummies. They are not exercised, there is no life in them; they are pure dust, and they only have the form and the features of life. There is none of the spirit and the soul in any of these powers. That is the reason why we propose that we should have some powers of this kind in order not to interfere with local authorities, but to wind them up. There are no new powers here. The only change is

that organisations which are created by this Act are to have powers conferred upon them of setting the law in motion and that you are going to alter the remedy by resorting to the old common law method of obtaining redress in a court by pecuniary damages.

Inadequacy of Existing Powers

The hon. and learned Gentleman (Sir A. Cripps) says, "Why do not you resort to the existing powers of the law? They are quite adequate." They may or may not be adequate for the

purpose of enforcing the law, but the money which is lost to a society owing to the neglect of a local authority or of a householder or an employer to carry out Acts of Parliament cannot be covered by any existing method. That is all we do. We set up here machinery, not for interfering with the local authorities, but to enable the societies which are damnified by the inaction, the illegal action, or the neglect of authorities, owners or employers, to carry out the provisions of the law to recover compensation for the loss they have sustained. I again say there is no new principle, and there is no rival authority. If an individual suffered wrong from either a local authority or a neighbour either due to defective drains, to leaky roofs, or to anything which impairs or imperils the health, or even to anything which offends his nostrils, he can obtain pecuniary damages in a court of law, but if a society suffers damages to the extent of thousands a year owing to the same cause there is no remedy at all in law. All we propose is that the old common law right which is enshrined in the law of England shall also be extended to these societies. It is as old as the law of this land. It is given to individuals. Why should you not give it to a corporation of workmen to protect their rights, so that where their rights are trampled upon, where they suffer in health and in pocket they should be able to recover by some single process of law from those who are responsible for the loss? That is not a new principle. It is a very old one. It is as old as this House and the other. I should like to show later on how societies suffer financially owing to neglect of the sanitary laws of this country and how now they are completely stripped of

any remedy. I will give one or two cases later on.

Causes of Excessive Sickness

What are the main complaints of these societies with regard to these extra causes of ill-health which add to their pecuniary benefit? Bad drainage, bad water supply, bad housing, factories and workshops not in accordance with the conditions of the law, and the offenders are local authorities and private individuals. We have had years of Public Health Acts in this country; we have had Local Government inquiries without number; we have had recommendations of medical officers of health and of inspectors of the Local Government Board. I shall be able to prove that they are absolutely helpless in hundreds of cases and have been for years, not because the Local Government Board has neglected its duty. On the contrary, anyone who peruses their reports will see how very concerned they have been about this for years. It is purely because they are armed with the clumsiest, rustiest weapon in the whole armoury of British law—the mandamus, a perfectly worthless weapon.

Evidence of the Local Government Board

I will read an extract from the chief medical officer of the Local Government Board in his review of the year 1909. He says:—

“A story of neglect of elementary sanitary work outstands in a large proportion of the current reports by medical inspectors of the Board on local sanitary circumstances. A not inconsiderable number of the smaller

towns and urban districts, and many of the rural districts which have within their area portions presenting urban characteristics, are characterised by continuance, more or less, of the filth nuisances which were fairly general fifty years ago, but which have since then been abolished in the larger and better governed towns."

If anyone will go through these reports he will find that there are local authorities by the score which never prosecute offenders against the Public Health Acts, which keep no records of and never even investigate insanitary conditions, which have no sanitary committee, which systematically refuse to carry out the recommendations of their sanitary officials, which have in force neither by-laws nor adoptive Acts, and which neglect to apply such by-laws and Acts when adopted.

The conditions described in the reports existed in the last ten years. The year 1905 is the very oldest I have quoted. That is not very far back. You have thousands of people living in these dilapidated leaky cottages, running risks of phthisis, enteric, and rheumatism.

A Mandamus No Remedy

What is the remedy they have got? I do not know whether there is a remedy at common law which would apply against the landlord, but even if there is, how can you expect a poor cottager to bring an action against his landlord? Supposing he had a remedy, you have no divisional court in the district, and the landlord might appeal to the House of Lords. What remedy is there in that case for the occupier of a cottage? The individual has no remedy at all, and I will also point out that the remedy of the Local

Government Board is of no account. Why? Because there is only one thing they can do, and that is to imprison the whole of the members of the councils. They can do it by mandamus. Whether they ought to do it or not is another matter. At any rate, there ought to be a remedy short of that, because Government Departments are very reluctant to take the step against members, who are acting on councils without fee or reward, of bringing them before the Court and sending them to prison. It is a most difficult thing, and I have no doubt hon. Members who have considered the question of mandamus realise that this is by no means an easy matter. That the Local Government Board should bring the process of mandamus into operation is practically to say that there is no remedy at all.

How Sickness Affects Friendly Societies

I take another case in order to show you how it affects the societies. This is the case of Lincoln. The authorities of the city of Lincoln were warned as early as the 11th June, 1885, by the Local Government Board that their local water supply was liable to pollution, and were told that the Town Council would incur grave responsibility if disease should further spread in the city from pollution of the water supply. That was in 1885. Very little was done by way of remedying that state of things. Again, in 1894, Dr. Wheaton, of the Local Government Board, made another inspection of the waterworks of Lincoln, and in remarking on the obvious defects of the water supply, said that the comparative exemption of the city of Lincoln from cholera and enteric fever in recent years should not be allowed to create

a false sense of security, and that it was no use to wait until an epidemic occurred before obtaining a supply of pure water. Many other people and medical officers of health directed attention to the same defects. Little was done by way of remedy, and in 1905 there was a serious outbreak of enteric fever, directly traced to the pollution of the water supply. Over 1,000 persons were attacked by the disease, and over 100 died. After that, Lincoln took steps to place its water supply in order, but not before there had been that serious outbreak of fever which fulfilled the predictions of evil of 1885 and 1894, and the repeated warnings. I want to show the effect of the epidemic upon one society in Lincoln. We have had these figures from the lodges of the Manchester Unity of Oddfellows in Lincoln. In 1903 the amount of full sick pay was £2,178. In 1904 it was £2,133. It went down for exactly the same number of members. Now came the year of the epidemic. The total amount of sick pay went up by 40 per cent. in that year, and the society lost £800. That was a society of 3,842 members. Supposing you had this Bill in operation, and instead of having to deal with 3,842 members you were to deal with all persons in Lincoln who were insured, men and women, numbering something like 10,000 or 12,000, the loss of the society, instead of being £800, would have been £4,000. What remedy would you have had? The local landowner has got his remedy in the Courts, but these societies, losing between £3,000 and £4,000, with no means of making it up except by levy on the working man, have practically no remedy. They might have gone to the Local Government Board and said, "Why do you not put in jail the Lin-

coln Town Council?" and tried by mandamus to have justice done to them.

The Method of Common Law

The proposal here is simply the proposal of old English Common Law, that where anybody is damnified he should have the means of compensation by process of law, and that process is the process we have here. There are other cases. There is the Swanage case, and I quote the Worthing case by way of showing that it is possible to distinguish between cases where councils are responsible and cases where they are not responsible. How can you trace responsibility? There can be no doubt about the Lincoln case. They had been warned repeatedly by their own medical officer, they had been warned by the Local Government Board twice, and in spite of that they did not improve the water supply. There was a serious epidemic which was practically traced to the pollution of the water supply, but in the Worthing case of pollution of water supply there was an inquiry, and it was found that the Town Council were not to blame, and that it was almost impossible for them to have discovered the pollution. In that case there would have been no charge upon the council. I am only quoting the Worthing case to show that it is possible to distinguish between a case where the town council is responsible and a case where a council is not responsible. I will supplement these cases later on by the process which has been suggested. So far from our interfering with any existing authorities, we simply propose to assist them. The Clause will be of enormous value to the Local Government Board. Instead of threatening

to issue a mandamus, they will be able to say to a local authority, "Well, if there is an epidemic, you will be mulcted in damages." The Clause will be a help to county councils, who have general supervision over health all over the country.

A Help to Medical Officers

It will be of enormous benefit to the medical officers of health, who are practically powerless. All they can do is to expose the evils. It will help the medical officers of counties enormously. Their position is a very difficult one. They have often to report upon insanitary conditions when the proprietors of the properties are strongly represented on these councils. I had a letter last week from a medical officer of health who gave his name and address. He says to me, "It is as much as my place is worth to report faithfully on the conditions prevailing." So far from overlapping and weakening it is a source of strength.

The Experience of Berlin

Let me state what happened in Berlin. In Berlin there was a case of the kind which bears very directly on this matter. A most powerful sickness society there discovered that the excess in sickness was very largely attributable to the slummy condition of some of the dwellings of the working class. The name of the society is the Berlin General Sickness Society for Commercial Employees. The secretary is a very well known labour leader. They instituted a systematic inquiry into the character of the homes inhabited by their sick members. Their powers were confined to an inquiry. What happened? They found a very

serious condition of things prevailing, and the reports which they published aroused a good deal of interest and also aroused a good deal of indignation amongst the owners of the slum property. The consequence was that the House Owners' Association petitioned the supervising authority for sickness and insurance law to declare the expenditure incurred in these inquiries illegal. This authority declined to comply with the petition. They carried the matter from Court to Court, and eventually there was a Court that fined the society 10s. because it undertook those inquiries. The Court held that the society had exceeded its powers, and let them off with a fine of 10s., but issued a prohibition directed against this society of workmen instituting these inquiries. The society appealed, and the appeal was upheld. The Town Council of Berlin, so far from complaining that there was an interference with their powers, welcomed it. They realised that such inquiries instituted by these societies in Berlin would be a source of great strength and support to them, and now these inquiries are recognised as part of the mechanism of sickness societies in these great towns. Suppose in addition to that they had power to say that where there was excessive sickness which was attributable to insanitary conditions of dwellings those responsible for the insanitary conditions should pay for the excess sickness—then you would make very short work of these slums.

Workmen to be Armed to Defend their Homes

That is really the case for the Bill. We do not propose in this particular provision to introduce any novel prin-

ple. We simply resort to the old principles which are enshrined in the common law of this land, and we want to make effective the powers already possessed. We want to give them a more efficient sanction. We want to make insanitary property and neglect of public duties unremunerative. Slackness, inefficiency, and the callous greed of certain individuals are responsible for the loss of more lives in Britain than has almost ever been inflicted upon us by the fiercest wars in our history. Phthisis and enteric rheumatism fill thousands of wretched homes in this country with death and despair. What do we propose to do? We propose to arm the workmen with an effective weapon to defend his home, and to defend his children from the diseases inflicted through the insanitary conditions of their dwelling. I

am told that we must not arm them because it will interfere with the authorities who are responsible. If an individual breaks the law, and if, through his breach of the law, he inflicts damage upon his neighbours, why is it an interference with his liberty and prerogative to have a local inquiry into his conduct, and that he should be mulcted in damages by way of compensation? Why should we not do so in the case of the local authorities and with the owner of slum property? It is one of the oldest maxims of English law, and one of the most honoured, that there is no wrong without a remedy. It is because, when I was investigating this problem, I discovered a great wrong for which there was no remedy, that I had this Clause inserted in the Bill, and I now confidently recommend it to this House.

IV.—THE CASE FOR DOMESTIC SERVANTS.

(From a speech by the Chancellor of the Exchequer to a deputation of women, acting on behalf of domestic servants, who were received at Downing Street on 28th November, 1911.)

Misapprehensions about the Bill

There has been a great deal of misapprehension on the part of domestic servants about the Insurance Bill. I will not dwell upon the methods by which those misapprehensions have been created, but I will quote from a letter which I received from a gentleman of position in Gloucestershire. He told me that a couple of ladies came and asked his servants to sign a petition against the Bill, and told them that they would have to pay 3*d.* a week in future, and if they refused to

pay it they would be fined £10 or sent to prison. Of course, the servants signed at once.

I have seen a good deal of that kind of thing, especially that statement about fining or imprisonment. Of course, they were inventions, but if signatures have been obtained by methods of that kind I am afraid I can attach no value to the petitions sent in. After all, the Bill deals with very complicated problems, and you cannot expect the domestic servants to grasp at once the full purport of a Bill of its

magnitude. I have not the faintest doubt that when they come to do that they will be very glad that they did not listen to those who protested against the measure.

No Payments during Sickness

I might give you other illustrations of the way in which the Bill has been misrepresented. One way came to my notice on the day when I saw the placard of a protest league. It was a statement that payment of contributions is to be made during sickness. Not a penny would be paid during sickness.

The Out-of-work Servant

Now I come to the question of the out-of-work. The statement is put in the bold form that when a girl is out of work she has got to go on paying. Now, that is not the whole truth. In the friendly societies now she has to pay whether she is sick or out of work; but under the Bill she pays nothing during sickness, and can be out of work for thirteen weeks without paying a penny, and without any suspension of benefits. More than that, she can be fifty-two weeks out of work in four years and still receive benefits in a reduced form. Nobody has ever explained that to the general servant.

A Typical Misrepresentation

Again, one day a cartoon was shown to me. First of all there was a picture of those who had to pay—a row of very nice domestic servants in clean pinafores. Underneath was a row of those who were supposed to receive the benefits—a lot of loafing, lounging men, down at heels, with pipes in their mouths. The girls were supposed to

keep those people. Of course, there is not a word of truth in that. If the girls choose to pay for those people, nothing I could do will prevent them. But it is entirely a matter for the servants themselves. They will pay into their own society for their own benefit, and nobody else gets a penny piece out of that benefit.

What does the Servant Pay her 3d. for ?

In another case brought before me it was stated that the servant girl had to pay 3d. a week in order to pay members of Parliament £400 a year. Then there is an idea that the servant girls are being taxed 3d. and the mistresses 3d., and that the money is coming to the Government, which means my friends here and myself. Now the Government does not receive a penny of it.

One letter I saw said that the money went to pay Government officials. Not a penny will come out of the contributions for that purpose. The payment of officials will be borne by the Treasury out of the general taxpayers' fund. Not a penny piece of the contributions will be spent in that way.

Power to Form their Own Societies

Now, what happens under the Bill? The servants can form their own societies—that is the first thing to be noticed. The Metropolitan Association for Befriending Young Servants, if it likes, can form itself into an approved society. A society can be formed of nobody but domestic servants; they can put their money into that, the mistress will pay her 3d. and the State will contribute its 2d. Nobody can touch that money except

the servants themselves. The State cannot touch it, the mistress cannot touch it; no loafing man can touch it. It will be entirely their own money. It will be administered by the servants or by anybody they choose, for they can call in people of greater experience in management if they desire; but that will be entirely their own business.

Powers of such Societies

Societies will be allowed to invest their own threepences, not the rest of the funds. The State is responsible for its 2*d.*, and as the 3*d.* from the mistress is compulsorily collected, it is responsible for the management of that. At first it was proposed that the State should invest the whole of the money. Then the friendly societies asked to be allowed to invest the workers' contributions, and that was agreed to.

Again, as regards the 7*s.* 6*d.* sick pay. How is it to be paid? It will be paid by an approved society whenever the domestic is ill, either at her home or at her mistress's, or wherever she may be, direct to the servant. I observed a statement that a servant does not get the money if she is with her mistress. She obtains the 7*s.* 6*d.* wherever she may be when she is ill. Mistresses have no power to take this money; it is the servant's.

How the Mistress will Benefit

For the first time the mistresses have the benefit of medical attendance for their servant provided at the expense of the fund. At the present moment there is a legal liability on her to provide a medical attendant, and that may run to a considerable bill in the course of the year. In future the

fund will provide medical attendance, and to that extent the mistress is absolved from liability.

Some Typical "Hard Cases"

How will this insurance affect bonus insurances? One case has been given to me of a servant who paid £4 12*s.* 6*d.* a year—that is, 1*s.* 9*d.* a week—and yet I am told that 3*d.* a week is a very cruel impost upon a servant—in order to get a benefit at fifty. In another case I heard of a girl who paid 1*s.* 9*d.* for £100 at forty-five.

The Alternative Benefits

These are not the kind of benefits that are given by the Bill, but they can work in with the benefits given by the Bill. That brings me to another point—whether alternative benefits are to be given under the Bill, and, further, the very important point as to whether they will be the first charge upon the fund. I think it very important that this should be made clear.

Benefits the Bill provides

The benefits mentioned in the Bill are these: The servant gets 7*s.* 6*d.* a week for twenty-six weeks in cases of illness. If she is ill after that she will get 5*s.* a week as long as the illness lasts, even if it is until she is seventy. She gets, in addition, medical attendance free. The doctor she can choose herself. The doctor will be paid from the fund. If she is consumptive she can be taken to a sanatorium, and if there is nobody dependent upon her

during that time she can under certain circumstances get her money paid to her there.

Power to Commute Benefits

Now undoubtedly there are servants who prefer (instead of getting 7s. 6d. a week during illness, and instead of wanting 5s. a week throughout a permanent breakdown) to take their chance. The question then is, Can they so arrange their benefits in their society in such a manner that they can get a kind of pension or superannuation when they are sixty or sixty-five? Contributors can, under the scheme, commute their benefits.

State Benefits not a First Charge on the Societies

Will the State benefits of 7s. 6d. or 5s. be a first charge on the societies? It depends entirely upon the society the servants join. They can form any society they like; if they like to form a society which will commute their benefits into a pension they can do it. Whatever that 8d. will buy in the form of a pension or superannuation they can get. The only thing I am bound to point out is that permanent disablement benefits would seem to me better. If servants break down in health they get their 5s. a week as long as they live.

But they can also make some arrangement in their society for partial disablement if they choose. They can form their own societies; they can take counsel amongst themselves and with those who advise them as to what they would like best to do with the money. If something of this sort suits them better—that is, an allowance for partial disablement or a pension—they

can then submit to the Insurance Commissioners their scheme for that purpose, and the Commissioners will see that the scheme is financially sound. For, of course, a big scheme may look very well on paper, but may be perfectly useless in that it may be financially unsound.

Transfer Scheme

It makes absolutely no difference when a servant moves if her society is a local one confined to one part. The Insurance Bill provides that they can either stick to their old society or, if they prefer it, they can be transferred to a new society which they may choose; they take their money with them and are in exactly the same position in the new society as they were in the old.

Season Servants

Now as to the question of season servants. I agree that there are servants who like sometimes to serve four or five months in a year only. They have a lot of that sort of thing on the North-West Coast where there is a season at the seaside resorts. Servants come down from the mountain villages, and are engaged for three or four months in the year. They do not wish to serve for the rest of the year, and they go back to their homes.

In a case of that kind the best thing a girl can do, unless she wishes to go on paying her own 3d. and her mistresses' 3d., is to pay into the Post Office deposit fund during her months of service, because she will then get her own 3d. and her mistress's 3d. and

the State 2*d.* all put to her credit, which she can draw upon if she requires.

Benefits to Relatives on Death of Insured Person

If such a Post Office depositor dies—so far as her own three-pences are concerned, they will be paid to her relatives. The rest will go to a fund for the benefit of the other girls who may be contributing to it.

How Servants may take Part in the Scheme after Marriage

When servants marry, the money will go to their credit in a reserve and sustenance fund. Two-thirds of it they can draw upon either for sickness, distress, or maternity benefits. With regard to the other third, that will bring them back into the insurance fund if they become widows, which means that if at that time they are ill they will go straight into benefit, with full medical attendance and 5*s.* a week as long as they are ill and broken, even if they have no employer at all. If they are

ill for fifteen years they will get their 5*s.* a week for the whole of the time, even if they have paid in only £2 or £3.

On marriage they can go on paying in order to get benefits. All a woman has to do then is to pay 3*d.* a week, and the State pays another 1*d.* For that 4*d.* she will get medical attendance, 5*s.* a week during the first part of any illness, and 3*s.* for the rest of the time she is sick.

"The Girls can Secure the Benefits that Suit them"

We have drafted the Bill in such a way as to enable the girls to secure the benefits that suit them. There ought to be no doubt about that. And to make it absolutely clear, words have been put down which will be moved on the Report stage to make it clear that societies which the girls choose to join may frame their own schemes for the expenditure of the cash paid by them, by their mistresses, and by the State, subject to the adjudication of the Insurance Commissioners as to soundness.

V.—THE URGENCY OF THE PROBLEM.

(From a Speech by the CHANCELLOR OF THE EXCHEQUER in the London Opera House, February 12th, 1912.)

The Truth about the Act

I think anyone who has watched the proceedings during the last few days will not deny that we are suffering from a plague of misrepresentation. I am sure you have all discovered one thing in your walk through life, that most people believe anything if it has been repeated often in their hearing

uncontradicted. They all say to you, "But I have heard it more than once, and I have never heard it denied." What we have got to do is to say, "It is denied," so that those people at any rate will not have that excuse for believing the various misrepresentations about the Act. You know, I believe, that some of those who invented these falsehoods have said them

so often and have heard them so often that they are beginning to believe them themselves. I have already given in the House of Commons one or two samples of the kind of reckless distortions—there might be a shorter word which would be more descriptive and more applicable. Take the statement that the money which is raised from the workmen is to be devoted to pay officials. No doubt you have heard a good deal of that. Of course there is not a penny of the money raised from the workmen which goes to the officials. The whole cost of the Insurance Commission falls upon a separate Vote which is down in the Estimates. Every penny contributed by the workman, by the employer, and by the State is handed over to the societies for distribution by those societies. Still they go on repeating it. Our business is to see that the people get the facts.

Increasing Friendly Society Benefits

Then there is the man who comes to you in every constituency. He knows a friendly society that can give more for fourpence than the Act can give for fourpence plus fivepence. You may say to him: "If they are giving more to you for fourpence, surely they will give more still when another fivepence is added on?" They do not see that a bit. They are just like the man who says: "Well, in such and such a shop I can get for a pound what costs £2 in another." Then you say: "We will give you the £2, and if you can get for £1 £2 worth, for £2 you can get £4 worth." They don't see it. We hand the cash to the societies, and if they can make so much for fourpence, surely they will make it more than double for ninepence.

Why the Act cannot be Postponed

What is the object of all this criticism—what is the object of all this falsification after the Bill has been carried? I will tell you. They have two objects. One is to make the Act a dead letter. That is the first object. Failing that, to postpone its operations. Both are very cruel purposes—very. What does it mean? All this enormous sum of money raised under the Insurance Act will undoubtedly save a vast amount of human suffering. Why should that alleviation be retarded and delayed? Take, if you like, the provisions with regard to consumption, one of the most terrible scourges that can affect any community. Hundreds and thousands suffer from it throughout the land. The deaths from it are something like 70,000 a year. It urgently cries for national treatment. We propose expending a capital sum of £1,600,000 to set up sanatoria and other institutions for treating it. There is a sum of a million a year set aside for the purpose of running these institutions and for the purpose of treating the complaint in the men's homes. And not merely the men, but the men, women, and children. And they say, "Why don't you postpone it for twelve months?" Do you realise what that means to the consumptive patient? And to postpone the operation of provisions of that kind for party purposes—to damage the Government—all I can say is that for inhumanity it surpasses anything that any party has been guilty of. Whenever any difficulty comes in the way you can hear chortling. When anybody suggests, "Ah, the Act is a dead letter," do you think they consider what that means to millions of people who are awaiting relief? Not at all. They say, "This

suits our party." They want to put it off as long as possible before the benefits arrive.

The Act its own Advocate

Meanwhile they distort and circulate false statements. They instil false notions, confusing the public mind. They say, "Anything may happen in twelve months. You may get the Government out. Let us get it out before the Insurance Act comes into operation." It will be too late when the Act comes into operation. Lecturers will not be needed then. There will be plenty of them. The benefits of the Act are the best lectures. You will have emissaries in hundreds and thousands of homes, all explaining the Act on the hearth. In a single year there will be a million women, who before the Act would have discharged the perilous functions of maternity under conditions which are a menace to the life of the mother and endangering and imperilling the future of the child, receiving succour under the Act, doctor's treatment, nurses, nourishment, help. It will be no use going to those million householders afterwards and telling lies about the measure. A million lectures delivered in a single year. You will have many a consumptive child and parent restored to their household as the result of the treatment of the Act. There will be many a household where the breadwinner has been stricken by sickness saved in the dark hour from privation and penury. It will be no use circulating newspapers crammed with falsehoods about the Insurance Act there. That is why they want to postpone the operation of the Act—anything to postpone the evil hour when falsehood will be exposed by facts, facts which cannot be denied nor

concealed nor coloured by all the printer's ink that ever blackened an Act which they detest. That is what it means.

What the Friendly Societies are Doing

Well, you know, the ground even now is slipping from under their feet. Have you watched what is happening in the friendly societies? I remember what they said about the friendly societies. It was to be ruin to the friendly societies, their destruction. We said, "The friendly societies will be strengthened. Where they are now insolvent they will in the future be made solvent. Their contributions will be reduced, but their benefits will be increased." And they scoffed. What has happened? The greatest society of all—the Manchester Unity—passed resolutions by ten to one to work the Act which is going to destroy them. The Foresters, the Hearts of Oak, and other societies are coming in. And what about the trade unions? Three hundred and eighty-four trade unions have already said that it is their intention either to form or become approved societies. Now that is the vast majority of the trade unions of this country. What does this mean? Who are the trade unions? Who are the friendly societies? They represent the pick of the working classes of this country. They are led by men of great experience. They are led by men who have devoted their lives to the consideration of the questions of providence for the working classes. And here are the leaders of these great associations come to the conclusion, after deliberate reflection, that it is in the interests of the people they represent that this Act should be worked by them, and that it will confer bene-

fits upon their societies and upon the members that constitute them.

The Most Liberal Scheme yet Formulated

Now that is the best answer to all that has been said about the harm the Act will do either to the friendly societies or to the working classes. These represent between them something like half the insured persons of the country, so that you may take it that at the present moment something like a half of the working classes have declared through their leaders their intention to come in and work the Act, and that is five months before the Act comes into operation. I shall be surprised if they come to any other conclusion. Just think what it means. When that Act comes into full maturity the amount expended upon these benefits from year to year—in five or six years it will be in full working order—the funds raised will be 27 millions a year. That includes ill-health and unemployment. Out of that the workmen find $12\frac{1}{2}$ millions, the rest is found by the State and the employer. That is $12\frac{1}{2}$ millions found by the workmen, $14\frac{1}{2}$ found from other sources. When the Act finally comes into operation, when you have disposed of the preliminary liability which is cast upon the scheme through the fact that it is taking men of all ages—and I have got a word to say upon that later on—it will be enormously increased. The contribution of the workman will not be increased; the contribution of the employer will not be increased; the contribution of the State will. Contrast that with what happens in Germany. The German scheme up to the present has been the most perfect scheme of all. You have got a scheme

in Germany, a scheme in Austria, a scheme in Belgium, a scheme in France—three out of four being compulsory, and Germany being the oldest and the best up to the present. Old-age pensions are part of the contributory scheme in Germany. I think it costs something between thirty and forty millions for sickness, invalidity, and pensions. The State contributes of that for all these purposes something like three millions. In five years' time we in this country will be spending for old-age pensions, for sickness, for invalidity and unemployment, 42 millions. Out of that sum the State will contribute $20\frac{1}{2}$ millions, the employers nine millions, and the workmen $12\frac{1}{2}$ millions. It is infinitely the most liberal scheme for improving the condition of the working-classes of this country that has ever been formulated in any country up to the present.

The Case of the Rural Labourers

I am therefore not at all surprised that the enlightened and experienced leaders of opinion amongst the working classes of the country have declined to listen to the extremists on either side, but have decided to come in and work this great boon for their clients. There is another feature of the movement which is becoming more and more manifest, and which I rejoice in, and that is the fact that the rural labourers are forming separate organisations. But do not mistake me. I do not mean separate from the great friendly societies, but separate, whether inside them or outside them. They are federating together. They can do that within the great friendly societies, or they can do it outside. But I am frankly delighted that they are organising their own societies, and I have

formed very great hopes of those. No class stands more in need of organised consideration of its position than the rural workmen of this country. And my own opinion is that once you begin it there is no limit to its possibilities. I believe it will lead direct to the emancipation of this class. The rural workman will be a different being with a powerful organisation at his back. He will no longer tolerate some of the wretched conditions under which he now lives, too often dark and dank cottages held on a precarious tenure, too often in many counties miserable wages for long hours, trapped out of his commons by the ancestors of the persons who send him to gaol because he traps a hare that may scamper across the common that belonged to his fathers—land which is now let out to him by the pennyweight, as if every grain of it was tipped with radium. The first message of real hope he received was old-age pensions. That makes him a free man after seventy. The organisation which is formed under this Act will help to free him for the rest of his life. The labourers of ancient Rome were only allowed to organise themselves for burial purposes. Their only societies were societies for dispensing funeral benefits. They used those societies to discover and discuss other matters, including the greatest matter of all. In my opinion these societies which are formed in rural areas for provident purposes will help eventually to win for the agricultural labourer a possession which is more valuable than anything you can put in an Act of Parliament—his independence. Higher wages and better provision for sickness are not mutually exclusive. On the contrary, I believe that better provision for sickness would make a man

a better workman, better worth higher wages.

The Reduction of Unemployment

These are the things which indicate that, although the Insurance Act has not been in operation yet—although it has only been carried as an Act of Parliament for a couple of months—it is getting off, and getting off well. But until the benefits begin to flow we have got our work cut out to tell the people all about it. That is what our lecturers will do. What have they got to do? All they have got to do is this—tell the people what the Act really is, what the contribution of the workmen is, what the employer pays, what the State contributes. Show them how much more workmen and employer contribute in Germany, how much more the State shoulders the burden here. Show them this, and especially call attention to what the provisions of the Act are with regard to reducing unemployment. When a man is ill in a friendly society—and I do not blame them for it; they have to make both ends meet—his contribution goes on. It is deducted from his benefit. In this there is no reduction. A man gets his pay in full, and when he recovers he has no arrears to pay out. In a friendly society when a man is out of work he has still got to pay, and the result is that when a man is long out of work he cannot face the arrears of the friendly societies. More than 250,000 members drop out of friendly societies in the course of a year—not all because of unemployment—let us be quite frank—sometimes because of drink, no doubt, but also very largely because of their inability to keep up their contributions—250,000 every year! In twenty years five

millions of workmen have passed out of friendly societies, realising the need but unable to keep up the strain owing to sickness, owing to unemployment, and owing to the other cause which I have referred to. I will just point out how the Act deals with the matter. Unemployment comes, as a rule, once in every five years in this country. Those are the cycles of unemployment. In four years' time twelve weeks' contributions are allowed to every workman without any reduction of his benefits. The whole year is allowed without his going out of insurance altogether. There are certain things he can get, even after he has been two years out of work. He will be paid for sanatoria. If there is a consumptive in his family he can claim treatment, and the wife can also claim the maternity benefit and the doctor.

there are many domestic servants who are perfectly satisfied with the present arrangement as to sickness. Very well; all they have to do is to join a society which allows them to commute that 7s. 6d. or 5s. a week—to take it in the form of a pension. I am told that there are agricultural labourers in Scotland who say that they are so hardy that they are never ill. Well, all they have to do is to say: "We don't want our 10s. a week. We are not likely to stand in need of 5s. a week. We will trust to luck. But we shall probably need a pension before 70." Very well; they can get it under the scheme. Then there are all the other benefits—maternity, provision for consumption, provision with regard to looking after the housing of the people.

Provision for Alternative Benefits

Now there is no provision ever made by the best friendly societies in this or in any other land that compares for a moment with the provisions made by the Act. Just point out to them what I have already emphasised. Every penny goes to the societies themselves. Point out to them that a man can join at 25, 40, and up to 50 as though he were a lad of 16. So can a woman worker as though she was a lassie of 16. No friendly society in the world can afford to do that. Point out what the benefits are—10s. a week to a man for 26 weeks if he is ill, 5s. a week if he breaks down up to the time when he is placed on the old-age pension list. If he prefers he can commute that into a superannuation or pension allowance. I am told that

The Doctors and Contract Practice

What about the doctors? Now what is the position? There is a deal said about contract practice. What is contract practice? Contract practice is an undertaking whereby the doctor engages to provide medical treatment for a man at a flat rate. It may be 4s. per annum, 5s. per annum, or 6s. per annum, or any other figure. Sometimes it is a flat rate by which the doctor undertakes the cure of the whole of the man's family. In some districts it is 3d. a week; in other districts it is 4½d. a week. It varies. Very well. All I want to say at the present moment is that contract practice may be good or it may be bad. It has not been created by the Insurance Act. More than half the workmen of the country are cured now by contract. It has advantages as well as disadvantages. What are the advantages? It avoids

the necessity of a doctor, when he is dealing with a man who earns a small weekly wage, sending him in a big bill after a long illness, and getting paid in dribbles or not getting paid at all, which unfortunately is very often the case. After all, no doctor wants to be on what I call "judgment summons terms" with his patients. No professional man I ever met cared to keep books. He is not a bookkeeper to keep account books. I mean he hates it, and therefore there is a great advantage, and I am sure the doctor is pretty much in this position—he does not want to take up his time with the worry of getting the account, or being paid 5s. on account of a bill of £1, then receiving another 6s. in the street and putting that down, working up the balance, and sending it in at Christmas to every one of his patients. He would rather not. So in the working-class districts of this country they have devised this method of contract practice. He says, "Give me 4s. or 5s. a year, and I will cure you of all the ills that flesh is heir to."

The Underpayment of Doctors

Now, that is one advantage. There is another advantage for a doctor. It is a kind of retaining fee for the family practice. If the doctor cures the head of the family for four shillings, he will cure the rest of the family at a good deal more. He can send in bills for the rest of the family. I do not say he will charge more, but even if he did—and I think possibly he does—there is this advantage in the bargain, that where the head of the family is ill there is no one to earn, whereas if somebody else in the family is ill the earner of the family is there to pay the bill. So, therefore, it is a double

advantage. It is an advantage to the man himself; it is an advantage to the doctor who is building up a practice. What are the disadvantages? That he is underpaid—the doctors have themselves to blame for that. Underpaid work is shoddy work. It is not to the advantage of the doctor. It is not to the advantage of the patient. It is far better for the doctor to feel he is getting fairly treated, getting a fair wage for the very difficult, delicate, responsible work which he has to accomplish. All I have to say is, that the Insurance Act is not responsible for it. The Insurance Act does not perpetuate it. It does not extend it, and it certainly does not create it. What are we doing? In so far as our Act is concerned, all we have done is this. We have provided substantial funds, which will increase by a very large percentage the pay the doctors now get for contract practice.

The Doctors' Three Main Grievances

The doctors have three great grievances. They object to what they call society control. There are many members of friendly societies here no doubt. The doctors complain that they are completely under the heel of the local society, that the society imposes harsh terms upon them. I am not going to express any opinion upon that. If it is true, it is a real grievance. The second grievance is this. They don't mind, they say, attending men who are earning low wages, but they do object to be compelled to doctor well-to-do people belonging to friendly societies on the same terms as a labourer earning 15s. a week. I find that the membership of these societies is not confined to workmen. They have traders, farmers,

schoolmasters, and professional men as members, and the doctors say it is unfair to compel them to treat them at 4s. a head. I am sure that the doctors will not quarrel with me when I make this statement. The doctor's statement is that he charges with reference to the means of the patient, and that he charges the well-to-do more, for by that means he is able to charge the workman less. His third grievance is that there are districts in England and Scotland and Wales where there is no contract practice at all at present, and he objects to introducing contract practice into districts where it does not exist. Now I give you my answer to that. The first is the complaint that they are under friendly society control. Under the Act they are no longer under the control of any society. There is an exception under what is known as the Harmsworth Amendment, which simply deals with existing rights, and protects existing institutions. Otherwise we have set up an independent authority. It is true the insured persons constitute a majority, but that is in the very essence of things. You cannot hand over to a Committee the power to spend money which they are not responsible to find, and you must give a majority on the Committee to the persons who are responsible for the deficit if they mismanage. Very well; but on that Committee you have impartial persons representative of the Government, representatives of the county council, and you have doctors, so that they will be on the Committee framing the terms for the first time. That is not all. The Committee cannot arrange the terms for paying the doctors without consulting the local medical committee representing the whole of the doctors in that district. We have

allowed an appeal to the Insurance Commissioners afterwards.

The Income Limit

Now what is the second point? The income limit. What have we done there? We have empowered the Local Insurance Committee to fix an income limit in the district, and as the Insurance Commissioners have got full power with regard to approving contracts they will have a word to say with regard to that. But I want here to give a word of warning. The fixing of a national income limit is impossible. I will tell you why. Take the mining districts. Suppose you fix an income limit of £2, and say that no miner earning over £2 a week can get a doctor on contract terms. That is a departure from a practice which has existed in those districts for generations. And you cannot work it. A miner may this year be earning not £2, next year over £2. Is he to be within the contract when earning 30s., and outside when earning £2 5s.? The miners of Durham, of Northumberland, of South Wales, and other districts where you have got the contract practice, will not tolerate a departure of that kind from a system which has worked satisfactorily for them. There are districts where £2 a week would be very high; districts where there are few workmen earning anything like £2 a week. Now what happens if a man is outside the income limit? Is he to be left without any doctoring at all? There is a special provision made for him, and I am going now to point out what that provision is when I come to the third objection of the doctors.

No Doctor Forced to take Contract Practice

The third objection of the doctors is, as I pointed out, that in some districts there is no contract practice at all, and the doctors there vow that they will never submit to it. What happens? The money which is set aside for doctoring will be paid into a general pool in that area. The doctors will attend to their patients upon exactly the same terms as of old, and they will send in their bill as against that general pool as far as it goes. If there is a balance, then the workman himself will have to pay it. Now is that clear? Of course, the local medical men must form some kind of committee to prevent one doctor taking advantage of the rest. No doctor is forced to take contract practice under this Act. No patient is forced to take a doctor on contract unless he wishes it. Every doctor who now has a contract practice and wishes to carry it out will get 50 per cent. more than he is paid at the present moment. That is the general provision.

Now they say—"It is perfectly true that you have got all these conditions to protect us—all these safeguards—but the finance of the Act is too limited. It is too insufficient, and there is no scope for negotiation." I have two answers to that. Doctors who are engaged in contract practice can get 50 per cent. more than they are getting now. Doctors who are not engaged in contract practice need not take it for the future. The only thing that will happen to them will be they can charge exactly what they are charging now. They can send their bills exactly as they are sending them now. The only difference is there will be a fund to

help patients to pay that bill. Of course, if all the doctors in the kingdom contemplate dropping their present methods of private practice and entering into contract arrangements with their patients, then they might say, "Then the finance is inadequate for that purpose." It is open to them to argue that, and we would listen to them. If they say so, then all they have to do would be to demonstrate to the satisfaction of the Commissioners that the finance provided for that purpose is unsatisfactory. The Commissioners, I will guarantee, will give every consideration that is submitted to them the most impartial and careful attention, and if they convince the Commissioners of their case, and if the Commissioners represent to the Government that their case is made out, it would unquestionably be the duty of the Government to recommend Parliament to find all the money that is necessary to provide the satisfactory medical service for the insured people in this country.

Employers and the Act

I had intended saying a word about the employers. What I will say at the present moment is this—the employer says, "What is there in the Act for me?" That is exactly what the German employer said at first. He says so no longer. At first the German employers were opposed to insurance. It cast a burden upon them. They said it was a great expense. They would have to adapt their industries to it, and their charges. There is not a German employer whom you could find anywhere who would go back upon it now, although they

are paying twice as much as we are calling upon the English employers to pay. There are two classes of employers. There are the employers the whole of whose business is now in the United Kingdom and not subject to foreign competition. The retail trade, the transport industries of this country—I mean the inland transport—the building trade—these are not subject to foreign competition. You cannot build a house in Germany and carry it here. Your railways are bound to be run on English soil. Your retail trade is conducted here. Therefore it is not subject to foreign competition, and the payment in these trades will be merged in the establishment charges; and as long as every man is paying the same in the same trade there is no advantage given to his competitor. It is exactly as if you had a uniform charge. It may be a rate upon every trader in the district. Undoubtedly it is a burden, but it is a burden they all suffer, and it is a burden they put in their establishment charges. Therefore it merges into the general business. And now I come to the man who is subject to foreign competition, and has to compete with nations who are paying heavier insurance charges than we are. The German pays twice as much. It is said that the German has Protection, but Protection is not a relief; it is a burden. You say that they are more capable of bearing these burdens because they have another burden as well. That is not very logical, but nothing—even his Protection—avails him in this market, nor in any neutral market, not in the slightest degree. The whole of our statistics prove that Free Trade enables us to fight on better terms in all the markets of the world.

That, therefore, is a help, and not a hindrance.

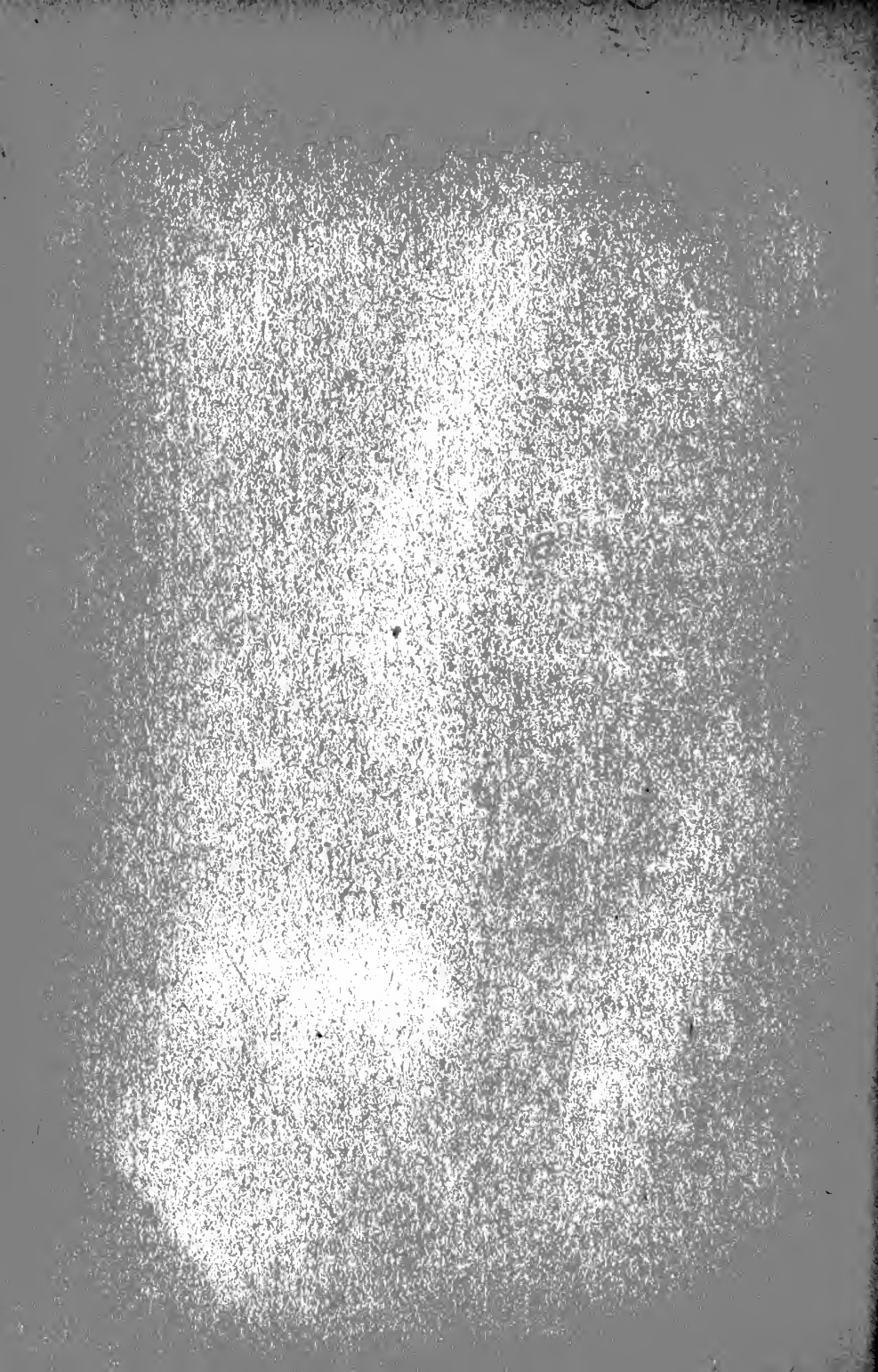
Insurance Makes the Workman a Better Workman.

But the real answer is this. Insurance makes the workman a better workman. What is the difference between the workman badly cared for, the workman whose health is neglected, the workman whose conditions are not overlooked, and the workman who is well looked after, with a great national system to look after his health? It is an infinitely greater difference in pure value, in power of productiveness, in yield, in profit than any charge under the Insurance Act. The total charge under the Insurance Act upon the manufacturers of this country is barely three-quarters per cent. The difference between fitness and unfitness in the workman is infinitely greater than that. That is the lesson which has got to be taught—that the greatness, the prosperity, the national prosperity of this country depends largely upon the fitness and efficiency of the workmen throughout the land. An astute Parliamentary friend of mine said it was no use discussing the Insurance Act in a first-class carriage—that if you wish to be heard you must go to the third-class carriage. May I say quite respectfully that that is a characteristic of the mistake the first-class carriage makes. The passengers in the first-class carriage think that because their apartment is well constructed, well built, firm, solid, with resilient springs, well padded and cushioned, that all is

well. They do not mind the third-class, whether it rocks, is ill built, or what its condition may be. What they forget is this—an ill-built third-class carriage may wreck the train. The Government are paying special attention to the third-class carriage—repair-

ing, improving, strengthening, making it more comfortable. Why? Because we know that this adds to the security of the train which is carrying the destinies of this great commonwealth of nations into the dark and obscure expanse of the future.

DOUBTS AND DIFFICULTIES REMOVED



PART V

DOUBTS AND DIFFICULTIES REMOVED.

EXTRACTS FROM REPLIES TO INQUIRIES ADDRESSED TO THE CHANCELLOR OF THE EXCHEQUER WHILE THE BILL WAS BEFORE PARLIAMENT.

Value of the Benefits Provided.

It is impossible to see how a young man joining a Friendly Society independently of the State scheme could get as great benefits as he will get through his society if his society undertakes to administer the State scheme. Under the Government Bill the young man's payment will be 4*d.*, and to this the employer's contribution of 3*d.* and the State grant will be added. It is true that under the terms of the Bill for the first 18 $\frac{1}{4}$ years of the operation of the scheme a considerable part (*viz.*, one penny and five-ninths in the case of men, and one penny and a half in the case of women) of the contributions is used to pay off the loss due to the inclusion of older lives in the insurance without regard to the fact whether these older persons have made previous insurance or not. If they have made previous insurance they, of course, get the full benefit of their own past thrift, and are not asked to sacrifice any part to the State scheme, but, whether they have made

previous insurance or not, they equally are taken into insurance under the State scheme, and it is calculated that it will take 18 $\frac{1}{4}$ years to pay off the loss which thus arises. At the end of that period the whole of the contributions under the Government scheme will be available to extend the benefits of the scheme, so that a young man of 17 at the age of 35 will be in a position to receive greatly extended benefits, and it is, of course, probable that the benefits then payable to him will be of more service at that age than if they were payable immediately on his joining the scheme. The Government scheme is to be administered through the societies, so that it will rest with the societies themselves to make the utmost use of the moneys put at their disposal.

Details of Cost of Benefits.

To provide the minimum benefits under the State scheme in the case of a man joining at the age of 16, con-

tributions at the following weekly rates are required :—

d.
1'51 for doctor.
'32 for sanatorium.
'92 for administration.
'64 for maternity.
2'16 for sickness.
'78 for disablement.

6'33
'67 margin.

7'00d. Total.

This is the calculation for male persons joining at the age of 16, but persons of older ages are to obtain the same benefits for the 7d. a week contribution, and so provision has to be made at the outset for wiping out the liability of these older lives. The State contribution is, in the case of men, two-ninths of the actual expenditure as it from time to time arises, and it is the equivalent of a contribution of 2d. a week. This contribution makes it possible in the first 16 years * for the charge in respect of the older lives to be liquidated, and after this period the scale of benefits will be increased for the same contribution.

The Value of the 4d. Contribution.

It is perfectly correct to say that the National Insurance Bill is giving the working man 9d. for 4d. The only qualifications which require to be made in this statement are: (1) that though the persons insured on an average all get just 9d. for 4d., the older get somewhat more and the younger somewhat less; and (2) that some time must elapse before the

* 18½ years according to the proposals of the Bill as amended.

whole 9d. is received. But it should be clearly understood that 9d., with interest in addition, will ultimately be received by the insured classes for every 4d. paid in.

Disposal of Friendly Society Reserves.

A society's existing reserves, so far as they have been accumulated for sickness insurance on behalf of members who are transferred to the State scheme, will be released and a very large sum of money will in this way be set free.

Under the proposals of the Bill, a society will be able to transfer to the State side of its business all its existing members who become employed contributors or voluntary contributors under the Bill; in other words, practically all its members between 16 and 65 years of age. It should be added that within this group of members there may be a few permanent invalids the state of whose health prevents them satisfying the "employment" test. The number of such cases must be very small, and a society would no doubt have to make special arrangements for them. The majority of the invalids between 16 and 65 would probably be able to satisfy that test and would accordingly be transferred to the State scheme, but they would not draw benefits under that scheme until the waiting periods laid down in the Bill had expired.

The Position of Existing Members of Friendly Societies.

A person who is already contributing to a Friendly Society, and who becomes insured under the National Insurance Bill, will not be required to

make double contributions and receive double benefits. It will be possible for his Society to arrange that his contributions under the Bill shall be substituted for the whole or part of his existing contributions, and his benefits under the Bill for the whole or a part of his existing benefits.

Of course, any Society must itself be the judge of the action which it should take on the Bill becoming law. But Mr. Lloyd George has always hoped to make the fullest possible use of existing organisations, and the Bill has been so framed that they will suffer no loss or disadvantage through becoming approved societies. He therefore trusts that every effort will be made to preserve societies, large or small, which are already engaged in the work of insuring against sickness. . . . An insured person cannot obtain the full benefit of the National Insurance unless he becomes a member of an approved society, and it will clearly be a convenience to the members of any existing society to arrange for their insurance through that society rather than to seek another.

Workmen's Compensation Cases.

The Bill proceeds on the principle of insuring against impairment of health in those cases only which are not already provided for; consequently, where a workman is in receipt of a weekly payment under that Act, he will not be entitled to sick pay under the State scheme except such sum (if any) as, with the weekly compensation already provided, is required to make up the amount prescribed by the Bill for sickness or disablement benefit. This does not prevent a workman from insuring himself against accident outside

of the National Health Insurance—in particular he will in a large number of instances be able to provide such an insurance with his present society at no additional cost to himself, owing to the saving in his present contributions which the assistance of the employer and the State under the National Health Insurance will enable him to effect.

The contributions under the Bill are calculated on the assumption that sickness benefit is not payable in addition to compensation, and it must be obvious that if the double payment is to be made it can only be done by increasing the contributions generally or restricting other benefits.

The Question of Arrears.

Arrears are *reckoned on average* from the date of the member's joining. They will not be counted—

- (1) for the first year of the operation of the Act;
- (2) if arising before the age of 16;
- (3) during periods of sickness.

Further, a member is not required to pay his contributions, so far as arrears are counted against him, during periods of unemployment, and if he is in arrear to such an extent as to make it advisable for him to make some contribution he can make this contribution year by year at the time most convenient to himself.

The effect of the Bill may be summarised as follows:—

Suppose a man has been a member for four years, he may be ill the whole time without incurring any arrears; he may be unemployed for 15 weeks in the four years without suffering any reduction of benefits at all; he may be unemployed for 52 weeks in the four

years without being suspended from benefits. In the last case, he will receive reduced sick pay, in no case less than 5s., and the other benefits he will receive in full.

Suppose, therefore, a member is unemployed for 17 weeks for every year of his life, *i.e.*, practically one-third of his time, or one year in three, how much, beyond the amounts which he would be paying when employed, would he have to pay to keep himself in benefit on the reduced scale? The answer to this question is 2s. 4d. (2s. if the member is a woman). In the same way, if a member's unemployment does not amount to 13 weeks a year on average, or 52 weeks in four years, he has only to pay 7d. a year to prevent his sick pay from being reduced.

Mr. Lloyd George accepted an amendment allowing a society to excuse a member the payment of the employer's contribution when he is unemployed—3d. in 7d. for men and 3d. in 6d. for women in most cases.

Mr. Lloyd George also accepted an amendment allowing medical, maternity, and sanatorium benefits to be continued until a member was 26 weeks in arrear on average.

A member can at any time in any year extinguish any arrears that have accumulated during the same and the preceding calendar year by making the necessary payments.

Prohibition of Double Insurance.

Double insurance of the benefits provided by the State scheme is prohibited, as it would, of course, be unfair for one person to receive a double grant from the State. It is, however, open

to anyone to make further insurance on his own account, if he so chooses; but, if he is insured for a total sick benefit in excess of his wages, the benefit under the Act will be restricted by the amount of the excess. There is no restriction against insurance for maternity benefit in addition to that provided under the State scheme. An existing member of more than one society will have to decide to which society he will belong for the purpose of the State scheme.

Membership of Two or More Friendly Societies.

The reduction of the sickness benefit under the Bill to two-thirds of the wages applies only to the insurance under the State scheme, and in such a case the Bill provides for the grant of one or more additional benefits of a value equivalent to such reduction. It is open to anyone to make further insurance on his own account if he so desires, but if he is insured for a total weekly payment during sickness in excess of his wages or other remuneration the payment under the State scheme will be reduced accordingly.

Exemption from Insurance of Persons having other Income.

Where any person employed within the meaning of the National Insurance Bill proves that he is in receipt of any pension or income of the annual value of £26 or upwards not dependent upon his personal exertions, he will be entitled to a certificate exempting him from liability to become insured under the National Health Insurance Scheme.

Position of Superannuation Funds.

It will be open to a superannuation fund, or any similar fund, established by an employer for the benefit of workmen employed by him, to become an approved society for the purposes of administering the benefits conferred by the Bill.

Provision is also made for the modification of the rules and constitution of an existing superannuation fund, so far as any modification may be rendered necessary by the Bill, and it is also proposed to allow the employer a limited representation for the purpose of the management of the fund if he has made himself responsible for its welfare, or has bound himself to pay a larger contribution than the contribution required from him under the Bill. An insured member of an approved superannuation fund will be entitled, if he so chooses, to transfer his membership to another approved society, taking with him his own and his employer's contributions.

Members of Trade Unions.

No workman will be required to pay two contributions in addition to the contributions which he is already paying, if he is insured against sickness and unemployment. As regards sickness, it will be open to him to receive the full benefit of the Government scheme through his Trade Union if it becomes an approved society, and he will be able, as he chooses, to continue his previous subscription either in whole or in part so as to insure himself for further benefits. He will also be able, if he chooses to discontinue his subscription, to receive through his Trade Union a return in benefits of any past contributions which he has made, and which have been accumu-

lated. In this way he will by no means forfeit the advantage of his previous thrift.

As regards unemployment, he will be able to receive the full benefit of the Government scheme through his Trade Union, with such further benefits as he may choose to insure himself for in his society.

Position of Clerks.

The Chancellor of the Exchequer does not see how it is possible for the position of clerks to be in any way prejudiced by the proposals of the Insurance Bill. The benefits provided by the Bill are secured by contributions as follows:—(1) The employer pays 3*d.* a week for every clerk receiving a salary not exceeding £160 a year; (2) The clerk himself pays 4*d.*; (3) A State grant is made of two-ninths of the total benefits. Although it is possible that an employer may claim in future to make a deduction to the extent of the value of his threepence from the wages he has been used to pay to his clerks during sickness, he would not be justified in making any deduction in respect of the benefits under the Insurance Bill so far as those benefits are secured by the contributions of the clerks themselves and by the State grant. The position of the clerks must, therefore, be improved by *at least* the amount represented by the Government grant. Clerks in many cases do not now receive as much from their employers in sickness as is represented by the threepences which the employer is required under the Bill to pay. In such cases the clerks' position will be improved, both by the State grant and by the additional contributions from their employers, under the Bill.

Position of Teachers.

Teachers are within the scope of the National Insurance Scheme except in the following cases:—(1) Teachers to whom the Elementary School Teachers' Superannuation Act, 1898, or a Scheme under section 14 of the Education (Scotland) Act, 1908, or the National School Teachers (Ireland) Act, 1879, or any similar enactment hereafter passed applies; and (2) teachers employed under any local or other public authority, where the terms of the employment are such as to secure provision in respect of sickness and disablement on the whole not less favourable than the corresponding benefits conferred by the Insurance Bill.

Employees of Public Authorities.

Exception from compulsory health insurance in the case of persons employed by a local or other public authority applies only where the Insurance Commissioners certify that the terms of the employment are such as to secure provision in respect of sickness and disablement on the whole not less favourable than the corresponding benefits conferred by Part I. of the Bill.

Persons Employed on Commission.

A person employed on commission by one employer will be liable to be compulsorily insured if he is not ordinarily engaged in any other regular employment, provided his rate of remuneration does not exceed £160 a year.

Persons employed on commission by more than one employer, or persons who do small commission work for one employer but have some other regular

occupation will be entitled to make voluntary insurance.

Liability of Tenant Farmers.

Under the First Part of the National Insurance Bill tenant-farmers employing labour are in the same position as other employers of labour except in the following case, viz., employment in respect of which no wages or other money payment is made where the employer is the occupier of an agricultural holding, and the employed person is employed thereon.

The Position of Married Women.

A woman who has been an employed contributor under the Bill, and who marries, may continue in insurance, and will be entitled, if she does not continue to be employed, to become a voluntary contributor, paying the reduced contribution and receiving reduced benefits.

District Nurses.

The National Insurance Bill will not do away with the necessity of district nurses in villages, and approved societies and Insurance Committees are empowered under Clause 17* of the Bill to make subscriptions and donations for the support of district nurses.

The Position of Domestic Servants.

Contributions payable by a mistress in respect of a domestic servant will be at the rate of 6d. weekly, and she will be entitled to deduct 3d. out of the servant's wages. The deductions, however, will be made only at the time of payment of wages, so that if, for example, the wages are paid monthly, the deduction will be made once a month. The Insur-

* Clause 21 of the Bill as amended.

ance Commissioners will make regulations for periodical payments by means of stamps or in any other manner which may prove more convenient, and in drawing up the regulations every effort will be made to suit the convenience of employers and the persons whom they employ.

The benefits to which a servant is entitled who is a member of an approved society may take any of the following forms :—

(1) 7s. 6d. a week sickness benefit from her society paid to herself during the first 26 weeks' illness; medical attendance from the doctor of her choice; 5s. a week disablement benefit for illness after the first 26 weeks until she reaches the age of 70; maternity benefit; and sanatorium benefit.

A servant's right to these benefits is not affected by the fact that her mistress cannot dismiss her except at a month's notice (or whatever the period in any particular case may be), and that she provides her with medical attendance and maintenance during sickness; but the National Insurance Bill does not interfere with any private arrangements which a servant may care to make with her mistress in regard to her benefits.

(2) Where it is the custom or practice for a servant to receive full remuneration during periods or part periods of illness in any year, the contribution per week may,

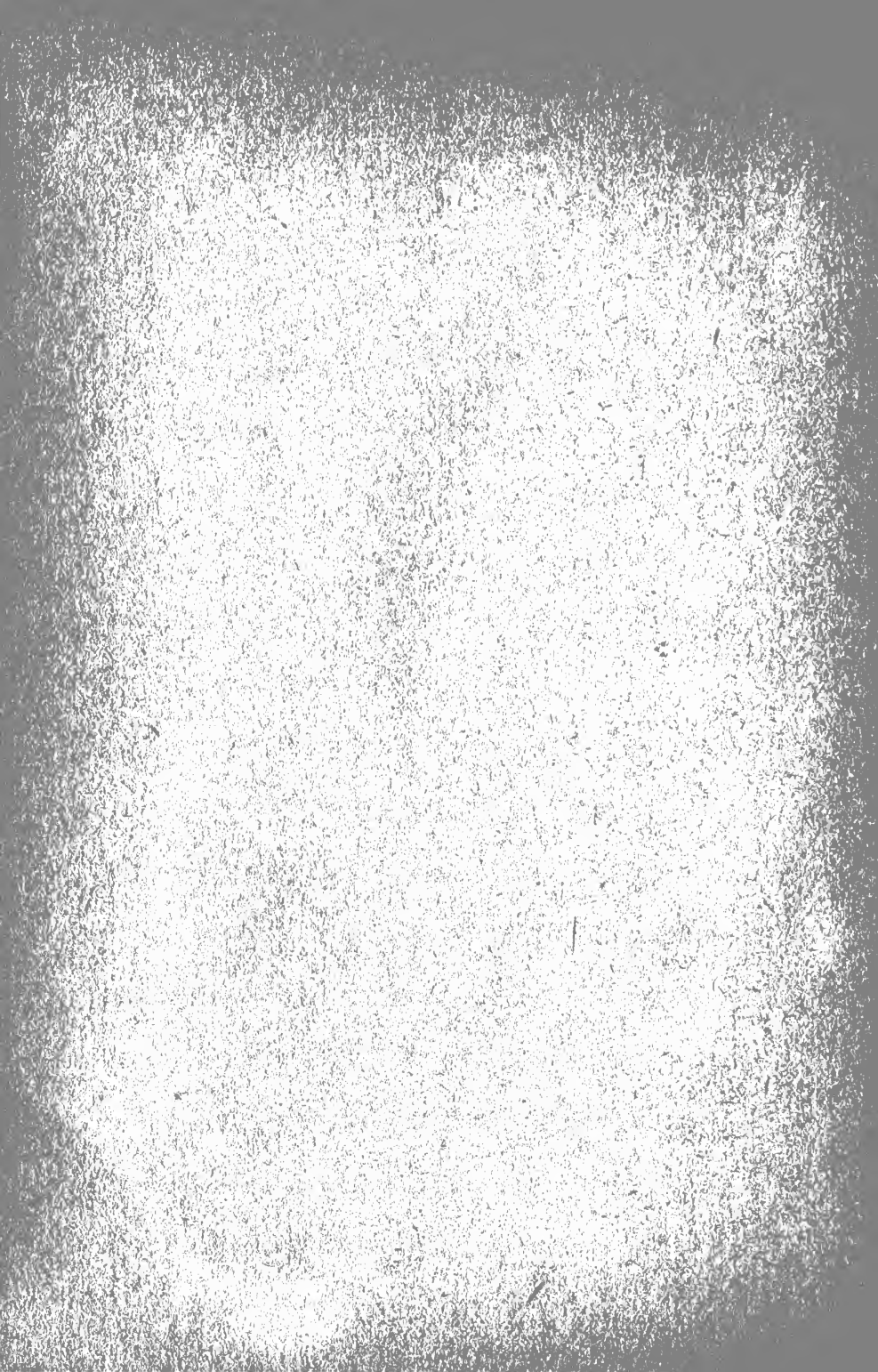
on an Order made by the Insurance Commissioners as to a class of employment, be reduced to $4\frac{1}{2}d.$; the mistress in that case deducting 2d. a week (instead of 3d.) from the servant's wages, and the servant will not be entitled to sickness benefit during the first six weeks of sickness (for which period her employer will then have undertaken liability).

(3) The servant may arrange with her Society to forgo sickness benefit or part of it, and to utilise the amount so saved towards the provision of a pension or superannuation allowance.

A servant does not fall out of sickness benefit unless she is unemployed for more than 13 weeks in every year and fails to make any payment when she is living at home.

If a servant leaves service and marries and ceases to be employed within the meaning of the Bill, she can either become a voluntary contributor at a reduced rate, receiving reduced benefits, or she may pay no further contributions and receive out of two-thirds of her surrender value 5s. for four weeks on confinement, or payments during any periods of sickness or distress at the discretion of her society. The balance of her surrender value is reserved to enable her to re-enter insurance on the death of her husband.

Her marriage will not interfere with any claim to a pension which she may have established before marriage.



THE MACHINERY OF THE ACT



PART VI

THE MACHINERY OF THE ACT

(AS EXPLAINED BY THE INSURANCE COMMISSIONERS)

WHO WILL BE INSURED.

GENERAL RULE.

With the exceptions mentioned below, all employed persons between the ages of 16 and 70 must be insured under the Act, if they earn at the rate of less than £160 a year; and those who work with their hands must be insured even if they earn more than this.

I.—THOSE WHO ARE NOT OBLIGED TO BE INSURED.

1. Those who can show that they have a pension of £26 a year or more, or an income of £26 a year or more which they do not earn.
2. Those who can show that they are ordinarily and mainly dependent for their livelihood upon some other person.
3. Persons employed as apprentices or learners receiving no wages.
4. Persons employed by the occupier of an agricultural holding without wages.
5. Children of an employer receiving no wages and persons who are maintained by their employer without wages.
6. Wives employed by their husbands and husbands employed by their wives.
7. Outworkers who are the wives of insured persons and are not wholly or mainly dependent for their livelihood on their earnings as outworkers.
8. Persons casually employed; except that persons have to be insured who are casually employed for purposes of trade, and also persons who are engaged or paid through a club for the purposes of a game or recreation. For example, a person employed to carry a bag to the station need not be insured, but a cotton porter carrying a bale of cotton into a warehouse must be insured. Again, a Club golf caddie must be insured but a skate fastener will not be.
9. An agent paid otherwise than by salary unless he is mainly employed by one employer and is mainly dependent for his livelihood on one employer.

II.—PERSONS WHO MAY BE EXCLUDED FROM THE ACT BY SPECIAL ORDER.

1. The Insurance Commissioners have power in certain cases to exclude from the Act by special order the following forms of employment:—

- (a) as an outworker;
- (b) as a share fisherman;
- (c) employment of a kind which is ordinarily adopted as subsidiary employment only and not as the principal means of livelihood.

2. The following persons will be excluded from the Act:—

- (a) Persons in the employment of the Crown,
- (b) Persons in the employment of local or other public authorities,
- (c) Clerks or salaried officials in the service of a railway or other statutory company who are entitled to rights in a superannuation fund established by Act of Parliament,

in cases in which the Insurance Commissioners certify that they are secured by the terms of their employment benefits in sickness and disablement of at least equal value to those given by the Act.

Certificated Elementary School Teachers will be excluded from the Act unless they have not accepted the Teachers' Superannuation Act of 1898.

III.—PERSONS WHO WILL BE INSURED UNDER THE ACT BUT FOR WHOM SPECIAL PROVISIONS ARE MADE IN THE ACT.

1. Soldiers.
2. Seamen in the Royal Navy.
3. Sailors and Fishermen.
4. Persons over 65 at the commencement of the Act (July 15th, 1912).
5. Aliens.

HOW TO BECOME INSURED.

(QUESTIONS AND ANSWERS.)

Question: I hear that I am bound to become insured under the National Insurance Act?

Answer: Yes, that is true.

Q.: But how am I to do it?

A.: By joining an Approved Society.

Q.: What is an "Approved Society"? I suppose it means a Friendly Society?

A.: An Approved Society means a Society approved by the Insurance Commissioners. But it is a mistake to suppose that only Friendly Societies can become approved. Any Society whether it now gives sick pay or not can become approved, provided it is under the control of the members themselves and is not carried on for profit.

Q.: Can a Trade Union become an Approved Society?

A.: Certainly. Friendly Societies, Trade Unions, Provident Societies, Dividing Societies, Collecting Friendly Societies and Industrial Assurance Companies can become Approved Societies or form Sections for the administration of the Act, and new Societies may be formed for the purpose of the Act.

Q.: But I am too old to join a Society now. I am 45; no Society would take me.

A.: Oh! no; if you join at once (or at latest before July, 1913) your age makes no difference; the Insurance Act puts you back to 16. You have not got to pay extra because you have now reached middle age. You will pay the same as if you were joining at 16, and you will receive full benefits. Your Society will be credited with the

amount which would have now accumulated, had you joined when you were 16, so it will be glad to have you.

Q. : But no Society is obliged to accept me.

A. : True, and - different Societies will have different rules as to whom they will admit. You may choose any Society that will take you, and you will have no difficulty in finding one to suit you.

Q. : What happens if I do not join a Society?

A. : Then you will become a Deposit Contributor.

Q. : Is that the same as a Post Office Contributor?

A. : I expect you mean the same thing, but "Deposit Contributor" is the proper expression. A deposit contributor deposits his contributions in the Post Office.

Q. : And a member of an Approved Society deposits his money in his Society—I cannot see any difference.

A. : A Deposit Contributor will only have a right to the benefits which can actually be provided out of the money deposited (namely, the contributions paid by himself and his employer) together with the State grant. When this amount is used up he will receive no further benefits. The member of a Society, on the other hand, is entitled to the full benefits of the Act.

Q. : Why is that?

A. : Because in a Society all the members pay into a common fund for the benefit of those who fall ill; sick pay is given to the members out of that fund. A Deposit Contributor is all by himself, and when he has spent his own money, there is nothing left.

Q. : Then a deposit contributor does not get the full benefits of the Act, because he is not really insured?

A. : Quite so, and that is why no one who can join a Society should become a Deposit Contributor. The arrangements for Deposit Contributors are only meant for those who cannot join Societies.

Q. : I see; the real question is not whether to join a Society or to become a Deposit Contributor, but what Society to join.

A. : Yes, that is right. Deposit Contributors do not concern you. Your business is to choose a good Society. A Society which is not well managed is not likely to be able to continue the ordinary benefits. A Society which is well managed should, in a few years, be able to give additional benefits besides the ordinary benefits.

Q. : What are the ordinary benefits?

- A.* : (1) Medical benefit, that is, doctor and medicine, or, in special circumstances, money payments instead.
- (2) Sanatorium benefit, that is, treatment in a sanatorium or in some other way in case of consumption.
- (3) Sickness benefit, 10s. (7s. 6d. for women) a week for 26 weeks commencing on the 4th day of sickness.
- (4) Disablement benefit, 5s. a week afterwards if still incapable of work.

The rates of sickness benefit and disablement benefit are lower for persons under 21, and in certain cases the rate of sickness benefit is lower for persons over 50.

- (5) Maternity benefit, 30s. for the wife on confinement,

paid in cash or otherwise, unless the husband is also insured, in which case maternity benefit is provided by his insurance. A married woman, whether her husband is insured or not, has a right also to sickness benefit after confinement.

(These benefits are subject to certain waiting periods and other conditions.)

Q. : How are the Contributions paid?

A. : Payments will probably be made in this way: When you join your Society you will receive a card; when your employer pays your wages he will ask for your card, and will then put on it special insurance stamps to the value of 7*d.* (6*d.* for women) for every week you have worked; he will deduct 4*d.* (3*d.* for women) a week from your wages, paying the remaining 3*d.* a week himself. When the card has been filled up, say at the end of a quarter, you will take it to your Society and get a new one in exchange.

Q. : But you have said nothing about my contributions to my Society—you have only mentioned the State scheme.

A. : Your Contributions under the State scheme are your contributions to your Society.

Q. : But I shall have to pay something to my Society as well?

A. : Not unless you consider the benefits given by the Act are not enough and you want to join the ordinary or voluntary side of your Society for other benefits, such as death benefits, which the Act does not give, or for increased sick pay, or for anything else.

ADVANTAGES OF JOINING AN APPROVED SOCIETY.

(The following statement applies to men and women alike.)

There are two ways of obtaining the benefits under the National Insurance Act, 1911, Part I. :—

- (1) Through a Society approved for the purpose by the Insurance Commissioners; and
- (2) As a Deposit Contributor.

Approved Societies are Friendly and Benefit Societies, Trade Unions, sections of Insurance Companies, and other organisations, all of which are required to be under the absolute control of the members.

The Deposit arrangement, which is only temporary, is intended simply for persons who do not become, or who cease to be, members of Approved Societies. These persons will be known as Deposit Contributors.

Membership of an Approved Society gives the advantage of a common fund, to which all members contribute and from which benefits are payable, whereas a Deposit Contributor can only draw upon his individual account.

The principle underlying the working of an Approved Society is shown in the following illustration :—

“If 1,000 people each paid 6*d.* a week into a common fund for the benefit of those among them who fell ill, they would have a joint income of £1,300 a year. Those who were lucky enough to be well would not require any of the £1,300, so that there would be available for those who fell ill more than the amount of their own contributions in times of sickness. As, however, none of them would know beforehand whether he

was going to be ill or not, it would be well worth while for each of them to pay 6d. a week into a common fund by way of insurance against possible sickness. On the other hand, if one man by himself saved up 6d. a week he would only have these sixpences to be used in case of sickness, and when they were spent he would have no more."

Under the State Scheme a person may either join with other people in an Approved Society, and get the benefit of a real insurance, or merely save up for himself as a Deposit Contributor.

The difference, therefore, between Deposit Contributors and members of Approved Societies is that Deposit Contributors cease to have benefits when the money standing to their credit is exhausted, whereas members of Societies can go on drawing benefits as long as they need them.

Every person ought to decide what Society he would like to join. The choice of an Approved Society is very important. Those who are already members of Friendly Societies, Trade Unions, Sick Clubs, Slate Clubs, or Insurance Societies or Companies will probably desire to be members of the same Societies (if these become approved under the Act), but everyone is perfectly free to join any Society which will accept him. An Approved Society has the power to reject an applicant on any ground except that of age.

HOW RATES OF REMUNERATION AFFECT CONTRIBUTIONS UNDER THE ACT.

A contribution of 7d. in the case of men, 6d. in the case of women, is payable every week from July 15th, 1912, in respect of every employed person liable to be compulsorily insured under the Act.

Part of this contribution is paid by the employed person, part by the employer, and in certain cases, part by the State.

The way the contribution is divided depends upon the Rate of Remuneration of the employed person.

(i) HOW THE CONTRIBUTION IS DIVIDED.

(i) Ordinary Provisions.

In the case of men, the employer pays 7d. and has the right to deduct 4d. from the employed person's wages.

In the case of women, the employer pays 6d. and has the right to deduct 3d. from the employed person's wages.

These ordinary provisions apply in the case of all wage earners under 21 years of age and of all persons, whatever their age, who receive both board and lodging from their employer. In other cases they are subject to the following exceptions.

(ii) Special Provisions in the case of Low Wages.

In the case of low wages, when the employed person is 21 or over and does not receive both board and lodging, the contribution is divided according to the following table:—

(a) In the case of men, when the rate of remuneration is more than 2s. but is not more than 2s. 6d. a working day—

	A week
To be paid by the employer	4d.
" " man	... 3d.

(b) When the rate of remuneration is more than 1s. 6d. but is not more than 2s. a working day—

	A week.	
	Men.	Women.
To be paid by the employer	... 5d.	4d.
To be paid by the employed person	... 1d.	1d.
State	... <u>1d.</u>	

(c) When the rate of remuneration is not more than 1s. 6d. a working day—

		A week.	
		Men.	Women.
To be paid by the			
employer...	...	6d.	5d.
State	...	1d.	

In this case the employed person does not pay any part of the contribution.

Note.—Whatever the rate of remuneration the State, in the case of men, contributes 2d. towards every 9d. expended on benefits and on the administration of benefits; in the case of women 2d. towards every 8d. so expended.

(2) REMUNERATION MAY IN SOME CASES BE MORE AND IN SOME CASES LESS THAN THE MONEY WAGES.

Tips or gratuities which are recognised incidents of the employment must be reckoned as part of the employed person's remuneration.

Any additions to wages in the nature of a bonus, which really amounts to payment for services in a lump sum as distinguished from a free gift, must be treated as part of the employed person's remuneration, and should be apportioned over the weeks in which it is earned.

In calculating the employed person's remuneration, the value of any privileges or perquisites allowed to him by the employer in return for his services, must be taken into account, as well as the cash wages. Instances of these are:—free meals, milk, fuel, cartage of fuel, corn, straw, cottage, potato ground, etc.

In cases where such things are not allowed free, but are charged for at less than their real value, the difference between the charge made and the

real value must be taken into account in reckoning the rate of remuneration.

Thus, if an employer lets a man have a cottage for 2s. a week, which is really worth 3s., and if the lower charge is made in consideration of the man's services, the 1s. a week, which is the difference between the charge made for the cottage and its real value, must be taken as part of the man's remuneration.

On the other hand, where the employed person incurs the cost of material or other expenses recognised by the practice of the trade, these must be deducted from the money wages in reckoning the rate of remuneration.

(3) HOW TO CALCULATE THE RATE OF REMUNERATION.

In order to help the employer and the employed person to come to an agreement between themselves as to the rate per working day at which the latter is being remunerated for his services, the following directions are given:—

(i.) When the employed person is paid by the day no difficulty arises, as the rate of remuneration is the amount paid for a full working day.

For example, if a mistress pays a woman 2s. for a day's charring, the rate of remuneration is 2s. (It must be remembered that if the mistress gives the charwoman anything besides the money payment, for instance, meals or beer, these must be reckoned as part of her remuneration, the rate of which will thus be more than 2s. a day.)

(ii.) When the employed person is paid by the week divide the total earnings received in the week by the number of days in the week on which work is ordinarily done. Thus, if a man's

total earnings in the week are 14s., and he ordinarily works seven days in the week, the rate of remuneration per working day will be $\frac{14s.}{7} = 2s.$

Again, if a man on a weekly wage of 18s. ordinarily works five whole days and one half-day every week, the rate of remuneration will be $\frac{18s.}{6} = 3s.$

(iii.) In the cases of wages paid at monthly or quarterly rates, find the annual rate (in the case of monthly wages by multiplying them by 12, in the case of quarterly wages by multiplying them by 4), then divide by 52 to obtain the weekly rate and then proceed as in (ii.) above.

(iv.) In the case of wages paid at an annual rate divide by 52 to obtain the weekly rate and then proceed as in (ii.) above.

(v.) When the employed person is paid by the hour and the ordinary working day consists of a definitely recognised number of hours, the rate of remuneration per working day is readily ascertained by multiplying the rate of remuneration per hour by the number of hours which make up the ordinary working day.

Where the ordinary working day does not consist of a definitely recognised number of hours the number of hours to be treated as making up an ordinary working day may be ascertained by dividing the number of hours in the week in which work is ordinarily done by the number of days in the week on which work is ordinarily done. In counting the number of days every day on which any work is ordinarily done, even though not a whole day's work, should be counted as a day.

Thus, if the number of hours in the week in which work is ordinarily done is 54, and the number of days in the

week on which work is ordinarily done is 6, even though one of the days is a half day, the number of hours to be treated as making up the ordinary working day will be $\frac{54}{6} = 9$ hours.

Consequently, where the rate of remuneration per hour is, say, 3d. the rate of remuneration a working day will be $9 \times 3d. = 2s. 3d.$

(vi.) When the employed person is paid by the piece, first find the actual amount of money per hour which the employed person is receiving in respect of the work for which payment is being made. This is obtained by dividing the sum paid by the number of hours occupied in the work. To take an example: if the sum paid is 15s. and the number of hours worked is 60 the rate of remuneration per hour will be $\frac{15 \times 12d.}{60} = 3d.$

Having thus found out the rate of remuneration per hour proceed as in (v.) above.

Note.—Where an employed person works for more than one employer in a week, the rate of remuneration must in all cases be calculated on the basis of the remuneration received from the employer who is responsible for the week's contribution.

(4) RATE OF REMUNERATION NOT ALWAYS THE SAME AS ACTUAL EARNINGS.

From the above it will be seen that although the actual earnings in a week may be small it does not necessarily follow that the rate of remuneration is so low as to require an increased payment by the employer in that week. For instance, in a particular week a man may have earned only 9s., this on the average would be only 1s. 6d. a day for a week of 6 working days;

but if this 9s. was earned by working only half time (for example, if he only worked 6 half days or 3 whole days) his rate of remuneration, calculated in the manner explained above, would be 3s. a working day, and this being above the half-crown limit the contribution would be divided between the employer and the employed person in accordance with ordinary provisions.

(5) DISPUTES AS TO THE RATE OF REMUNERATION.

In cases where the employer and the employed person are unable to agree as to the amount to be deducted from the employed person's wages in any week, the employer, since the payment of the contributions cannot be postponed, must stamp the card and may take either of two courses :

(a) he may make the deduction at the lower rate which the employed person regards as correct and himself take steps to get the Commissioners' decision on the point. In these circumstances he will continue to make the deductions at the lower rate until the Commissioners' decision is obtained, but he will then, if the decision is in his favour, be able to make future weekly deductions at the higher rate accordingly; or

(b) he may make the deduction at the rate which, after considering the facts of the particular case, he himself regards as correct; if the employed person wishes to dispute the correctness of this deduction the employer should, in order to inform the employed person of his right to have the question considered and settled by the Commissioners, fill up a notice in the form shown below and

hand it to the employed person, who will, if he thinks fit, take steps to have the matter decided. In these circumstances, after the Commissioners' decision is obtained, if it is in favour of the employed person, the employer will, of course, be required to reduce the rate of deduction accordingly, but in this case he will also be liable to repay to the employed person the amount over-deducted.

Copies of this notice can be obtained from the nearest Customs and Excise Officer or the form given below may be used.

NATIONAL INSURANCE ACT, 1911.

NATIONAL HEALTH INSURANCE.

NOTICE BY EMPLOYER TO EMPLOYED CONTRIBUTOR OF RATE AT WHICH HE CLAIMS TO BE ENTITLED TO MAKE DEDUCTIONS FROM WAGES.

Take notice that I claim to be entitled to deduct the sum of from the amount of your wages in respect of the contribution payable by me on your behalf under the above Act, and that I am making the deduction at that rate accordingly.

If you claim that the amount which I am entitled to deduct is any less amount you are entitled to apply to the Insurance Commissioners to have the question determined by them.

To

Signed
Address
Dated

Note.—If the Insurance Commissioners decide that too much has been deducted you will be entitled to receive from me an amount equal to the amount over-deducted in respect of

every week in which I make deductions from your wages at the higher rate.

If you desire to have this question determined by the Insurance Commissioners you should apply to the nearest Customs and Excise Officer for the requisite form of application.

BENEFITS PROVIDED BY THE ACT.

The benefits provided by the Act are:—

- (a.) Medical Benefit.
- (b.) Sanatorium Benefit.
- (c.) Sickness Benefit.
- (d.) Disablement Benefit.
- (e.) Maternity Benefit.

MEDICAL BENEFIT.

This includes medical treatment and medicine for the insured person (not for his family) and certain kinds of surgical appliances. Medical benefit does not include any right to treatment in case of confinement.

When the Insurance Committee (to be set up for the purposes of the Act in each County and County Borough) has made arrangements for medical attendance and has prepared a list of the doctors willing to serve under the Act, the insured person will be at liberty to choose from the list any doctor who is willing to attend him. A similar list will be available of chemists and others from whom such drugs and medicines as may be prescribed can be obtained. Under certain circumstances, instead of this system, an insured person will be allowed, or may be required, to make his own arrangements for receiving medical attendance and treatment, and in that case medical benefit will take the form of a money allowance upon which he can draw, to help him in the payment of the cost of his treatment.

No person will be entitled to medical benefit until six months after the commencement of the Act.

Where a scheme is not established by the Insurance Committee, other methods will be adopted.

SANATORIUM BENEFIT.

On the recommendation of the Insurance Committee an insured person suffering from consumption is given free treatment in a sanatorium or other institution, or in such other way as may be suitable for the case. This benefit may, if the Local Government Board so decide, be extended to include other diseases besides consumption. The Insurance Committee has power to pay or to advance the travelling expenses of a person who is sent to a sanatorium for treatment, and to extend the benefit to the dependants of the insured person.

SICKNESS BENEFIT.

This is a payment of 10s. per week for men, and 7s. 6d. per week for women, up to 26 weeks, during a period in which the insured person is incapable of work through sickness or other disablement. The following should be noted:—

- (a.) It commences on the fourth day of illness.
- (b.) Illnesses occurring at separate periods are all counted together as one illness for the purpose of reckoning the 26 weeks, unless a period of 12 months elapses and 50 weekly contributions are paid between the end of the one illness and the beginning of the next.

To become entitled to this benefit a person must have been insured for at least 26 weeks and have paid at least 26 contributions. It is not payable after the age of 70. Its payment

through an Approved Society is subject to the rules of that Society. Except as explained below, a woman is not entitled to sickness benefit during the first four weeks after confinement.

DISABLEMENT BENEFIT.

When a person's right to sick pay is exhausted, because he has drawn it for 26 weeks, he is able, if still incapable of work, to draw 5s. a week, which is called Disablement Benefit. This is the same for women as for men. This benefit, like sickness benefit, is not payable after the age of 70. To become entitled to this benefit, a person must have been insured at least two years and must have paid at least 104 weekly contributions.

MATERNITY BENEFIT.

Payment of a sum of 30s. in respect of a confinement.

A woman who is the wife of an insured person, will, whether she works after marriage or not, have 30s. paid in cash or otherwise through her husband's Society to meet the expenses of her confinement.

If she is not the wife of an insured person, but is herself insured, she will draw the 30s. from her own Society.

If she is married, and goes on working after her marriage, she will, at each confinement, get sickness or disablement benefit as well as maternity benefit, whether her husband is insured or not.

In any case the woman decides whether she wishes to be attended by a doctor or by a midwife, and selects any doctor or midwife she likes. A period of 26 weeks must have elapsed since entry into insurance and at least 26 weekly contributions must have been paid before the insured person becomes entitled to this benefit; in the case of a

Voluntary Contributor the requirement is a period of 52 weeks and the payment of 52 weekly contributions.

ADDITIONAL BENEFITS.

In addition to the benefits already mentioned there is the possibility of extra benefits if the funds of an Approved Society show a surplus on the first or any subsequent valuation. The additional benefits laid down in the Act include medical treatment for dependants, dental treatment, increased sickness or disablement benefit, payment of sickness benefit from the first day, increase of maternity benefit, payment of pensions, &c., but not death benefits.

VARIATION IN BENEFITS.

Power is given to Approved Societies to draw up schemes for substituting some of the "additional benefits" for the whole or part of sickness or disablement benefit. The scheme may apply to all the members, or to special classes or it may be optional for any of the members. The scheme must be submitted to the Insurance Commissioners, who must be satisfied that there are good reasons for it owing to special circumstances.

REDUCTION IN BENEFITS.

If any valuation of the Society discloses a deficiency arising from bad management or otherwise, the benefits may be reduced or a levy be made upon the members.

SICKNESS AND DISABLEMENT BENEFITS EXPLAINED.

Part I. of the following statement sets out the rates of sickness and disablement benefit in the case of persons compulsorily insured under the Act (called

employed contributors) who become members of Approved Societies within a year after the commencement of the Act (July 15th, 1912). Part I. also applies to employed contributors who join Approved Societies more than a year after the commencement of the Act, provided they do so before they are 17.

Part II. deals with persons who become employed contributors and join Approved Societies at any time after July, 1913, and are 17 or over at the time.

PART I.

Persons who become employed contributors within a year after the commencement of the Act (July 15th, 1912).

SICKNESS BENEFIT.

This is a payment of 10s. per week for men, and 7s. 6d. per week for women, up to 26 weeks, during a period in which the insured person is incapable of work through sickness or other disablement. The following should be noted:—

- (a) It commences on the fourth day of illness.
- (b) Illnesses occurring at separate periods are all counted together as one illness for the purpose of reckoning the 26 weeks, unless a period of 12 months elapses and 50 weekly contributions are paid between the end of the one illness and the beginning of the next.

To become entitled to this benefit a person must have been insured for at least 26 weeks, and have paid at least 26 contributions. It is not payable after the age of 70. Its payment through an Approved Society is subject to the rules of that Society.

DISABLEMENT BENEFIT.

When a person's right to sick pay is exhausted, because he has drawn it for 26 weeks, he is able, if still incapable of work, to draw 5s. a week, which is called Disablement Benefit. This is the same for women as for men. This benefit, like sickness benefit, is not payable after the age of 70. To become entitled to this benefit, a person must have been insured for at least two years and must have paid at least 104 weekly contributions.

REDUCED RATES.

(1) Persons under 21.

Males: Sickness benefit—6s. a week for 13 weeks, 5s. a week afterwards.

Disablement benefit—The full rate of 5s. a week.

Females: Sickness benefit—5s. a week for 13 weeks, 4s. a week afterwards.

Disablement benefit—4s. a week.

The full rate will be payable when the insured persons reach the age of 21.

If they are married or have members of their family wholly or mainly dependent upon them, they have a right to sickness and disablement benefits at the full rate.

(2) Persons of 50 and upwards.

This refers only to persons who, when they first become employed contributors, are over the age of 50; they will be in two classes, (i) those between 50 and 60, and (ii) those between 60 and 65.

- (i.) If over 50 and not over 60 at the time of becoming employed contributors—

Sickness benefit—Men, 7s. a week for 26 weeks.

Women, 6s. a week for 26 weeks.

Disablement benefit—The full rate of 5s. a week for both sexes.

(ii.) If over 60 and under 65 at the time of becoming employed contributors—

Sickness benefit—Both men and women, for 26 weeks, at the rate of 6s. a week for the first 13 weeks and 5s. a week for the second 13 weeks.

Disablement benefit—The full rate of 5s. a week for both sexes.

Persons over 50 when they first become employed contributors will have a right to full sickness benefit (10s. for men and 7s. 6d. for women) as soon as 500 weekly contributions have been paid, that is to say in rather less than 10 years if they pay regularly.

(iii.) Special arrangements are made for persons who are 65 and upwards at the commencement of the Act.

There is no reduction in the case of persons who first become employed contributors before they reach 50, and go on after that age; and persons who become employed contributors after 50 but before 60 will be treated after they reach 60 in the same way as they are treated between 50 and 60; and similarly as regards the treatment of persons over 65 who became insured before 65.

PART II.

Persons who become employed contributors at any time after July, 1913, and are 17 or over at the time.

They will receive reduced sickness benefit to be fixed in accordance with tables to be prepared by the Insurance Commissioners, but they will in no case receive less than 5s. a week. They can, however, obtain full sickness

benefit either by paying a larger contribution or by paying a lump sum sufficient to secure them sickness benefit at the full rate.

But if they can prove that their time since they attained 17 has been spent in a school or college or in indentured apprenticeship, or under instruction without wages, or in some other way in the completion of their education, they will be entitled to full sickness benefit without increase of contributions.

Note.—(1) The rate of sickness benefit will be reduced in the case of persons who are behindhand with their contributions.

(2) Where the rate of sickness benefit exceeds two-thirds of the usual rate of wages the society may, at its discretion, subject to the consent of the Insurance Commissioners, reduce the rate of sickness benefit and give some other benefit instead.

WORKING - MEN UNDER THE ACT.

CONTRIBUTIONS.

(1) Ordinary Rate.

Employer pays 3d. a week	} Total, 7d.
Workman pays 4d. a week	

The State contributes 2d. towards every ninepence expended on benefits and on the administration of benefits.

(2) When the workman is over 21 and the wages are low the employer pays more and the workman less, as follows:—

Rate of Remuneration per working day.	Worker pays	Employer pays	State (in addition to the <i>2d.</i> mentioned above) pays	Total.
1s. 6d. or under ...	Nothing	6d.	1d.	} 7d.
Above 1s. 6d., but not over 2s. ...	1d.	5d.	1d.	
Above 2s., but not over 2s. 6d. ...	3d.	4d.	—	
Over 2s. 6d. (ordinary rate) ...	4d.	3d.	—	

If a man receives board and lodging he pays the ordinary rate of 4d. whatever his wages. If he receives board or lodging, but not both, the value of the board or lodging counts as part of his "remuneration." Remuneration means wages and the value of other things a workman may receive, for instance, meals.

(3) Special Rate.

In certain trades, if the employer undertakes to pay full remuneration during the first six weeks of sickness a special rate of contributions may be allowed.

The employer pays 2d. a week. } Total,
 The workman pays 3d. a week. } 5d.

The workman gets no sickness benefit during those six weeks, but has a right to all the other benefits as usual.

BENEFITS.

- (1) Medical benefit, that is, doctor and medicine, or, in special circumstances, money payments instead.
- (2) Sanatorium benefit, that is, treatment in a sanatorium or in some other way in case of consumption.
- (3) Sickness benefit, 10s. a week for 26 weeks commencing on the fourth day of sickness.
- (4) Disablement benefit, 5s. a week

afterwards if still incapable of work.

- (5) Maternity benefit, 30s. for the wife on confinement.

(These benefits are subject to certain waiting periods and other conditions.)

The rate of sickness benefit is less for persons under 21, and in certain cases for persons over 50.

HOW THE BENEFITS ARE OBTAINED.

By joining an Approved Society.

WHAT SOCIETIES WILL BE APPROVED.

Friendly Societies, Trade Unions, Provident Societies, Dividing Societies, Collecting Friendly Societies, and Industrial Assurance Companies are preparing rules either to become Approved Societies or to form Sections for the administration of the Insurance Act, and new Societies may be formed for the purpose of the Insurance Act.

If a man does not join a Society he will have to become a Deposit Contributor, and will only have a right to the benefits which can be provided out of the actual contributions paid by himself and his employer, together with the State grant.

Members of Societies can go on drawing benefits as long as they need them; Deposit Contributors cease to have benefits when the money standing to their credit is exhausted.

WOMEN UNDER THE ACT.

A. Women working for Wages.

Women working for wages, whether single or married, will in ordinary cases be insured under the Act, which is to commence on July 15th, 1912. Generally speaking, the payments and the benefits are the same for single women and for married women, but

in certain cases special arrangements are made for married women.

This statement sets out the ordinary contributions and benefits for women working for wages, whether married or single, and then describes shortly the special arrangements for married women.

ORDINARY CONTRIBUTIONS AND BENEFITS

(1) Usual Rate of Contributions.

The employer pays 3*d.* a week. } Total
The woman pays 3*d.* a week. } 6*d.*

The State contributes 2*d.* towards every eightpence expended on benefits and on the administration of benefits.

The woman's 3*d.* is taken from her wages by her employer.

(2) Rates of Contribution in case of Low Wages.

When the woman is over 21 and the wages are low, the employer pays more and the woman less.

Rates of Remuneration per working day.	Woman pays	Employer pays	State (in addition to paying the 2 <i>d.</i> mentioned above) pays	Total.
Over 2 <i>s.</i> (ordinary rate)	3 <i>d.</i>	3 <i>d.</i>	—	6 <i>d.</i>
Above 1 <i>s.</i> 6 <i>d.</i> , but not over 2 <i>s.</i> ...	1 <i>d.</i>	4 <i>d.</i>	1 <i>d.</i>	
1 <i>s.</i> 6 <i>d.</i> and under .	Nothing	5 <i>d.</i>	1 <i>d.</i>	

If a woman receives board and lodging she pays the ordinary rate of 3*d.* whatever her wages. If she receives board or lodging but not both, the value of the board or lodging counts as part of her remuneration. Remuneration means wages and the value of other things a woman may receive from her employer, for instance meals.

(3) Special Rate of Contribution.

In certain trades if the employer undertakes to pay full remuneration during the first six weeks of sickness a special rate of contributions may be allowed.

The woman pays 2*d.* } Total 4½*d.*
The employer pays 2½*d.* }

The woman gets no sickness benefit during those six weeks, but has a right to all the other benefits as usual.

BENEFITS.

(1) Medical benefit, that is, doctor and medicine, or in special circumstances, money payments instead.

(2) Sanatorium benefit, that is, treatment in a sanatorium or in some other way in case of consumption.

(3) Sickness benefit, 7*s.* 6*d.* a week for 26 weeks commencing on the 4th day of sickness.

(4) Disablement benefit, 5*s.* a week afterwards if still incapable of work.

(5) 30*s.* maternity benefit on confinement, paid in cash or otherwise, unless her husband is also insured, in which case maternity benefit is provided by his insurance. A married woman, whether her husband is insured or not, has a right also to sickness benefit after confinement.

(These benefits are subject to certain waiting periods and other conditions.)

The rates of sickness benefit and disablement benefit are lower for girls under 21, and in certain cases the rate of sickness benefit is lower for women over 50.

HOW THE BENEFITS ARE OBTAINED.

By joining an Approved Society.

WHAT SOCIETIES WILL BE APPROVED.

Friendly Societies, Trade Unions, Provident Societies, Dividing Societies,

Collecting Friendly Societies, and Industrial Assurance Companies are preparing rules either to become Approved Societies or to form Sections for the administration of the Insurance Act, and new Societies may be formed for the purpose of the Insurance Act. Approved Societies may be Societies for both men and women or Societies for women only.

If a woman does not join a Society she will have to become a Deposit Contributor and will only have a right to the benefits which can be provided out of the actual contributions paid by herself and her employer together with the State grant.

Members of Societies can go on drawing benefits as long as they need them; Deposit Contributors cease to have benefits when the money standing to their credit is exhausted.

B. Married Women.

What happens in the case of a Woman now married or who marries before July 15th, 1912.

If she is employed on July 15th, or becomes employed at any later date whilst her husband is living, she will be insured under the Act, and will have a right to full benefits for the ordinary contributions.

If she is not employed she cannot be insured during her husband's lifetime. If at his death, or within a year after it, she goes to work, she will be insured under the Act at the ordinary rates with the ordinary benefits. If she goes to work later than a year after her husband's death she will have to be insured and pay the ordinary contributions, but she will get reduced benefits; she can, however, obtain the

usual benefits by paying higher contributions.

What happens in the case of a Woman Insured before Marriage who marries after July 15th, 1912.

A. *Whilst her husband lives.*

When an insured woman marries, if she continues to be employed, she will pay the same contributions and have a right to the same benefits as before.

If she ceases to be employed there are two courses open to her:

either (a) she may go on paying 3d. a week herself and she will have a right to the following benefits, which are less than when she was employed, because there is no employer to pay the other 3d.:

medical treatment and medicines (or in special circumstances money payments instead); and sick pay of 5s. a week for 13 weeks and disablement pay of 3s. a week afterwards. Sick pay is not given for the two weeks before and the four weeks after confinement;

or (b) she need pay no further contributions, but her own and her employer's previous contributions will have enabled her Society to set aside a certain sum for her benefit during marriage, and thus to pay her, on confinement, 5s. a week for not more than four weeks, and, if it thinks fit, to grant certain payments during any period of sickness or distress; but these benefits are limited by the amount available (as above described) supplemented by the State grant.

In all cases the State contributes *2d.* towards every *8d.* expended on benefits and the administration of benefits.

B. If her husband dies.

If she goes to work she will pay the same contributions and have a right to the same benefits as before marriage.

If she does not go to work she may pay *3d.* a week herself and get the benefits described in (a) above, or she may on certain conditions pay a higher contribution and receive the ordinary benefits in full. The conditions are that she must either have been insured for at least five years, or must be engaged in some regular occupation upon which she is wholly or mainly dependent, with a total income of less than £160 a year.

What happens in the case of a Woman NOT insured before marriage, who marries after July 15th, 1912.

If she goes to work during marriage or after her husband dies, she has to be insured and pay the ordinary contributions but (unless she goes to work before July 15th, 1913) she will receive reduced benefits; she can, however, obtain the usual benefits by paying higher contributions.

DOMESTIC SERVANTS UNDER THE ACT.

Domestic servants, whether single or married, will in ordinary cases be insured under the Act, which is to commence on July 15th, 1912. Generally speaking the payments and the benefits are the same for women who are in employment whether they are single or married, but in certain cases special

arrangements are made for married women.

This memorandum first sets out the ordinary contributions and benefits for servants whether married or single, and then describes shortly the special arrangements for married women.

CONTRIBUTIONS.

A contribution of *6d.* a week must be paid for each servant by the master or mistress, who will have a right to take off *3d.* from the servant's wages. Such deductions will be made only at the time when wages are paid. If, for example, the wages are paid monthly the deduction at the rate of *3d.* a week will be made once a month.

The State contributes *2d.* towards every *8d.* expended on benefits and on the administration of benefits.

HOW WILL THE PAYMENTS BE MADE?

The servant will get a Contribution Card for the mistress to put stamps on at the proper times.

HOW TO OBTAIN THE BENEFITS OF THE ACT.

In order to obtain the full benefits of the Act it will be necessary for a servant to join a Society approved by the Insurance Commissioners. Friendly Societies, Trade Unions, Provident Societies, Dividing Societies, Collecting Friendly Societies, and Industrial Assurance Companies are preparing rules either to become Approved Societies or to form Sections for the administration of the Insurance Act and new Societies may be formed for the purpose of the Insurance Act. Approved Societies may be Societies for both men and women or Societies for women only.

If a servant does not join a Society she will have to become a deposit contributor and will only have a right to

the benefits which can be provided out of the actual contributions paid by herself and her employer together with the State grant.

Deposit Contributors cease to have benefits when the money standing to their credit is exhausted, whereas members of Societies can go on drawing benefits as long as they need them.

The servant will get her Contribution Card from her Society (if she has not joined a Society she will get it from the Post Office).

Servants who are members of Friendly Societies at present.

If a servant is at present a member of a Society giving sick pay, she may continue or discontinue the whole or part of her present contribution as her Society may arrange. For instance, if she now pays 6*d.* a week her Society, if it becomes approved, might allow her to go on paying 6*d.* a week without paying another 3*d.* in consequence of the Act. Out of this 6*d.*, 3*d.* would be her contribution to the ordinary or voluntary side of her Society for extra benefits outside the State scheme, the other 3*d.* would be the money deducted weekly from her wages and would be her contribution to her Society under the State scheme; but as her mistress's 3*d.* goes to her Society in addition to the 3*d.* deducted from her wages and there is the State grant besides, she will have a right to greater benefits in the future than she has at present for the same payment.

BENEFITS.

(1.) Medical benefit, that is, doctor and medicine, or, in special circumstances, money payments instead.

(2.) Sanatorium benefit, that is, treatment in a sanatorium or in some other way in case of consumption,

(3.) Sickness benefit, 7*s.* 6*d.* a week for 26 weeks commencing on the 4th day of sickness. (*Note.*—When a servant is under 21 and unmarried, the sickness benefit is 5*s.* a week for the first 13 weeks commencing on the 4th day of sickness and 4*s.* a week for the second 13 weeks.)

In certain cases the rate of sickness benefit is lower for women over 50.

(4.) Disablement benefit, 5*s.* a week afterwards if still incapable of work. (*Note.*—If the servant is under 21 and unmarried, she will not receive this benefit until she reaches that age; until that time she will receive 4*s.* a week.

A servant who is married or who has some member of her family wholly or mainly dependent upon her has a right before she is 21 to sickness and disablement benefits at the full rates.

(5.) 30*s.* maternity benefit on confinement, paid in cash or otherwise, unless her husband is also insured, in which case maternity benefit is provided by his insurance. A married woman, whether her husband is insured or not, has a right also to sickness benefit after confinement.

(These benefits are subject to certain waiting periods and other conditions.)

What happens if the Servant stays in her Mistress's house when she is ill.

If contributions have been paid at the ordinary rate (that is to say not at the reduced rate mentioned in (1) below), the fact that the servant is being kept in her mistress's house when she is ill, and is paid wages during sickness, will not take away her right to sick pay; but two other arrangements are possible, namely:—

(1) It may be possible to make an arrangement by which the mistress will

pay $2\frac{1}{2}d.$ a week instead of $3d.$, and the servant will pay $2d.$ a week instead of $3d.$

Under this arrangement the mistress would have to undertake to pay full wages and to give the servant board and lodging (or the value of board and lodging in money if she does not keep her in the house) during the first six weeks of illness; and the servant could not claim sick pay from her Society for the first six weeks of illness.

If the Insurance Commissioners allow this arrangement to be made for domestic servants it will be for the mistress to decide whether she wishes to have it for her servants.

(2) Some Societies may arrange to give servants a pension when they grow old or some other "additional benefit," such as dental treatment, instead of the whole or a part of the sick pay.

Note.—The remainder of this memorandum does not apply to servants who are under 21 and unmarried.

WHAT HAPPENS WHEN SHE IS OUT OF A SITUATION.

A servant insured under the Act has a right to sickness benefit when she falls ill because she and her mistress pay $3d.$ each, every week that she is employed, for that purpose. If a servant leaves her situation and pays no contribution for some weeks and then falls ill she will in certain cases lose her right to sickness benefit at the full rate of $7s. 6d.$ a week, and will only receive less than that amount.

In many cases, however, a servant will be able to receive the full $7s. 6d.$ a week even though when she falls ill she is out of a situation and has paid no contributions since leaving her last place; for instance, she will still receive the full rate of $7s. 6d.$ a week on falling ill if at the time when she falls

ill the total number of weeks during which she has paid no contributions has amounted to less than four a year (on the average) since July 15th, 1912; but in making this calculation no weeks of unemployment during the first year of the Act (July, 1912, to July, 1913) will be counted nor any weeks during which she has been receiving sickness or disablement benefit.

For example, let us imagine a servant who becomes insured under the Act in July, 1912, and remains in a situation for two years without a break; suppose she then (July, 1914) leaves. Whilst she is out of a place she will be paying no weekly contributions, nor will there be any weekly contributions from a mistress. Suppose the unemployment continues for eight weeks and that then she unfortunately falls ill. During that illness she will not be able to have sickness benefit at the full rate of $7s. 6d.$ because she will have missed eight weekly payments during the two years since July, 1912 (which is called missing "on the average" four weeks a year); and this means that the rate of sickness benefit must be reduced by $3d.$ (making it $7s. 3d.$ instead of $7s. 6d.$ a week). If she had missed only seven (instead of eight) weeks during the two years her "average" would have been less than four a year and her sickness benefit would then not have been reduced; if the "average" is five then the reduction in weekly sick benefit is $6d.$, if the average is six the reduction is $9d.$ and so on according to a regular scale, the reduction increasing with the number of missed payments.

It is open to her to prevent this reduction by paying up the arrears.

The arrears of contributions need not be paid weekly but only from time to time; this will make it easier for her, because in many cases there will

be no need for her to make up the arrears until she has got a new situation.

Moreover, her Society may, if it thinks fit, excuse the payment of that part of the payments which, if she had been in a situation, would have been made by her mistress.

Sickness or disablement benefit is not suspended altogether unless the yearly average of arrears (as explained above) is more than 13; and medical benefit is not lost until the average is over 26. Thus if a servant has been in employment without any arrears for three years and then leaves her situation without taking another, she will be entitled to sickness benefit during any part of the next year, and to medical benefit during any part of the next three years, even though she does not pay any further contributions at all.

MARRIED WOMEN.

What happens in the case of a Domestic Servant now Married or who Marries before July 15th, 1912.

If she is employed on July 15th, or becomes employed at any later date whilst her husband is living, she will be insured under the Act and will have a right to full benefits for the ordinary contributions.

If she is not employed she cannot be insured during her husband's lifetime. If at his death, or within a year after it, she goes to work, she will be insured under the Act at the ordinary rates with the ordinary benefits. If she goes to work later than a year after her husband's death she will have to be insured and pay the ordinary contributions, but she will get reduced benefits; she can, however, obtain the usual benefits by paying higher contributions.

What happens in the case of a Domestic Servant Insured before Marriage who Marries after July 15th, 1912.

A. *Whilst her husband lives.*

When an insured woman marries, if she continues to be employed, she will pay the same contributions and have a right to the same benefits as before.

If she ceases to be employed there are two courses open to her :

either (a) she may go on paying 3*d.* a week herself and she will have a right to the following benefits, which are less than when she was employed, because there is no ployer to pay the other 3*d.* :—medical treatment and medicines (or in special circumstances money payments instead); and sick pay of 5*s.* a week for 13 weeks and disablement pay of 3*s.* a week afterwards. Sick pay is not given for the two weeks before and the four weeks after confinement;

or (b) she need pay no further contributions, but her own and her employer's previous contributions will have enabled her Society to set aside a certain sum for her benefit during marriage, and thus to pay her, on confinement, 5*s.* a week for not more than four weeks and, if it thinks fit, to grant certain payments during any period of sickness or distress; both these benefits are limited by the amount available (as above described) supplemented by the State grant.

In all cases the State contributes *2d.* towards every *8d.* expended on benefits and on the administration of benefits.

B. If her husband dies.

If she goes to work she will pay the same contributions and have a right to the same benefits as before marriage.

If she does not go to work she may pay *3d.* a week herself and get the benefits described in (a) above, or she may on certain conditions pay a higher contribution and receive the ordinary benefits in full. The conditions are that she must either have been insured for at least five years, or must be engaged in some regular occupation upon which she is wholly or mainly dependent, with a total income of less than £160 a year.

CHARWOMEN UNDER THE ACT.

If a charwoman is employed regularly she must be insured whether she is employed for the purposes of her employer's trade or business or not. If a charwoman is employed casually she need only be insured if she is employed for the purposes of her employer's trade or business.

Any question whether a charwoman is employed regularly, or if not regularly, whether for the purposes of her employer's trade or business, must be decided on the facts of the particular case. This statement is only intended to indicate general principles for the guidance of employer and employed.

CHARWOMEN WHO MUST BE INSURED.

(1.) All charwomen engaged to come and work regularly at private houses, must be insured: for example, if they are engaged to come once a week or once a fortnight.

(2.) Charwomen who are engaged by business firms to clean offices, shops, or other business premises must be insured even if they only work one odd day, or part of a day.

For information as to contributions to be paid and benefits to be received, see "Women under the Act," pp. 251-254.

CASES WHERE NO CONTRIBUTIONS ARE PAYABLE.

Contributions are not payable in respect of odd jobs of domestic work done in private houses by charwomen who are not engaged to come regularly.

CASES WHERE THE EMPLOYER'S CONTRIBUTION ONLY IS PAYABLE.

A charwoman who is mainly dependent on someone else for her livelihood can make a claim not to be insured. For this purpose she must obtain from the Customs and Excise Officer for the district in which she resides, or from the Post Office, a form on which to apply for a certificate of exemption. When this is obtained no deduction will be made from her wages, but the employer must still pay his share of the contribution.

HOW TO BECOME INSURED.

The charwoman should join an Approved Society without delay, because that is the only way by which she can get the full benefits of the Insurance Act.

The charwoman should get a card from her Society or from the Post Office, and must take that card to her first job (if it is work for which she must be insured) on or after July 15th, and hand it to her employer.

The employer must put a sixpenny Insurance stamp on the card, and write

the date across the stamp, and hand the card back to her. The employer must do this directly the charwoman's job is ended, and before she is employed by anyone else. The card must be stamped every week by the first person in the week who employs her, that is, of course, if it is work for which she must be insured.

After the card is stamped the Employer may take *3d.*, the amount of the charwoman's share of the contribution, out of her wages.

Note.—It must be remembered that if the rate of the charwoman's remuneration is not more than *2s.* a working day special rules apply. (See statement on "How Rates of remuneration affect contributions under the Act," pp. 243-246.)

EMPLOYERS CAN PAY CONTRIBUTIONS IN TURN.

If a charwoman has several regular employers, the first employer in the week is ordinarily liable to pay the contribution every week, but the employers may make an agreement between themselves for paying the weekly contribution in turn. The week's contribution will then become payable on the day on which she is employed by the employer whose turn it is to pay.

If employers desire to enter into an agreement, a special book must be obtained from the Insurance Commissioners and the employers must sign their names in it. The charwoman should keep this book with her contribution card. If there are three employers, and each of them employs her regularly, then each will pay every third week—or if there are four—every fourth week, and so on.

When she works for an employer in

the agreement, she must present the card and the book to him, and he will stamp the card and sign the book if it is his turn to do so.

If she works regularly for an employer who is not in the agreement, or if she is given a casual job by a business man in his shop or office, she must present only the card to him, and if there is not already a stamp on the card for that week he will have to pay the contribution.

If an employer whose turn it is to pay the contribution finds that it has already been paid because some person outside the agreement employed the charwoman that week before he did, then he must not stamp the card or sign the book, and his turn will be put off for a week. This may happen several weeks in succession, and his turn will again be put off until the week comes when no outside person has employed the charwoman before him.

Under the Act, if an employer does not employ a person at all in a particular week, he does not have to pay any contributions for her. So if for any reason the charwoman is not employed in any week by the employer whose turn it is to pay, the employer next in turn who employs her in that week must pay the contribution for that week.

It should be clearly understood that the agreement, which has been explained, will only be suitable where the charwoman is likely to be employed regularly by more than one employer over a good many weeks, and when this is not the case it is not advisable that the arrangement should be adopted.

It must be remembered that only one contribution is payable for the week however many employers there may be.

VOLUNTARY CONTRIBUTORS UNDER THE ACT.

WHO MAY BE VOLUNTARY CONTRIBUTORS.

Upon the conditions mentioned below any man or woman can become a voluntary contributor, with the exception of married women who during the lifetime of their husbands can only become voluntary contributors under special arrangements.

CONDITIONS.

In order to become voluntary contributors persons must be under 65 years of age and—

(1) must be earning their own living;

(2) their income from all sources must be not more than £160 a year,

unless they have previously been insured under the Act for at least five years whether as employed or as voluntary contributors.

Once having become voluntary contributors and having completed five years of insurance, they may continue to be voluntary contributors whatever their income and whether they are earning their own living or not.

Contributions by voluntary contributors cease to be payable when they reach the age of 70.

The following persons may become voluntary contributors subject to the conditions mentioned above—

(a) Persons working on their own account.

(b) Persons who are in employment but who are not obliged to be insured.

This includes—

(1) An agent paid otherwise than by salary, who is not mainly employed by one

employer nor mainly dependent for his livelihood on one employer.

(2) Persons casually employed (who are not casually employed for purposes of trade or who are not engaged or paid through a club for the purposes of a game or recreation).

(3) Certificated elementary school teachers who have accepted the Teachers' Superannuation Act of 1898.

(4) Persons who are not obliged to be insured because they are excluded from the Act by special order.

Among the persons who may be excluded in this way and may become voluntary contributors will be the following:—

(a) Outworkers.

(b) Share fishermen.

(c) Persons in the employment of the Crown.

(d) Persons in the employment of local or other public authorities.

(e) Clerks or salaried officials in the service of a railway or other statutory company who are entitled to rights in a superannuation fund established by Act of Parliament.

WHAT VOLUNTARY CONTRIBUTORS WILL PAY.

The rate of contributions payable by a voluntary contributor who becomes

a member of an Approved Society will depend partly on his age and partly on the date on which he becomes insured.

(1) If he becomes insured before January 15th, 1913. and is under 45, he will pay 7d. a week (women will pay 6d.).

If he is over 45 he will pay more than this according to his age, but not so much as if he joined after January 15th, 1913.

(2) If he becomes insured after January 15th, 1913, he will pay rates varying with his age—but in any case higher than they would be if he joined before that date.

The State contributes 2d. towards every 9d. expended on benefits and on the administration of benefits. The State contributes 2d. towards every 8d. in the case of women.

WHAT VOLUNTARY CONTRIBUTORS WILL RECEIVE.

Benefits.

A voluntary contributor will have a right to the same benefits as an ordinary employed contributor:—

- (1) Medical benefit, that is, doctor and medicine, or, in special circumstances, money payments instead.
- (2) Sanatorium benefit, that is, treatment in a sanatorium or in some other way in case of consumption.
- (3) Sickness benefit, 10s. a week in the case of men, 7s. 6d. in the case of women, for 26 weeks commencing on the fourth day of sickness.

(4) Disablement benefit, 5s. a week afterwards if still incapable of work.

(5) Maternity benefit, 30s.

(These benefits are subject to certain waiting periods and other conditions.)

The rate of sickness benefit is less for persons under 21.

POSITION OF MEMBERS OF FRIENDLY SOCIETIES.

QUESTIONS AND ANSWERS.

Question: As a member of a Friendly Society, I am anxious to know if I shall benefit by my thrift in the past?

Answer: Yes, certainly. Every Society that becomes "approved" will receive a new reserve for all its present members who come under the State scheme. This will set free reserves which Friendly Societies have accumulated in the past, and which are estimated to amount to at least £10,000,000 for the country as a whole.

Q.: In what way will these sums be used? Will present members get the advantage?

A.: Undoubtedly. Each Society will make its own arrangements for disposing of the amount set free. It may do so either by securing for them extra benefits outside the State scheme, or by reducing their contributions to the Society, or it may apply the money towards paying part of their contributions to the State scheme.

Q.: Then I shall still continue to be insured in my Society apart from the State scheme?

A.: Certainly, if you wish it. That is for you to decide.

Q. : But shall I be compelled to pay the contribution of 4d. to the State scheme in addition to my ordinary contribution?

A. : You will be obliged to pay 4d. per week (if you are an employed person) to the State scheme, but how much more you pay will depend upon what extra benefits you desire and upon what you and your fellow members decide. If you have been paying 6d. a week for insurance, you will probably wish to go on doing so, and in that case 4d. will go to the State scheme (together with contributions from your employer and from Parliament) and the remaining 2d. will go to the ordinary or voluntary side of your Society.

Q. : But my Society won't give me much for 2d.?

A. : Don't forget the reserves your Society has, which will be set free by the Act. These will enable your Society to reduce your contributions to its own voluntary insurance account, so that if your Society is a sound one financially, you will get for this reduced contribution of 2d. much greater benefits than the 2d. by itself could provide.

Q. : I see; and then in addition I have all the benefits under the Act?

A. : Yes, that is so; you will receive the ordinary benefits under the Act (together with such further "additional benefits" as your Society may later be able to give, if it finds on an actuarial valuation that the working of the State scheme results in a surplus).

Q. : So I shall really be insured twice over. Is that allowed?

A. : Certainly; you may insure as much as you like, but you may only have one insurance under the State scheme.

Q. : What will be the position of the small societies—a village Friendly

Society, for instance—under the Act? Do they lose their independence, or must they be wound up and their members drafted into other Societies?

A. : Most certainly not; they can become Approved Societies, and can then administer the Act for their members.

Q. : But I thought that any Society with less than 5,000 members could not be recognised, but had to be merged in a larger Society?

A. : No, that is quite wrong. What you are thinking of is probably the fact that for the purpose of the periodical valuation, and for this purpose only, all Societies with less than 5,000 members must either form voluntary associations with each other in any part of the country (England, Scotland, Ireland or Wales, as the case may be), or will be grouped with other similar Societies in the district. But this is only for the purpose of dealing with surpluses or deficiencies arising on actuarial valuation, and the central committee of such an association is given no other power of control over the Society.

Q. : I am not quite clear as to how contributions are paid* by the insured person; will you explain?

A. : The method will probably be that each insured person will be given a card by his Society, who will obtain these from the Insurance Commissioners. The man will hand his card to his employer, and when he is paid his wages the employer will have to put on special stamps equal to the total contribution (7d. a week) of employer and employed. The employer will deduct the workman's contribution from his wages. There will be nothing on the card to show the employer to what Society the man belongs.

Q. : But how will the Society get the money?

A. : At certain fixed intervals the man will take his card, bearing a number of stamps on it, to his Society, and will receive a new card in exchange for the old. The stamped cards will from time to time be forwarded to the Insurance Commissioners, who will credit to the Society the amount due.

Q. : And where does the State contribution come in?

A. : As the Society pays out benefits, it will claim periodically the two-ninths payable by the State together with the State's two-ninths of the cost of administration, and will be credited with this amount by the Insurance Commissioners.

Q. : You referred previously to the reserves which the Societies are receiving in respect of their members. Would you mind explaining what this means?

A. : Everyone is, within the first year, admitted to insurance at a uniform rate regardless of age, but it is obviously more costly to insure a man of 40 than one of 20. To make good this extra cost, a figure is calculated for each age, showing the value of the "reserve" which each contributor would have built up by his past payments if he had been insured from the age of 16. This reserve value is provided for each insured person joining a Society under the Act.

Q. : How "provided"? Is it paid over in cash?

A. : No, it is credited to each Society; it is, in fact, a debt by the National Insurance Fund to the Society, and earns interest at 3 per cent.

Q. : Another point I want to know is, how far may the Societies make their own rules?

A. : They may make their own rules

entirely, so long as the provisions of the Act are observed, and subject to the general approval of the Insurance Commissioners. It is specially laid down in the Act that no Society can become an Approved Society which is not under the complete control of its members, so any special conditions governing insured persons in Approved Societies will be of their own making.

Q. : Then there will be a certain amount of "local option" in the working of the Act?

A. : Exactly. A Society may, for instance, if it so decides, excuse a member in arrear such part as would have been paid by his employer had he been at work. They can lay down rules on various matters, and in many ways they have considerable discretionary power.

Q. : Women may, of course, join Approved Societies?

A. : Certainly, and, if they wish it, they can form Societies of their own.

Q. : Will they have separate funds when in a mixed Society?

A. : Separate accounts will have to be kept, but not separate funds, unless the Society itself so decides. A Society with branches separately registered can easily arrange, if it likes, that one of these branches can be for women only; a Society that has no branches separately registered may still treat its women members, as regards all funds and accounts, as if they formed a separate branch.

Q. : Is the amount of the State subsidy the same for a woman as for a man?

A. : Yes. It is equivalent to 2d. a week in both cases, but as the total benefits payable to women are on a rather lower scale it represents a higher proportion of the whole cost in

the case of women—a quarter instead of two-ninths.

Q.: May I take it that, generally speaking, all the preceding answers apply to women who are members of Friendly Societies?

A.: Yes; of course, you will remember that in an ordinary case the woman pays 3*d.* a week under the State scheme, and not 4*d.*, though the employer pays the same in both cases. Where wages are below a certain figure specially reduced contributions are payable.

Q.: Yes, but taking the Friendly Society side of the matter, is there any substantial difference in the position of women as compared with men with regard to rights in existing funds?

A.: There is no distinction made in the Act at all on this point between men and women who are members of Friendly Societies.

FRIENDLY SOCIETY CONTRIBUTIONS BEFORE AND AFTER THE ACT.

WILL PRESENT FRIENDLY SOCIETY MEMBERS HAVE TO PAY 4*d.* A WEEK UNDER THE STATE SCHEME IN ADDITION TO WHAT THEY ARE PAYING AT PRESENT?

Members of Friendly Societies who will be insured under the Act are as a rule already receiving some of the benefits that will be obtained under the Act, for instance, sick pay and medical benefit.

In future, members of Friendly Societies will be able to receive these benefits out of the funds contributed under the State scheme, and there will therefore be no need for them to

contribute to the ordinary or voluntary side of their Societies for *these* benefits, in addition to the contributions they will make under the State scheme through the 4*d.* deducted weekly by their employers from their wages. This 4*d.* finds its way (together with the employer's 3*d.* and the State grant) to the Society by means of the stamped cards, and thus enables the Society to provide all the benefits under the Act.

Thus, if a member is content with the benefits provided up to the age of 70 under the Act (supplemented by any benefits which the Society may be prepared to give him out of the reserves set free by the Act without continuing his contribution on the voluntary side) the Society may be in a position to arrange that he need not pay anything beyond the 4*d.* deducted from his wages. But if he would like to continue to provide for funeral benefits, or some extra sick benefits or other forms of benefit outside the Act (beyond what the Society may be able to give him out of its reserves without any further contribution), the Society may then arrange for him to pay (in addition to the 4*d.* deducted from his wages) to the ordinary or voluntary side of his Society whatever weekly contribution is needed to provide such benefits. The amount of that weekly payment will depend, of course, upon his age, upon the nature and amount of the benefits he desires to get (apart from the benefits of the Act) and upon the financial state of the Society.

These alterations of contributions and benefits will have to be made by a scheme formulated for submission to the Registrar of Friendly Societies under Section 72 of the Act and will vary according to the circumstances of the particular Society. It will be necessary that such a scheme should

apply to all members of the Society who become insured under the Act, but it may, if the Society so wishes, give various options to individual members, but such options if given must be open to all the members who become insured under the Act without discrimination. A circular has been issued by the Chief Registrar explaining how the Society should proceed.

The arrangements so made will be quite apart from the payments deducted under the Act from the member's wages, and apart from the benefits he obtains under the Act, and will be carried out in such a way as to secure to the members of the Society the full value of the existing funds which the Society has accumulated through the past payments of him and his fellow members.

A typical example taken from a solvent Society may make this clear:—

Suppose a man who joined at 18 is now paying 2s. a month (6d. a week), 1s. a month goes to the sick fund and gives him a right to 10s. a week sickness benefit for the first 26 weeks of sickness and 5s. a week afterwards; 4d. a month goes for the club doctor; 4d. a month gives him a right to funeral benefits (namely, £12 at his death, and £6 at the death of his wife); and 4d. a month is needed for management.

This man, we will suppose, wishes to go on paying 2s. a month, and he wants sick pay, doctor, and funeral benefits as before. But he does *not* want to have to pay another 4d. a week (1s. 4d. a month) under the State scheme *in addition to* the 2s. which he has been paying in the past.

After the Act comes into force, this man will cease to pay 2s. a month direct to his Society, but he will contribute the same amount in another way, as follows:—

He will be given a card by his Society with spaces marked for stamps. The employer will deduct 4d. a week from the man's wages (1s. 4d. a month) and will pay 3d. a week himself, putting on to the card every week a special stamp worth 7d. The man will take this card to his Society from time to time, and thus the contributions under the State scheme will find their way to his Society.

Under the State scheme he will get medical benefit (or, in special circumstances, money payments instead) and the same sick pay up to the age of 70 as before. In addition he will have a right to maternity benefit when his wife is confined, and to sanatorium benefit.

These benefits (and also the cost of management) he will get for his contribution of 4d. a week or 1s. 4d. a month under the Act, and therefore, whilst still keeping his expenditure within 2s. a month as before, he will be able to pay direct to his Society 8d. a month, or 2d. a week. Of this 8d., 4d. a month would go to the funeral fund, leaving 4d. a month to spare. In the case of a sound Society, this 4d., and existing reserves in respect of benefits not provided by the Act, will enable his Society to continue his sick pay after 70, and the reserves set free in respect of sickness benefits up to age 70 will enable his Society to give him substantial benefits in the way of extra sick pay or other allowances.

If, however, he prefers to pay 2s. a month or 6d. a week as before, but *in addition to* the 4d. deducted weekly from his wages, in this case the Society can arrange to give him all that it gave him before, but he will also have, in addition, all the various benefits which he will receive under the Act.

in virtue of his 4d., the employer's 3d., and the State grant.

Although the requirements of Section 72 apply only to registered Friendly Societies, registered Societies of other types and unregistered Societies of all kinds giving sick benefits may feel it desirable to adopt a similar scheme in order to prevent hardship to any individual member who may be unable to continue his present contributions *plus* the contribution required under the Insurance Act.

QUESTIONS AND ANSWERS FOR SOCIETY OFFICIALS.

Question: Will you explain to me some points in the Act of importance to Societies likely to become Approved?

Answer: You want information from the point of view of the officials of such Societies?

Q.: Yes; it seems to me that those of us who are officers or secretaries of Societies will have to be perfectly clear as to the working of the Act. For example, what are the conditions of approval? A Society has to be 5,000 strong, does it not?

A.: No, there is no such condition. Small Societies may become approved as well as large.

Q.: Then what are the conditions of approval?

A.: The Society must not be carried on for profit, and it must be under the complete control of its members.

Q.: But if a Society carried on for profit cannot be approved, how can an Industrial Assurance Company or a Society carried on for profit take a part in working the Act?

A.: Such a body may form a separate Section for administering the

Act. If the funds of this Section are kept entirely separate, and its rules are satisfactory, this separate Section may apply for approval and may become an Approved Society.

Q.: When is application to be made for approval?

A.: At any time now. Although the rules of the Society may forbid any alteration being made in its constitution (such as would be involved in becoming an Approved Society), yet by a special provision of the Act no such rules need prevent a Society from taking action at once in order to become approved.

Q.: There is no doubt on that point?

A.: None whatever. It is distinctly laid down in Section 24 of the Act. Were it not for such a provision most Societies or other bodies would, under their existing constitutions, have to wait a long time before taking steps to become approved.

Q.: How are existing funds affected by the Act?

A.: There are two cases: (a) that of Societies which are either registered Friendly Societies or Employers' Funds, and (b) that of Societies which are neither. In the case of a registered Friendly Society (dealt with in Section 72), or an Employers' Fund (dealt with in Section 73), the Society must submit to the Registrar of Friendly Societies a scheme for altering the contributions and benefits of persons who will be insured under the Act, but not in such a way as to render the Society insolvent. If it is shown on valuation that any part of the Society's funds is set free (by reason of the Act), then this may be used to enable those of its members, whether insured under the Act or not, who were members on December 16, 1911, to

get larger benefits from, or to pay smaller contributions to, the ordinary or voluntary side of the Society, or, in the case of insured persons, to pay some part of their contributions payable under the State scheme.

Q. : That only applies to a registered Friendly Society?

A. : To every registered Friendly Society and Employers' Fund which has among its members persons insured under the Act, whether it becomes an Approved Society or not.

Q. : What happens to the existing funds of a Trade Union or an unregistered Society?

A. : Nothing is said about them in the Act. A Trade Union, for example, is not limited by the Insurance Act in deciding how it will deal with any disposable surplus.

Q. : Will any funds in hand be merged with the funds under the State scheme?

A. : On no account. All money paid on account of National Insurance is to be kept separate and will have no connection with any funds a Society may hold independently of the Act.

Q. : Upon what will the success of an Approved Society depend?

A. : The success or comparative failure of an Approved Society will depend upon its own good or bad management.

Q. : You mean on the Society's rules?

A. : It will depend upon how the Society administers sickness and disablement benefit and upon the efficiency of its management generally; most Societies already have their own rules on the subject.

Q. : Can a Society make what rules it likes?

A. : Yes, subject to the limitations imposed by the Act and the require-

ments of the Insurance Commissioners.

Q. : What kind of limitations do you mean?

A. : For example, that no one, for breach of rules, shall be fined more than 10s., or be suspended from any benefit for more than a year; that there shall be no penalty for refusal to submit to vaccination.

Q. : What power is there to vary the benefits under the Act?

A. : Section 13 allows an Approved Society to prepare a scheme to be approved by the Commissioners for substituting some of the "Additional Benefits" given in the Fourth Schedule of the Act for a part or the whole of sickness or disablement benefits. So, for example, to quote a purely imaginary case, a Society might decide not to pay 10s. a week sickness benefit but only 5s. a week, and to give Additional Benefits to the value of the other 5s. a week.

Q. : What are those Additional Benefits?

A. : The list in Schedule 4 includes the following, among others:—

Medical treatment for dependants of insured persons, dental treatment for insured persons, payment during partial disablement or convalescence, increased maternity benefit, provision of convalescent homes, payment of pensions to members.

Q. : Must a Society include all its members in the scheme?

A. : The scheme may refer to all the members, or to any specified class of members, or to any of the members who choose to come under it. The Commissioners must be satisfied that in view of the special circumstances of the persons coming under it there is good reason for having the scheme.

Q. : Another question I want to ask is how we are to deal with a surplus

or deficit which may be disclosed on valuation by the valuer or actuary appointed by the Treasury. How often is the valuation to be conducted?

A.: Every three years, or at any other interval that the Commissioners may determine.

Q.: And if such a valuation of the assets and liabilities shows that a Society has a surplus?

A.: You will find this dealt with in Section 37. The procedure will depend upon whether the Society is one with branches or not. If it is a Society without branches, having 5,000 members or upwards, it may dispose of its surplus by giving one or more of the Additional Benefits already referred to.

Q.: In the case of a Society with branches?

A.: The funds of every branch are valued separately, and each branch having a surplus will (in the case of Societies having 5,000 members and upwards) transfer one-third of it to the central fund of the Society. The remaining two-thirds may be distributed by the branch in Additional Benefits to its members.

Q.: What becomes of the surplus thus placed in the hands of the central financial authority of the Society?

A.: It is used, first of all, to make good, up to three-fourths (or the whole, if the Society so decides), the deficit which any of its branches may show. Any surplus still remaining is returned to the branches in the proportion of the amounts they contributed.

Q.: And how are deficits dealt with?

A.: A Society without branches, having 5,000 members or upwards, must make good its own deficiency, either by a special levy on its members, or by reducing the benefits or in some other approved way. If it is a Society with branches, then a separate

valuation is made of each branch's assets and liabilities. Section 38 lays down that a branch may have three-quarters of any deficit made good from the central surplus. If the central committee think fit, the whole deficit may be made good in this way, but if not, the branch must wipe off the remainder of its deficit either by a special levy or by reducing benefits, or in some other approved way.

Q.: May a Society refuse to make good the deficit of any of its branches?

A.: Yes, where the deficit is due to maladministration on the part of the branch. The Society must, however, obtain the consent of the Insurance Commissioners to such refusal.

Q.: Do I understand that the provisions relating to valuations, surpluses, and deficiencies, contemplate action through the central body only?

A.: No, the branch will prepare a scheme under Sections 37 & 38 of the Act, subject to the approval of the Society. Moreover, under Section 40 of the Act, where branches are grouped—say through a "District" (to use a familiar Society word)—these things can be done entirely through the groups, or partly through the groups and partly through the centre. These matters, however, are subject to the rules governing the whole of the Society, which must decide for itself which method is the best.

Q.: Will you explain the position of Approved Societies with less than 5,000 members?

A.: You will find this in Section 39, which deals with pooling arrangements for small Societies. Such Societies will, before the triennial or other valuation, be grouped with other Societies in the same position as themselves for the purpose of that valuation. Each Insurance Committee will

in this way group all Societies in its area whose membership is, at the time of the grouping, below 5,000. But, instead of waiting to be compulsorily grouped with Societies in the locality, it is open to any English, Scottish, Irish, or Welsh Society to form or to join a voluntary Association of small Societies in England, Scotland, Ireland, or Wales, as the case may be.

Q. : How are these groups or associations treated?

A. : For the purpose of valuation and of disposal of surpluses or deficits the group or the association is looked upon as a Society with branches; in the case of a group, the local Insurance Committee will act as its central financial authority; in the case of a voluntary association the association will appoint a central financial committee of its own.

Q. : And the same arrangements for surpluses and deficits apply as for a Society with branches?

A. : Precisely the same.

Q. : So, for example, the central financial authority of an association (or the Insurance Committee as the central authority of a group) may refuse to make good the deficit of one of the component Societies on the ground that the deficit is due to maladministration?

A. : Yes, that is the case, but no other power of control under the Act can be claimed by the central authority over the component Societies; this is laid down in Section 39 (8).

Q. : What if one of the associated or grouped Societies is a Society with branches?

A. : Then for this particular purpose each branch is considered as a separate Society and as a separate member of the association or group.

Q. : What provision is made for Societies which have both men and women on their books as insured persons?

A. : There is no necessity to keep separate funds for men and women, but it will be necessary to keep separate accounts, if only from the fact that the State subsidy to the women's benefits is different from that to the men's. But under Section 41 an Approved Society without branches may if it wishes treat the male members and the female members as belonging to separate branches, thus setting up a separate fund for each sex. In the case of a Society with branches, no provision of that kind is necessary, as without needing special powers they can, if they wish, form separate branches for men and for women, though a branch may admit both sexes provided that separate accounts are kept.

Q. : May Approved Societies admit aliens?

A. : Some Societies which become approved may have aliens upon their books already, and such aliens who were Society members at the date of the introduction of the Act (May 4th, 1911), and who had resided in the United Kingdom for at least five years, will be treated as if they were British subjects. All aliens becoming insured before 17 years of age will likewise be treated as if they were British subjects. Apart from these exceptions (given in Section 45, which deals with aliens) aliens on becoming insured will receive no State contribution to benefits, and there will be no reserve credited to Societies in respect of them. They may join Approved Societies but they will not be entitled to full benefits at the flat or uniform rate of contribution.

Q. : It will be left for the Societies to determine what benefits they can afford in these cases?

A. : Yes, that is so.

Q. : Turning now to the contributions, may I ask how they are to be paid, and how will a Society obtain the necessary cash for the payment of benefits?

A. : Stamps will be on sale at the various Post Offices in the United Kingdom; the insured person will be given a card on which these stamps to the appropriate amount will be fixed and he will hand this card to his Society. The Society will use the card as a voucher to claim credit from the Insurance Commissioners.

Q. : The Society will, so to speak, "bank" with the Insurance Commissioners?

A. : Yes. The Society's account will be credited with the reserve values of members over 17 bearing interest at 3 per cent., and with the contributions of its members and of their employers, less the penny and five-ninths on every 7*d.* in respect of sinking fund for the initial reserves. It will be debited with the issues made from time to time of the amounts required for the payments of benefits and for expenses of administration. Two-ninths of the amount of such issues will then be credited to the Society, representing the State grant. In this way you arrive at the Society's balance.

Q. : Will Societies be allowed to control the investment of their balance?

A. : So far as the balance available for investment represents the members' own contributions of 4*d.*, the Society will have the management of it. So much of it as represents the employers' contributions will be paid to the National Debt Commissioners

for investment in Government securities.

Q. : In what securities may Societies invest funds under the Act?

A. : In Trustee securities, the securities of local authorities, and any other securities as may for the time being be approved by the Insurance Commissioners.

Q. : Do approved Societies have to give security to the Commissioners?

A. : They must give security for Insurance Fund moneys in the hands of the officials. If the Society adopts the system of drawing upon its private account for the payment of benefits and afterwards claiming the amount from the Commissioners and leaves its credit balances in their hands for investment, no security need be given.

THE POSITION OF SMALL SOCIETIES UNDER THE ACT.

(1) APPROVAL OF SMALL SOCIETIES.

The National Insurance Act does not specify any minimum membership, for the purposes of approval; and any Society, whether it is registered or unregistered, may apply for approval. The principal conditions for approval are—

- (1) that it is not carried on for profit;
- (2) that it is under the absolute control of its members.

If a Society does not itself satisfy these conditions, it can set up a separate Section which will do so, and approval will be granted to the separate Section.

(2) EXISTING FUNDS OF SMALL SOCIETIES.

The existing funds of the Societies are left entirely to the Societies. The State does not take away a single

penny of these funds. Though it may be necessary for Societies to alter their table of benefits and contributions (as is explained later on), this does not alter the fact that the existing funds remain the property of the existing members.

Societies which become approved may continue to give benefits on their voluntary side; where this is done no part of the contributions paid into the voluntary side can be touched by the Insurance Commissioners, and if the Society becomes insolvent on the State side the State cannot require the funds belonging to the voluntary side to be used to make it solvent.

The Insurance Commissioners have in fact no powers with regard to the voluntary side of the Societies. Their powers only extend to the State Scheme.

(3) THE STATE SCHEME.

The funds under the State Scheme are provided from three sources: contributions from the employer, contributions from the employed, and a State grant.

The contributions are *7d.* a week for men, *6d.* for women; the employer pays at least *3d.* of this in each case. The State contributes *2d.* towards every *9d.* expended on benefits and on the administration of benefits. In the case of women the State contributes *2d.* towards every *8d.*

The benefits given under the Act are as follows:—

- (1.) Medical benefit, that is, doctor and medicine, or in special circumstances, money payments instead.
- (2.) Sanatorium benefit, that is, treatment in a sanatorium, or in some other way in case of consumption.

(3.) Sickness benefit, *10s.* a week for men and *7s. 6d.* a week for women, for 26 weeks commencing on the fourth day of sickness.

(4.) Disablement benefit, *5s.* a week afterwards if still incapable of work.

(5.) Maternity benefit, *30s.*

(These benefits are subject to certain waiting periods and other conditions.)

The rate of sickness benefit is less for persons under 21, and in certain cases for persons over 50.

(4) HOW THE STATE SCHEME HELPS EXISTING FUNDS.

If a Society is at present giving any of the above benefits—for instance, sick pay or medical benefit—it will be able to give these benefits in the future to persons insured under the Act out of the funds contributed under the State scheme and there will be no need to use its own private funds for the purpose.

Two results follow from this:—

- (1.) The reserves which have been accumulated by the Society out of the members' contributions for these benefits in the past will no longer be needed for these benefits; these reserves will be set free for securing the payment of benefits outside those given under the Act.
- (2.) Members will pay smaller contributions to the ordinary or voluntary side of their Society, now that they are paying under the State scheme for the benefits given by the Act; and they will desire to get as much as they can for these reduced contributions.

These two results have both to be

considered together, because the question as to what benefits can be given for the reduced contributions, outside the State scheme, will depend upon the amount of the reserves which can be used for the purpose.

The amount of the reserves which can be used does not merely depend upon the amount of money in the bank, but upon the number and the ages of all the members of the Society (whether they become insured under the Act or not), the benefits to which they are entitled by the contributions they have hitherto been paying, and the contributions which they are going to pay from now onwards apart from the 4d. deducted from their wages for the benefits under the Act.

Now a Society is under contract to give to all its members the benefits for which they pay. Reserves are necessary to enable the Society to keep its contracts with its members, both old and young; so that any alteration of the reserves concerns all the members.

Every Society therefore has three things to do:—

- (1.) The Society must find out the value of that portion of its reserves which is no longer needed for sick pay, &c., in the case of the members who will be insured under the Act. To find this out it will be necessary to obtain expert advice.
- (2.) With the help of such advice the Society must draw up fresh tables showing the various benefits which, with the help of the reserves set free, it can afford to give for the reduced contributions.
- (3.) The Society can arrange for members who will be insured under the Act to substitute the whole or part of their contribu-

tions under the State scheme for a corresponding part of their present contributions.

A typical example of how this works in the case of a member insured under the Act may make this clear. Let us imagine a person who is now paying sixpence a week to his Society, and is able to claim various benefits, for example, funeral benefits and sick pay on certain conditions. Now under the new state of things he may, if he likes, decide that he can continue to afford sixpence a week, but no more. In that case, since all the benefits of the Act (sick pay, medical attendance, &c.) are obtainable simply from the amount of the fourpence deducted weekly from his wages, plus his employer's weekly threepence plus the State grant (and these sums find their way to his Society's funds), it follows that, without exceeding the total of sixpence in accordance with his decision, he will still be able to pay twopence to his Society. This twopence will suffice to enable his Society, with the help of the reserves set free (if it is a sound one) to give him substantial benefits outside the Act, in the way of funeral benefits, extra sick pay or other benefits whilst he will also get the full benefits under the Act.

Every registered Society which has amongst its members persons who will be insured under the Act is obliged to prepare a scheme for dealing with its reserves, whether it seeks approval under the Act or not. This scheme must be submitted to the Registrar of Friendly Societies, not to the Insurance Commissioners.

Unregistered Societies are not obliged to prepare a scheme, but from what has been said it is clear that they should take steps to see where they stand in view of the Act.

(5) ASSOCIATIONS OF SMALL SOCIETIES.

A small Society which wishes to retain its independence can itself become an Approved Society as shown above.

But in the case of Societies with less than 5,000 insured members, some provision is necessary to secure a proper average of risks. They are offered a choice of two alternatives:—

- (1.) they may themselves associate with other Societies in the same part of the United Kingdom (England, Scotland, Ireland, or Wales), or
- (2.) If they do not associate in this way, they will find themselves grouped with other small un-associated Societies in the same county or county borough.

In either case the small Societies retain their independence, and are only associated or grouped for the purpose of dealing with surpluses and deficiencies shown at the first and every subsequent valuation.

The Associated Societies elect for themselves a Central Financial Committee.

The Grouped Societies are dealt with by the Insurance Committee for the county or county borough.

Every small Society which at the periodical valuation shows a disposable surplus must pay one-third of it to a central pool.

From the pool so accumulated, the Central Financial Committee or the Insurance Committee (as the case may be) must, so far as the funds in the pool allow, make good three-fourths (or if they think fit, the whole) of any deficiency shown by a Society in the same Association or Group.

The balance, if any, left over in the pool will be returned proportionately to the Societies with surpluses.

The Central Financial Committee or the Insurance Committee have the power, with the consent of the Insurance Commissioners, of refusing to make good any part of a deficiency caused by maladministration. But apart from this, neither Committee has any powers of management or control over the affairs of a small Society.

The Society can, for instance, present a scheme to the Insurance Commissioners for dealing with the two-thirds remaining surplus retained by it and with any balance of the remaining third which may come back from the pool, and the consent of the Central Financial Committee or of the Insurance Committee is not required for this purpose.

The funds for pooling purposes are only the funds under the State scheme. The funds on the voluntary side will not be brought into the pool.

(6) AFFILIATION OR FEDERATION OF SMALL SOCIETIES.

Any small Society which desires to maintain its independence can become approved itself, and, subject to the pooling arrangements mentioned above, has complete control of its own affairs.

But if small Societies desire any closer form of association, they may instead:—

- (a) Become branches or lodges of some existing large Society in accordance with its rules.
- (b) Constitute themselves a new "Society with branches," that is to say, the small Societies in one county, for instance, might become a County Society. The Society as a whole would be the Approved Society, and the separate Societies would be branches of it. If so desired, the constitution of such a County

Society might leave a considerable amount of self-management to the affiliated Societies.

The new Society would, of course, be registered under the Friendly Societies Acts, and the affiliated Societies would be registered as branches of it, keep their own names if they wish.

Under this arrangement the new Society will be a "Society with branches" for the purpose of the Act, that is to say, the branches will be separately valued and will only pool one-third of their surpluses as in the case of an Association of Societies.

POSITION OF MEMBERS OF TRADE UNIONS.*

QUESTIONS AND ANSWERS.

Question: I am a member of a Trade Union, and I wish to know what my position will be under the Health part of the National Insurance Act?

Answer: If your Trade Union becomes an Approved Society, you can have your contributions under the State scheme paid into your Trade Union and you can obtain from it the benefits conferred by the Act.

Q.: But has not my Trade Union to set up a separate section?

A.: There is no need for a separate Section. The Union may please itself about that. The Act only *requires* the establishment of a separate Section where the Society seeking to become an Approved Society is at present carried on for profit or is not controlled by its members. In all other cases a Society

* This applies to Women's Trade Unions as well as to Men's. Women contribute 3*d.* instead of 4*d.*, their full rate of sickness benefit is 7*s.* 6*d.* instead of 10*s.*, the State pays one-quarter instead of two-ninths of the cost of benefits and administration.

can become approved even though it carries on other business than the administration of the benefits conferred by the National Insurance Act, and even though some of its members are not insured under the Act.

Q.: Can a Trade Union use for all Trade Union purposes the funds coming under the Health part of the State scheme?

A.: No. The Trade Union must keep the books and accounts of the funds under the State scheme quite separate from the books and accounts of its other business; and not one penny of the money coming in under the State scheme can be used for any other purpose except for the benefits set out in the Act and the cost of administration of those benefits.

Q.: Can my Trade Union compel me to contribute to the ordinary side of its business as well as to the State scheme?

A.: The Trade Union can make this a condition of your becoming a member of their Society. It is a matter for the rules of your Union.

Q.: Will the 4*d.* which I have to contribute under the State scheme be in addition to what I am already contributing to the Trade Union?

A.: It will clearly be in addition to any contributions made for purely Trade Union purposes, such as contributions to an unemployment fund or a strike fund. Some Unions, however, are at present giving sick pay, and in those cases part of the present contribution goes to provide that sick pay. This part need only be continued to the extent to which sickness benefit is desired beyond the amount provided by the State scheme.

Q.: But how can the members avoid paying twice over?

A.: Suppose a member now pays

10*d.* a week, 6*d.* of which is wanted for unemployment or strike purposes and 4*d.* for sickness purposes. Under the altered conditions he will continue to pay 6*d.* direct to his Union for the unemployment or strike purposes as before, but he would cease to pay 4*d.* for sickness purposes directly to his Union, as 4*d.* will be deducted from his wages and paid into the State scheme. The 4*d.* so deducted will carry with it the employer's 3*d.* and the State grant of two-ninths of the cost of the benefits and administration, and will thus be sufficient to enable his Union to provide the benefits conferred by the Act.

Q.: You mean he will substitute his contribution under the Act for his present contributions to the sick fund?

A.: Yes, and the benefits conferred by the Act are worth much more than 4*d.*; they include—

- (1) Medical benefit, that is, doctor and medicine, or, in special circumstances, money payments instead;
- (2) Sanatorium benefit, that is, treatment in a sanatorium or in some other way in case of consumption;
- (3) Sickness benefit, 10*s.* a week for 26 weeks, commencing on the fourth day of sickness;
- (4) Disablement benefit, 5*s.* a week afterwards if still incapable of work;
- (5) Maternity benefit, 30*s.* for the wife on confinement.

(These benefits are subject to certain waiting periods and other conditions.)

The rate of sickness benefit is less for persons under 21 and in certain cases for persons over 50.

He will therefore be in a better posi-

tion than he was before for the same contribution.

Q.: But supposing he is paying 6*d.* to the sick fund at present, what then?

A.: He will still get more than 6*d.* worth of benefit from his 4*d.*; but as he has been accustomed to paying 6*d.* he may wish to continue paying 6*d.* for sickness purposes; in that case he will then pay 2*d.* to his Union besides having 4*d.* deducted from his wages under the State scheme, and the 2*d.* will entitle him to further benefits from his Union.

Q.: What becomes of all that he has paid to the Union in the past for sickness purposes?

A.: Whatever money is there can be used for any purpose the Union may lawfully determine upon. It is not brought into the State scheme.

Q.: But surely it will continue to be required as a reserve?

A.: No, the Union will be credited under the State scheme with the full reserves necessary to enable it to pay the benefits under the Act to all its members, old or young, who become insured; and therefore there will be no need for the Union to keep a reserve of its own for these benefits. But you must remember that, except, possibly, in the case of sanatorium benefit, no one will be entitled to any benefits under the Act until January, 1913, and that disablement benefit is not payable till July, 1914, so the Union's present reserves will be very useful during that period.

Q.: Can a man be a member of a Friendly Society as well as a member of his Union, or will he have to give up his Friendly Society?

A.: As far as the Act is concerned a man can be a member of as many Friendly Societies or Unions as he pleases, but he can only make one of them his Approved Society for the pur-

poses of the Health Scheme of State Insurance.

Q.: I am not quite clear as to how contributions are paid by the insured person; will you explain?

A.: The method will probably be that each insured person will be given a card which his Union will obtain from the Commissioners. The man will hand his card to his employer and when he is paid his wages the employer will have to put on special stamps equal to the total contribution (7d. a week) of employer and employed. The employer will deduct the workman's contribution from his wages. There will be nothing on the card to show to what Society the man belongs.

Q.: But how will the Union get the money?

A.: At certain fixed intervals the man will take his card, bearing a number of stamps on it, to his Union, and will receive a new card in exchange for the old. The stamped cards will from time to time be forwarded to the Insurance Commissioners, who will credit to the Union the amount due.

Q.: And where does the State contribution come in?

A.: As the Union pays out benefits it will claim periodically the two-ninths payable by the State together with the State's two-ninths of the cost of administration, and will be credited with this amount by the Insurance Commissioners.

Q.: You referred previously to the reserves which Unions are receiving in respect of their members. Would you mind explaining what this means?

A.: Everyone is, within the first year, admitted to insurance at a uniform rate regardless of age, but it is obviously more costly to insure a man of 40 than one of 20. To make good

this extra cost, a figure is calculated for each age showing the value of the "reserve" which each contributor would have built up by his past payments if he had become insured at the age of 16. This reserve value is provided for each insured person joining a Society under the Act.

Q.: How "provided"? Is it paid over in cash?

A.: No, it is credited to each Society; it is, in fact, a debt by the National Insurance Fund to the Society, and earns interest at 3 per cent.

Q.: How much security will a Trade Union have to give in order to become approved

A.: The amount will be fixed by the Insurance Commissioners. Security is only required to provide against defalcation of officials.

Q.: But if Union funds are deposited as security, what would happen if they were wanted for a strike?

A.: The security need not be in the form of a cash deposit; a proper fidelity bond will serve the same purpose. Even if the Union chooses to deposit cash or securities, these could be withdrawn, and a bond substituted should necessity arise. No security need be given where the funds are only required to reimburse to the Union moneys previously expended under the Act.

POSITION OF DIVIDING SOCIETIES AND SLATE CLUBS.

QUESTIONS AND ANSWERS.

Question: Can you tell me how the Insurance Act is going to affect my Society?

Answer: What kind of Society is it?

Q.: It is a very old-established village Society, a slate club really, and it has been run so successfully for so many years that we shall be very sorry if it has to be broken up.

A.: There is no need for that.

Q.: But we can't become an Approved Society, as we have only a few hundred members.

A.: But you can become an Approved Society. There is no minimum of membership laid down. The conditions for approval are that the Society should not be carried on for profit, and that it should be under the absolute control of its members.

Q.: Oh, we can easily satisfy those conditions; it was the 5,000 minimum that seemed to stand in our way. You are quite sure there is no such requirement?

A.: Quite.

Q.: I am very relieved to hear it, as that will allow us to go on. I wonder how we got the idea into our heads?

A.: Probably because there are in the Act certain sections particularly affecting Societies with a membership of less than 5,000.

Q.: What are they?

A.: Every three years or so an actuarial valuation of the assets and liabilities of each Society will be carried out, and for the purpose of this valuation Societies below the 5,000 limit will be grouped together.

Q.: What does this mean?

A.: Each Society such as your own can make arrangements with other Societies, similarly situated, to form a voluntary association, with a central financial committee, which will be treated like a Society with branches for the purpose of the valuation and of dealing with the surpluses or deficit so disclosed.

Q.: Does this mean amalgamation?

A.: No, it is an arrangement for one purpose only. One Society might have particularly bad luck with its sickness experience—an epidemic of influenza or some other disease, which would seriously reduce its funds; another Society might have a succession of very good years. Now, if you take a number of Societies together, the amount of sickness they experience year in and year out is much the same, so that by forming an association you spread the risk.

Q.: Does that mean that the Societies with a surplus have to hand it over to the Societies with a deficit?

A.: Not the whole of it. Societies with a surplus pool one-third of their surplus and keep the other two-thirds for themselves.

Q.: What happens to Societies with a deficit?

A.: A Society with a deficit not due to bad management can have three-fourths of its deficit made up out of the pool, so far as there is money enough in the pool. The other quarter they must make up themselves, either by reducing the benefits or increasing the contributions. The committee may allow Societies the whole of their deficit, if it chooses.

Q.: But I don't see why well-managed Societies should have to pay for badly-managed Societies.

A.: They will not do so. If the deficit is caused by bad management and not by bad luck, the committee (with the consent of the Insurance Commissioners) can refuse to make it up.

Q.: But it will be very difficult for my Society to make arrangements with other Societies; what happens if it doesn't join an association?

A.: Then you will be grouped, for this purpose only, by the local Insurance Committee with other Societies

in the locality who have not formed an association, and the Insurance Committee will act as the central committee.

Q. : But will not this plan of forming groups or associations mean that we lose our independence?

A. : No. It is expressly laid down in the Act that this plan shall give no power of control to the central committee of the association, or the Insurance Committee in the case of a group, over the Societies in the group.

Q. : And if we find ourselves with a surplus at the time of this valuation?

A. : Then you may distribute such part as is available by paying additional benefits to your members.

Q. : What do you mean by additional benefits? A cash bonus?

A. : No. There is a list of 14 "additional benefits" given in Part II. of the 4th Schedule of the Act—you must make your choice from that. For example, you may give dental treatment, or you may extend medical benefits to the dependants of your members, or you may pay increased maternity benefit, or you may help your members to pay their subscriptions, or you may give pensions, but not a cash distribution.

Q. : That puts an end to Dividing Societies?

A. : Not at all. The Society may do as it pleases with any funds of its own, and may continue or alter its usual practice as it thinks fit. It is only the funds contributed under the State scheme which must not be distributed in any other fashion except in benefits.

Q. : Still, it will mean having one section for dividing out purposes, and another for the Act, so that our old-established Society will be broken in two.

A. : There is no need for that, you have merely to keep the accounts separate. What have your members been paying in the past?

Q. : 6d. a week; very few will be able to pay 4d. as well, as required by the Act.

A. : They will not have to do so. They need not pay more than the 4d.; but if they still like to pay 6d., 4d. of it will be paid out of their wages by their employer, who has to add his 3d., and the State will pay its share. The benefits under the Act will thus be provided, and the 2d. can be used for anything else.

Q. : Are these contributions invariable?

A. : Under ordinary circumstances a man pays 4d. and a woman 3d., but where wages are below a certain figure specially reduced contributions are payable.

THE FINANCE OF THE ACT.

QUESTIONS AND ANSWERS.

I. HOW SOCIETIES OBTAIN THEIR FUNDS.

Question : In what way does the money paid by the insured person and his employer find its way into the possession of the Approved Societies?

Answer : The money is paid in the first place into the local Post Offices in exchange for insurance stamps to be placed on the cards of the insured persons. The stamped cards are lodged with the Societies at the end of the period of their currency, and the Society then forwards them to the Insurance Commissioners and is credited with the amount of the stamps, less a deduction which will be explained later. The money received by the Post Offices from the sale of stamps has in the mean-

time been accumulating in the "National Health Insurance Fund" in the same way that money is accumulated in a bank. As the Societies are called upon to pay out benefits they draw upon this central fund, as from a bank, for the amounts paid out and for the expenses of administration.

The deduction referred to above is a deduction of one penny and five-ninths from every sevenpenny contribution collected and credited to the Societies, and it is made for the purpose of providing the money for the Reserve Values. It is not retained permanently by the Commissioners, but has to be used by them in payment of interest upon the Reserve Values and in paying off the Reserve Values themselves. In other words, it is redistributed among the Societies in accordance with the ages of the members, and it is itself part of the money upon which Societies can draw, as explained in the previous paragraph.

Q. : How is the State contribution paid?

A. : The State pays two-ninths of whatever total benefits the Societies pay out. If a Society pays sickness or other benefits to the value of £90 it draws this amount from the National Insurance Fund; £70 of this is provided from the money standing to the Society's credit in that Fund and the other £20 is paid from the money provided by Parliament.

2. MEANING OF "RESERVE VALUE" AND "TRANSFER VALUE."

Q. : What do you mean by Reserve Values?

A. : Reserve Value is the capital sum which has to be provided in the case of any individual on his first entry into insurance, who is, under the provisions of the Act, entitled to benefits in excess

of what his statutory contributions will enable the Society to pay. This capital sum has to be provided in order to safeguard the Society from the loss which would otherwise arise from accepting him as a member.

Q. : But what happens if a man leaves one Society and joins another?

A. : The new Society is entitled to a Transfer Value.

Transfer Value is the capital sum which in the case of an individual already in insurance must be paid by one Society to another when the individual changes his Society. It represents the amount by which the actuarial value of his past contributions (together with any Reserve Value originally credited in respect of him) exceeds the actuarial value of the benefits to which he has been entitled up to date; or conversely (since taken over his career as a whole the actuarial value of benefits is equal to the actuarial value of contributions) the amount by which the actuarial value of his future contributions falls short of the actuarial value of his future benefits—in other words, the net liability transferred from the old to the new Society by reason of the former ceasing to be, and the latter becoming, responsible for him.

Q. : Does the State pay two-ninths of the Reserve Values, I mean two-ninths of the cost of admitting persons of all ages at the same rate as if they were sixteen?

A. : Yes, the State bears two-ninths of that cost, but not in the form of two-ninths of the Reserve Values. The full liability for two-ninths of the benefits, at all ages, is borne directly by the State; no Reserve Values are therefore required in respect of this two-ninths and none are created. Reserve Values are only needed in respect of seven-ninths of the expendi-

ture on benefits, that is to say, the part which is provided by the contributions. The total amount of Reserve Values created under the Act will amount to about £66,000,000.

3. THE VALUE TO VARIOUS INDIVIDUALS OF THE STATE GRANT.

Q.: The weekly contribution from an employed person is 7*d.*, but 1⁵/₉*d.* is used towards wiping off the reserves on account of the older members, leaving 5⁴/₉*d.* for benefits. The State contribution of two-ninths of the cost of benefits is two-sevenths of the value of the contributions (because the contributions represent seven-ninths of the value of the benefit), consequently if the State only pays two-sevenths of 5⁴/₉*d.* it will not be paying 2*d.*?

A.: The State pays two-sevenths of the 5⁴/₉*d.*, but the 1⁵/₉*d.* which goes to the reserves is also utilised for the payment of benefits to the persons in respect of whom the Reserve Values are created, so that the State pays two-sevenths of that as well, making 2*d.* in all. To put it in the form of a sum—

$$\frac{2}{7} \text{ of } 5\frac{4}{9} + \frac{2}{7} \text{ of } 1\frac{5}{9} = 2.$$

In the case of the boy of 16, the deduction of 1⁵/₉*d.* will be of precisely the same value as the two-ninths benefits he gets from the State. Therefore until the reserve values have been written off, that boy of 16 pays 7*d.* for 7*d.* worth of benefits and gets nothing from the State. He only begins to benefit from the State grant at the end of this period, which, when the Bill was before Parliament, was estimated to be about 18¹/₂ years.

In this way the State grant of two-ninths of the benefits is in fact used for the first 18¹/₂ years to provide for the older lives. It is during that period of no advantage to the boy of

16, but its value to persons above that age increases gradually with age. It is, of course, greater at the higher ages, and for this reason a somewhat reduced insurance is given to persons over 50 years of age and persons over 65 are specially treated.

The effect of the provisions of the Act may be summed up as follows. The insurance given will be worth on the average 9*d.* a week. In the case of some individuals it is worth more. In other cases it is worth less. In no case is it worth less than 7*d.*, the contribution payable jointly by the employer and the workman.

Q.: You say "workman." Does what you have said apply also to women?

A.: Yes, with the necessary modifications of the figures. The ordinary rate of contribution is 6*d.*; the State proportion of the benefits is a quarter of the whole (that is to say, one-third of the amount provided out of contributions); and the deduction for Reserve Values is 1¹/₂*d.* Putting it in the form of a sum, as we did above, it will be seen that the State grant is here, also, on an average, equal to 2*d.*, thus—

$$\frac{1}{3} \text{ of } 4\frac{1}{2} + \frac{1}{3} \text{ of } 1\frac{1}{2} = 2.$$

4. INVESTMENT BY SOCIETIES.

(Section 56.)

Q.: How much of the funds contributed under the Act may the Societies themselves invest?

A.: How the funds contributed under the Act are placed to the credit of Societies was explained in the answer to a previous question. Such part of these funds as is not required for current expenses will be available for investment. Four-sevenths of the amount available for investment in

respect of the contributions of men and one-half of the amount available in respect of the contributions of women will, if the Societies so desire, be paid over to them for them to invest themselves. The remaining three-sevenths, or one-half as the case may be, is retained for investment by the Commissioners. (Section 56 (1) (a) and (b).)

Q.: In what manner are the Societies allowed to invest these amounts?

A.: They can choose either of two courses:—

- (1) They may themselves invest the money through their trustees in any of the investments allowed by the Act for the purpose, choosing the investment after considering the rate of interest and the safety of the money so placed.
- (2) They may, on the other hand, leave the money in the hands of the Commissioners, who will act as their trustees for the purpose of investing in such securities as they may direct.

The only difference between these two methods is that the Commissioners instead of the trustees are responsible to the Society for the safe custody of the funds. In either case Societies will gain or lose by the fluctuation in value of the securities.

Societies may, however, if they prefer it, leave the whole of the money (the four-sevenths as well as the three-sevenths) in the investment account. Societies have then no further concern with the value of the security in which it is invested; they can draw upon the money when required, and will receive the interest prescribed by the

Commissioners. Money so left is simply in a deposit account for the Society.

THE DUTIES OF EMPLOYERS UNDER THE ACT.

PART I.—GENERAL.

1. This memorandum deals with the duties of employers under the Health Insurance provisions of the National Insurance Act, 1911, in respect of persons employed by them. It does not refer, therefore, to the payment of contributions by such persons during unemployment, nor to the payment by them of arrears, nor to "voluntary contributors," nor to the duties of employers under the Unemployment Insurance provisions of the Act.

2. Under the Act the duty of paying contributions is placed upon the employer in the first instance. He has, save in certain exceptional cases, a right to recover part of the contribution from the worker, but it cannot be too clearly understood that the employer pays the full contribution in the first instance, and that he cannot recover the worker's share, by deduction from wages or otherwise, *unless he has first paid it.*

PART II.—PERSONS IN RESPECT OF WHOM CONTRIBUTIONS MUST BE PAID.

3. Every employer is required to pay contributions under the Health Insurance provisions of the Act, in respect of all persons employed by him who are between the ages of 16 and 70, unless the employment falls within one of the classes which are expressly excluded

from the compulsory provisions of the Act. (See Part III.)

4. It does not matter for how short a time the worker is employed, nor for how many employers he works, nor whether he is paid by time or by the piece. Nationality makes no difference; contributions must be paid whether the worker is an alien or a British subject.

5. In cases where the worker receives wages or other money payments, not from his employer but from other persons, the employer is still made responsible for the payment of the contributions, e.g., the owner of a cab who lets it out to a cabman is responsible as employer for the payment of the contributions in respect of the cabman, and the employer of a waiter whose earnings depend entirely on the "tips" he receives is under the same liability.

6. There are two classes of employed persons in respect of whom the employer must pay the proper employer's contribution, but who, not being insured persons, are not liable to pay any contributions themselves. They are:—

(1.) Persons who from the nature of their employment would be compulsorily insured but who produce to their employers a current "exemption certificate."

(2.) Persons becoming employed after the age of 65 who have not previously been insured under the Act and who were under 65 on July 15, 1912.*

The employer of a person who falls within either of these classes is required to pay the same contributions as would have been payable as employer's contributions if the worker had been an insured person. (See Part VIII.)

PART III.—EMPLOYED PERSONS WHO ARE EXCLUDED FROM COMPULSORY INSURANCE.

7. No contributions are required to be paid in the following cases, unless the Insurance Commissioners issue a Special Order bringing any of such persons into compulsory insurance.

(1.) Persons employed as apprentices without wages, or learners receiving no wages.

(2.) Persons employed by the occupier of an agricultural holding without wages.

(3.) Children employed by their parents without wages, and persons who are maintained by their employer without wages.

(4.) Wives employed by their husbands, and husbands employed by their wives.

(5.) Outworkers who are the wives of insured persons and are not wholly or mainly dependent for their livelihood on their earnings as outworkers.

(6.) Persons casually employed; *except that persons have to be insured who are casually employed for purposes of the employer's trade or business, and that persons who are engaged or paid through a club for the purposes of a game or recreation must also be insured.*

(7.) An agent paid by commission, by fees, or by share in profits; but he must be insured if, being under contract of service, he is mainly employed by one employer and is mainly dependent for his livelihood on one employer.

(8.) Persons employed at a rate of more than £160 a year; but all persons engaged in manual labour must be insured, whatever their earnings are.

(9.) Elementary school teachers who have accepted the Elementary School Teachers' Superannuation Act, 1898.

(10.) Employment of a kind which is

* Contributions have to be paid both by employer and employed, in the case of persons who are 65 or over on July 15, 1912, and are then or subsequently become employed.

ordinarily adopted as subsidiary employment only and not as the principal means of livelihood, if so specified in a Special Order issued by the Insurance Commissioners.

(11.) The following persons also will be excepted where the Insurance Commissioners certify that the terms of their employment secure to them benefits in sickness and disablement of at least equal value to those given by the Act:—

- (a) Persons in the employment of the Crown.
- (b) Persons in the employment of local or other public authorities.
- (c) Clerks or salaried officials in the service of a railway or other statutory company who are entitled to rights in a superannuation fund established by Act of Parliament.

PART IV.—ARRANGEMENTS FOR PAYMENT AND COLLECTION OF CONTRIBUTIONS.

(i.) General.

8. The employer is required to pay in the first instance the worker's contribution as well as his own.

9. A weekly contribution is payable by the employer for every calendar week during the whole or any part of which the worker has been employed, but not more than one contribution is payable for any one week in respect of the same person, and no contribution is payable by the employer for any calendar week of employment during which no services have been rendered and the worker (a) has received no remuneration, or (b) has been in receipt of sickness or disablement benefit for the whole or any part of the week.

The expression "calendar week" means the period from midnight on one Sunday to midnight on the following Sunday.

10. An employer must therefore pay a weekly contribution in respect of each person employed by him in any week (*i.e.*, commencing Monday) however short the period of service in the week may be, unless a contribution has already been paid for that week. It may happen that though the whole period of service is less than a complete week (*e.g.*, from Saturday in one week to Tuesday in the following week) two contributions may be payable in respect of the worker, because he has been employed for a part of each of two calendar weeks.

(ii.) Method of Payment.

11. The contributions are paid by affixing National Health Insurance Stamps to Contribution Cards.

12. National Health Insurance Stamps are on sale at all Post Offices, and are issued in every denomination which an employer can require for the purpose of paying by means of a single stamp the joint weekly contribution due from himself and the worker. Stamps other than National Health Insurance Stamps will not be accepted in payment of contributions.

(iii.) Supply and Production of Cards.

13. Every insured person is required to provide himself with a Contribution Card, and his employer can demand its production at any time. It must be delivered to the employer whenever he may reasonably require it for the purpose of paying contributions, or for production to an Inspector or other authorised person.

14. If the worker fails to produce his card when the employer requires it for

the purpose of paying contributions the employer must make use of a special "Emergency Card," a supply of which can be obtained in advance at any Post Office. A worker who without reasonable cause fails to deliver a contribution card when the employer requires it for the purpose of paying contributions, or for production to an inspector, is liable on summary conviction to a fine not exceeding £10.

The Emergency Card contains a single stamp space for one weekly contribution, and the employer is required to cancel the stamp by writing across it *the name of the employed person* and the date. The card should then be handed to the worker in order that he may forward it to his Society or Insurance Committee at the due date.

15. An employer must, whenever required by an Inspector or other person authorised to act in the execution of the Act either in person or by notice under his hand, obtain from his employees their contribution cards if the cards are not in his possession, and produce them to the Inspector.

16. Any employer may before July 15th, 1912, apply to the National Health Insurance Commissioners for a supply of ordinary contribution cards for issue to such of his workmen as neglect to obtain cards from their societies or the Post Office. On receipt of an undertaking from the employer that he will write the workman's name and address on the card before issue, a supply of cards will be sent to him by the Commissioners. An application for a supply of cards should be forwarded in an envelope marked "Cards" in the left hand bottom corner.

(iv.) Time for Payment.

17. The ordinary time for affixing the stamps is when wages are paid, and

the contribution or contributions for any week or other period must be paid (by stamping the card) at the time when the wages *for that period* are paid.

Thus, if wages are paid weekly the card must be stamped weekly, and if wages are paid fortnightly or monthly the card must be stamped fortnightly or monthly.

18. But on certain occasions it is necessary to stamp the card some time in advance of the payment of wages. For instance, when the period of currency of the card expires, the card must be fully stamped to the date of expiry, although the wages may be paid at a later date. Again, when an employment terminates, the card must at once be stamped to date and handed back to the worker, although he may have to come up later for his wages. And again, the worker has the right at any time, subject to 24 hours' notice, to demand that his card shall be stamped in payment of all contributions due to date.

19. When the wages are paid for periods of less than a week (*e.g.*, for a day or for so many hours or for a job), the card must be stamped (unless it has already been stamped for the week in which the employment begins) before the wages are paid or at the end of the employment, whichever first happens. The worker must be given his card, duly stamped, before he leaves the employment.

20. Where no wages are payable the employer must affix a stamp on the first day of employment in each week.

21. An employer may, if he chooses, pay contributions in advance by affixing to the card a number of stamps corresponding to the number of contributions which will become payable during the remainder of the period for which the card is current, or any less number; but he cannot recover their

value if the worker leaves his employment before the contributions fall due.

(v.) Special arrangements for Quarterly Stamping.

22. Where the employer employs not less than 100 regular workmen, and by agreement with the workmen retains the cards during the period of their currency, the Commissioners may, subject to such conditions as they think fit, allow the employer to deposit with them either in one amount or in weekly instalments, such sum as in the opinion of the Commissioners is sufficient to meet the contributions payable by him in respect of the workmen during the period of currency of the cards. At the end of the period in respect of which the deposit is made, the employer will be supplied with stamps to the value of the deposit and will be required to stamp the cards in payment of all contributions payable for the period. High value stamps, representing contributions at 7*d.* and 6*d.* for 10 and 13 weeks, will be issued for this purpose. Where a deposit is made under arrangement with the Commissioners, the employer will be deemed to have paid the contributions at the due time, but notwithstanding any such arrangement the employer will still be liable to stamp the card of any workman on the termination of the employment and at any time on request by the workman subject to 24 hours' notice. Further information on this subject can be obtained on application to the Insurance Commissioners. (The envelope should be marked "Bulk-stamping" in the left-hand bottom corner.

(vi.) Cancelling Stamps.

23. The employer is required, immediately after affixing a stamp to a card, to cancel the stamp by writing in ink or stamping with a metallic die with black indelible ink or composition

across the face of the stamp the date upon which it is affixed, and in the case of an Emergency Card he must in addition write the name of the worker across the face of the stamp. Aniline inks must not be used when cancellation is effected by means of a metallic die. Rubber stamps are not allowed. Beyond cancelling the stamps in this way the employer must not make any writing or other mark on the card or stamps.

PART V.—CUSTODY AND RETURN OF THE CARDS.

24. There are two ways of arranging for the custody of the card during its currency. The first is for the employer and worker to agree that the employer shall keep the card, in which case he is responsible for its safety; he must stamp it regularly at the proper times and must return it to the worker—

- (a) Upon the termination of the employment;
- (b) Upon the expiration of the period of currency of the card; and
- (c) Where the worker so requests, within 48 hours after the receipt of the request.

The other way is for the worker to keep the card, and this *must* be done unless the employer and worker agree that the employer shall keep it. When the worker keeps his card the employer must return it to him as soon as he has stamped it on each occasion of stamping.

25. If the card of a worker who has left his employment is in the possession of his employer the employer should, if he is unable to return the card to the worker, forward it to the Insurance Commissioners. On the death of a worker whose card is then in the hands of his employer the card should be forwarded to the Commissioners as soon as possible.

PART VI.—RATES OF CONTRIBUTION
AND DIVISION BETWEEN EMPLOYER
AND WORKER.

26. The amount of the joint weekly contribution due from the employer and the worker is in ordinary cases 7*d.* for a man and 6*d.* for a woman, 3*d.* in each case being the employer's part of the contribution.

27. In the case of a worker of the age of 21 or upwards *who is not provided with board and lodging*, and the rate of whose remuneration exceeds 2*s.* but does not exceed 2*s.* 6*d.* a working day, the joint weekly contribution remains 7*d.* for a man and 6*d.* for a woman, but in the case of men it is divided between employer and worker in different proportions.

28. In the case of a worker of the age of 21 or upwards *who is not provided with board and lodging*, and the

rate of whose remuneration does not exceed 2*s.* a working day, the joint weekly contribution is 6*d.* for a man and 5*d.* for a woman.

29. Remuneration includes all allowances, whether in money or kind, to which the worker is entitled in return for his services, and where the worker receives payments in kind (unless these take the form of board *and* lodging) it may be necessary, before the rates of contribution due from the worker and his employer respectively can be ascertained, to find the money value of such payments.

30. Where an employer undertakes to pay full remuneration to his employees during sickness, the employer's contribution is reduced by 1*d.* a week (or $\frac{1}{2}$ *d.* a week in the case of women workers), and the worker's contribution is reduced by 1*d.* per week. (See Part IX. below.)

Table showing the amount of the Ordinary Joint Weekly Contribution and its Division between Employer and Worker.

Wages, &c.	Value of stamp to be affixed by employer.		Amount recoverable from Worker	
	Men.	Women.	Men.	Women.
<i>Where the worker receives wages or other money payments either from his employer or from some other person; and</i>	<i>d.</i>	<i>d.</i>	<i>d.</i>	<i>d.</i>
(a) <i>is under 21</i> —whatever the rate of remuneration ...	7	6	4	3
(b) <i>is 21 or upwards.</i>				
(1) Where the rate of remuneration exceeds 2 <i>s.</i> 6 <i>d.</i> a working day, OR where board and lodging are provided, whatever the rate of remuneration	7	6	4	3
(2) Where board and lodging are not provided, and				
(i) Rate of remuneration exceeds 2 <i>s.</i> but does not exceed 2 <i>s.</i> 6 <i>d.</i> a working day	7	6	3	3
(ii) Rate of remuneration exceeds 1 <i>s.</i> 6 <i>d.</i> but does not exceed 2 <i>s.</i> a working day	6	5	1	1
(iii) Rate of remuneration does not exceed 1 <i>s.</i> 6 <i>d.</i> a working day	6	5	0	0

N.B.—Where the worker receives no wages or other money payments the employer is required to affix a stamp of the value of the joint contribution due from himself and the worker and can recover no part of it from the worker.

It should be noted that a uniform Contribution Card is used for all classes of workers, and the employer is therefore advised to consult the above table in order that he may ascertain the correct stamp to affix for each of his employees.

PART VII.—RECOVERY OF PART OF THE CONTRIBUTION FROM THE WORKER.

31. For the purposes of the Act employees may be regarded as falling into three classes:—

- (1) Those who receive wages or other money payments from their employers.

The employer of a person belonging to this class can only recover the worker's contributions (*see* Table above) by deducting an equivalent amount from his wages, and he can only recover the amount of the worker's contributions for the period for which the wages are paid. *Deduction cannot be made from wages before the contribution has been paid by the employer.*

- (2) The second class of employed persons consists of those who receive wages or other money payments from persons other than their employers (*e.g.*, waiters, cabmen).

If a worker belonging to this class fails to repay to his employer (*i.e.*, the hotel keeper or cabowner) a contribution paid by him on behalf of the worker, the employer can recover the amount of the contribution summarily as a civil debt, but proceedings for its recovery must be taken within three months from the date when the contribution was payable.

- (3) The third class consists of persons who receive no wages or other money payments either from their employers or from any other persons (*e.g.*, a housekeeper who receives board and lodging only in return for her services).

The employer of a person in this class is required to pay the whole contribution and can recover no part of it from the worker.

32. *The following example will show the extent of the employer's power of recovery where wages are paid at intervals less frequent than weekly, and will also explain further his obligations in the matter of stamping the card.*

A domestic servant who has been out of employment since the 1st October enters on a situation on Saturday, 26th October. She is engaged by the month and paid monthly, so that her first wages are paid on Tuesday, the 26th November. Her contribution card is current for the period from Monday, 14th October, to Sunday, 12th January. Owing to her unemployment no stamps have yet been affixed to the card. The employer must, before the payment of wages, affix a stamp for every calendar week during the whole or any part of which the servant has been employed by him, *viz.* :—

- 1st week commencing Monday, 21st October.
- 2nd week commencing Monday, 28th October.
- 3rd week commencing Monday, 4th November.
- 4th week commencing Monday, 11th November.
- 5th week commencing Monday, 18th November.
- 6th week commencing Monday, 25th November.

The employer must affix in the proper space on the card a single stamp for each of these six weeks, and he is entitled to deduct from the wages of the servant the contributions due from her for these six weeks.

In the next month, to 26th December, only four contributions are due (*viz.*, for weeks commencing Mondays, 2nd December, 9th December, 16th December, and 23rd December), and only four contributions can be deducted from the wages paid on the 26th December.

There remain two weeks in the period for which the card is current, viz., the weeks commencing 30th December and 6th January, and stamps for these weeks must be affixed before the 12th January, although the employer cannot recover from the servant her contributions for these two weeks until the 26th January when wages are next paid. Before payment of wages on the 26th January the employer must affix a stamp in each of the first two spaces of the card then current, but may deduct four contributions from wages (viz., for weeks commencing 30th December, 6th January, 13th January and 20th January).

PART VIII.—COLLECTION OF CONTRIBUTIONS IN CASES WHERE ONLY THE EMPLOYER'S CONTRIBUTION IS PAYABLE.

33. Every person to whom a certificate of exemption has been granted is furnished with an exemption book, and every other person in respect of whom only the employer's contribution is payable (*see* paragraph 6) is entitled to obtain such a book. The exemption book contains a certificate to the effect that the employed person whose name is entered therein is exempted or excluded from contribution under the Act. This certificate is not valid until the person to whom it is issued has signed his name in the place provided in the book. It expires at the end of the year for which the book is issued.

34. Every person who has applied for and obtained an exemption book must produce it to his employer immediately after receiving it, and whenever he enters the service of a new employer.

35. An exemption card is issued for the collection of the employer's contributions in these cases, and when a workman produces his exemption book

to his employer in accordance with the above requirements the employer must immediately make application at a Post Office for an exemption card for the period then current. On the expiration of the period of the card's currency the employer must obtain a card for the succeeding period if the holder of the exemption book remains in his service.

36. The exemption book must also be produced to the employer at any time on demand, and must be delivered to him whenever he reasonably requires it for the purpose of recording payment of contributions.

37. The employer is required to enter his name and address in the place provided in the book against every week for which contributions were payable by him in respect of the person named in the certificate, thereby certifying that the employer's contributions for the period of employment have been paid.

After the entries have been made, the book should be returned, but where the employed person is in continuous employment it may, with his consent, be retained by the employer, who will be responsible for its safe custody.

It must be returned to the employed person:—

- (i) at any time within 48 hours on demand by him,
- (ii) on the termination of the employment, and
- (iii) on the expiry of its period of currency.

38. Before any stamps are affixed to an exemption card in payment of contributions the employer is required to enter in the proper place on the card the number of the exemption certificate and the name of the employed person, these particulars being obtained from the Exemption Book.

39. A person who is not required to

be insured by reason of the fact that, not having been previously insured, he becomes employed after attaining the age of 65 (*see* para. 6 (2)) is not obliged to apply for and obtain an exemption book, and an employer may therefore have among his workmen a person of this class who cannot produce an exemption book. The exemption card should nevertheless be used for the payment of contributions in respect of him.

40. Every exemption card must be retained by the employer in safe custody during its period of currency, and must not be given to the employed person at any time. On the expiration of the period of the card's currency, the employer must, after writing his name and address in the space pro-

vided, forward the card to the Insurance Commissioners.

41. The circumstances in which contributions are payable and the times at which stamps are to be affixed are determined in exactly the same way as in the case of insured persons (*see* Part IV.).

The employer is *not* entitled to deduct from the wages of or otherwise to recover from the employed person any part of the contribution paid.

42. In accordance with Section 4 (4) of the Act and the regulations made thereunder, these contributions may be applied for the benefit of any persons in respect of whom contributions have been so paid in the event of such persons subsequently becoming employed contributors.

Table showing the different rates of Contributions, payable by Employers only, the Rate varying according to the Amount of the Remuneration earned by the Employed Person.

Wages, &c.	Weekly Contributions.			
	Ordinary provisions.		Special provisions where employer is liable to pay wages during sickness.	
	Men.	Women.	Men.	Women.
Where the worker				
(a) <i>is under 21</i> —whatever the rate of remuneration	<i>d.</i> 3	<i>d.</i> 3	<i>d.</i> 2†	<i>d.</i> 2½†
(b) <i>is 21 or upwards</i> —				
(1) Where the rate of remuneration exceeds 2s. 6 <i>d.</i> a working day, OR where board and lodging are provided whatever the rate of remuneration	3	3	2†	2½†
(2) Where board and lodging are not provided and				
(i) rate of remuneration exceeds 2s. but does not exceed 2s. 6 <i>d.</i> a working day	4	3	3	2½
(ii) rate of remuneration exceeds 1s. 6 <i>d.</i> but does not exceed 2s. a working day	5	4	4†	3½†
(iii) rate of remuneration does not exceed 1s. 6 <i>d.</i> a working day ...	6	5	not applicable	

† Not applicable if the rate of remuneration is less than 10s. a week.

PART IX.—SPECIAL RATES OF CONTRIBUTIONS WHERE WAGES ARE PAID DURING SICKNESS.

43. The conditions under which this arrangement may be made are as follows :—

(1) Primarily the arrangement is only applicable to an occupation or a district where it is customary for the employer to pay full wages during sickness, though not necessarily for any fixed period.

(2) The Commissioners will make an Order specifying occupations or districts where the custom holds good, and an employer in any such occupation or district may give notice to the Commissioners that he wishes to come under this arrangement.

(3) The arrangement may by special Order of the Commissioners be extended to other districts or classes of employment if the employers apply for an extension of the arrangement to them, but this can only be done if the workers consent.

(4) An employer availing himself of this arrangement and paying the reduced rate of contributions will be liable to pay full remuneration (which may include board, lodging, or payments in kind in addition to money wages) during periods of illness, as follows :—

(a) If the worker is engaged for a fixed period of at least six months (such a case would be that of the agricultural labourer who in certain parts of the country is "hired" for a year or for a stated time, *e.g.*, Lammas to Martinmas), then the em-

ployer is liable to pay full remuneration during every period of sickness lasting six weeks or under, and for the first six weeks of any illness lasting over six weeks. In this particular case the employer may be called upon to give full remuneration during sickness for considerably more than six weeks altogether, but as soon as the period of employment ends his liability ceases.

(b) In other cases the employer is only liable to pay full remuneration for six weeks in all in any one year. If a worker is discharged from his employment while suffering from an illness which commenced during his employment the employer is still liable to pay full remuneration up to the limit of six weeks in the year even though the worker is no longer in his employment.

(5) The payment of contributions at the reduced rate under this arrangement as respects any persons employed by an employer in any class of employment is conclusive evidence that he is, with regard to all persons employed by him in that class of employment within the locality (if the custom is confined to a locality) in which the custom prevails, under the liability to pay full remuneration during the periods specified in (4) (a) or (4) (b) above, as the case may be.

(6) This arrangement cannot be made in respect of workers employed at a rate of remuneration which is less than 10s. a week.

Table showing the Amount of the Joint weekly Contribution and its Division between Employer and Worker in Cases in which these Special Rates are Applicable.

Wages, &c.	Value of Stamp to be affixed by Employer.		Amount recoverable from worker.	
	Men.	Women.	Men.	Women.
<i>Where the worker receives wages or other money payments either from his employer or from some other person; and</i>	<i>d.</i>	<i>d.</i>	<i>d.</i>	<i>d.</i>
(a) <i>is under 21—whatever the rate of remuneration—† ...</i>	5	4½	3	2
(b) <i>is 21 or upwards—</i>				
(1) <i>Where the rate of remuneration exceeds 2s. 6d. a working day, OR where board and lodging are provided, † whatever the rate of remuneration ...</i>	5	4½	3	2
(2) <i>Where board and lodging are not provided; and</i>				
(i) <i>Rate of remuneration exceeds 2s. but does not exceed 2s. 6d. a working day ...</i>	5	4½	2	2
(ii) <i>Rate of remuneration exceeds 1s. 6d. † but does not exceed 2s. a working day ...</i>	4	3½	0	0
(iii) <i>Rate of remuneration does not exceed 1s. 6d. a working day ...</i>	Not applicable.			

† Provided, however, that the rate of remuneration is not less than 10s. a week (see (6) above).

PART X.—POWERS OF INSPECTORS.

44. An inspector or other person appointed under the Act or authorised to act in the execution of the Act has power to enter at any reasonable times any premises, except private dwelling-houses not used as workshops, where insured persons are employed, and to make such examination and inquiry as may be necessary for ascertaining whether the provisions of the Act are being complied with. He may examine any person found on the premises and may require that person to sign a declaration of the truth of his statements, and may call for the production of any books, cards, or documents which he may require in the performance of his duties under the Act.

45. If any person wilfully delays or obstructs an Inspector in the exercise of any of the above powers, or fails to give any information or to produce any documents which the Inspector may reasonably require, or attempts to pre-

vent any person from appearing before or being examined by an Inspector, he is for each offence liable on summary conviction to a fine not exceeding £5.

46. An Inspector on applying for admission to any premises must, if required, produce the certificate of his appointment.

PART XI.—OFFENCES.

47. Where an employer has failed to pay any contributions which he is liable to pay in respect of an employed contributor or is guilty of any other contravention of or non-compliance with any of the requirements of Part I. of the National Insurance Act, 1911, or the regulations made thereunder in respect of which no special penalty is provided, he is for each offence liable on summary conviction to a fine not exceeding £10 and, where the offence is failure to pay any such contributions, to pay a sum equal to the amount of the contributions which he has failed to

pay. Further, if the contributor is a member of an approved society he may take proceedings against the employer, in which case the employer will be required to make good any loss of benefits which the contributor has suffered.

48. In accordance with Section 13 of the Stamp Duties Management Act, 1891, any person who fraudulently removes a stamp from a card or makes use of a stamp removed from a card is guilty of felony.

N.B.—If further information is desired on any of the points dealt with in this statement, or if any question arises (a) as to whether any employment is employment within the meaning of the Act, or (b) as to the rate of contribu-

tions payable in respect of a workman by the employer and the workman respectively, the employer should communicate with or call upon the nearest Customs and Excise Officer, whose address can be obtained at the Post Office.

Exceptional arrangements regarding the payment of contributions have been made for the following special classes of employed persons:—

- (a) Casual Labour.
- (b) Domestic Day Labour.
- (c) Outworkers.

The Customs and Excise Officer will be in a position to supply information with regard to these exceptional arrangements.

SPECIMEN.**EMPLOYED CONTRIBUTOR
(MAN)****ENGLAND.****CLASS A**

To 13th October, 1912.

NATIONAL HEALTH INSURANCE.
Contribution Card.

1st
Quarter

OWNERSHIP AND CUSTODY OF CARD.

This Card is the property of the Insurance Commissioners (England) ; during its currency it is entrusted to the Contributor, who must return it together with his Insurance Book to his Society, or, if he is not a member of a Society, hand the Card in at any Post Office immediately upon its expiry but in no case later than

26th OCTOBER, 1912.

As the stamped Card is the only evidence of payment of Contributions, no allowance will be made for any Stamps on this Card unless and until the Card has been returned as provided above.

The Card must be produced to the Employer at any time on demand, and must be delivered to him whenever he requires it for the purpose of paying contributions. It will be returned after stamping, but where the Contributor is in continuous employment the Card may be left in the hands of the Employer, who will be responsible for its safe custody. It must be returned to the Contributor upon its expiry or at any time within 48 hours of its demand by the Contributor.

If the Card is not retained by the Employer, it must be delivered to him when he requires it for the purpose of production to an Inspector or other authorised person.

On the Contributor leaving his Employment the Card must be returned to him by the Employer, and may, if the Contributor so desires, be exchanged for a new one at the office of the Society or, if he is not a member of a Society, at any Post Office.

If a Card is accidentally damaged or defaced it should be exchanged for a new one.

Any person having this card in his possession must produce it at any reasonable time when required by an Inspector or other authorised person.

In the event of the death of the Contributor, this Card must be returned to his Society or to the Insurance Commissioners, London, S.W.

LOST CARD.

Any person finding this Card, unless he can at once return it to the Contributor, should drop it into a Post Office Letter Box.

THE PEOPLE'S INSURANCE

Thirteen weeks Ending 13th OCTOBER, 1912.

A National Health Insurance Stamp to be affixed for each Week in the proper space. **No other Stamps may be used.** Every Stamp must be cancelled at the time of affixing by writing the date across it in ink.

Name and Address of Contributor to be inserted before issue.

Surnames _____
 Christian Names _____
 Address { _____

In accordance with Section 13 of the Stamp Duties Management Act, 1891, any person who fraudulently removes any stamp from this Card or makes use of any stamp removed from another Card, is guilty of felony.		1st Week commencing Monday, 15 July, 1912.	2nd Week commencing Monday, 22 July, 1912.	3rd Week commencing Monday, 29 July, 1912.
4th Week commencing Monday, 5 Aug., 1912.	5th Week commencing Monday, 12 Aug., 1912.	6th Week commencing Monday, 19 Aug., 1912.	7th Week commencing Monday, 26 Aug., 1912.	8th Week commencing Monday, 2 Sept., 1912.
9th Week commencing Monday, 9 Sept., 1912.	10th Week commencing Monday, 16 Sept., 1912.	11th Week commencing Monday, 23 Sept., 1912.	12th Week commencing Monday, 30 Sept., 1912.	13th Week commencing Monday, 7 Oct., 1912.

The Contributor must sign in the space below before returning the card to his Society or, if he is not a Member of a Society, to the Post Office.

Signature or Mark of Contributor _____

Witness to the Mark _____

(Only required if the Signature is by Mark.)

Reserved for use of Society or Insurance Committee.	
No entry must be made in this space until after the return of the Card to the Society or Post Office.	
Name of Society or Committee	
Contributor's No. } _____	
Date of Birth if before 16 July, 1847. } _____ 184_____.	

The Employer may tear off this page if the Card is likely to remain in his custody during the whole of its currency.

INSTRUCTIONS.

(1) SUPPLY OF STAMPS.

National Health Insurance Stamps are on sale at all Post Offices. **Stamps other than National Health Insurance Stamps found affixed to this Card will not be accepted in payment of Contributions.**

(2) TIME OF AFFIXING STAMPS.

A Weekly Contribution is payable by the Employer for each week (commencing Monday) during the whole or any part of which the Contributor has been employed, but only one contribution is payable for each week and no contribution is payable by the Employer in respect of any week during which the Contributor renders no service and receives no remuneration.

The Employer must, before any payment of wages, affix in the proper space a single National Health Insurance Stamp of the value of the joint weekly contribution of himself and the Contributor for each week (commencing Monday) for the whole or any part of which the wages are payable, and in respect of which a Stamp has not already been affixed, but all contributions payable in respect of the period to 13th October, 1912, must be paid and Stamps affixed by that date whether the wages for the period have been paid or not.

The number of Stamps to be affixed will be the number of Mondays for which spaces are provided on this Card, and which fall within the period for which wages are payable. When the employment begins on a day of a week other than Monday, a Stamp must also be affixed for that week if a Stamp has not already been affixed for that week.

Upon the termination of an employment, or at any time on demand by the Contributor, a Stamp must be affixed in respect of each week for which a Contribution is payable by the Employer.

When no wages are payable by the Employer, he must affix a Stamp on the first day of employment in each week.

(3) RATE OF CONTRIBUTION.

The normal rate of Contribution in Great Britain is 7d. per week, divided as follows—

Payable by the Employer 3d. a week.

Payable on behalf of, and recoverable from the Contributor 4d. a week.

In certain cases other rates of Contribution and a different distribution as between Employer and Contributor, are applicable. See Pamphlet A, to be obtained at any Post Office. In the event of the Contributor being employed in Ireland, contributions in respect of him are payable at the Irish rate.

(4) EMPLOYER'S CONTRIBUTION NOT RECOVERABLE.

Notwithstanding any contract to the contrary, the Employer is not entitled to deduct from the Wages of or otherwise to recover from the Contributor the Employer's Contribution.

(5) CHANGE OF ADDRESS.

A Contributor changing his address during the currency of this Card should alter the address on page 2, and inform his Society within seven days.

(6) DEFACING CARD.

Except as herein provided, no mark of any kind may be made on this Card, nor may anything be affixed to it by the Employer or Contributor, or any other person.

(7) EMPLOYER TO OBTAIN CARD WHEN NECESSARY.

In the event of a Contributor failing to produce his Card to the Employer, the latter must obtain a special Emergency Card for him. A supply of these Cards can be obtained at any Post Office.

(8) ASSIGNMENT OR TRANSFER.

No person may assign or charge, or agree to assign or charge any Card, and any sale, transfer or assignment of, or charge on any Card is void and of no effect.

If any Employer has failed to pay any Contributions which he is liable to pay in respect of an Employed Contributor he is for each Offence liable on Summary Conviction to a fine not exceeding TEN POUNDS, and to pay a sum equal to the amount of the Contributions which he has failed to pay.

Further, if the Contributor is a Member of an Approved Society, he may take proceedings against his Employer, in which case the Employer may be compelled to make good any loss of Benefits which the Contributor has suffered.

If any Insured Person without reasonable cause fails to deliver a Contribution Card to his Employer at the times required by the Regulations, or is guilty of any other contravention of or non-compliance with any of the Regulations made under Part I of the National Insurance Act, 1911, he is for each Offence liable on Summary Conviction to a fine not exceeding TEN POUNDS.

INDEX

NOTE. The abbreviation H.I. refers to Health Insurance.
 " " U.I. " Unemployment Insurance.
 " " *cl.* " Clauses of the Act.
 " " *sch.* " the Schedules.

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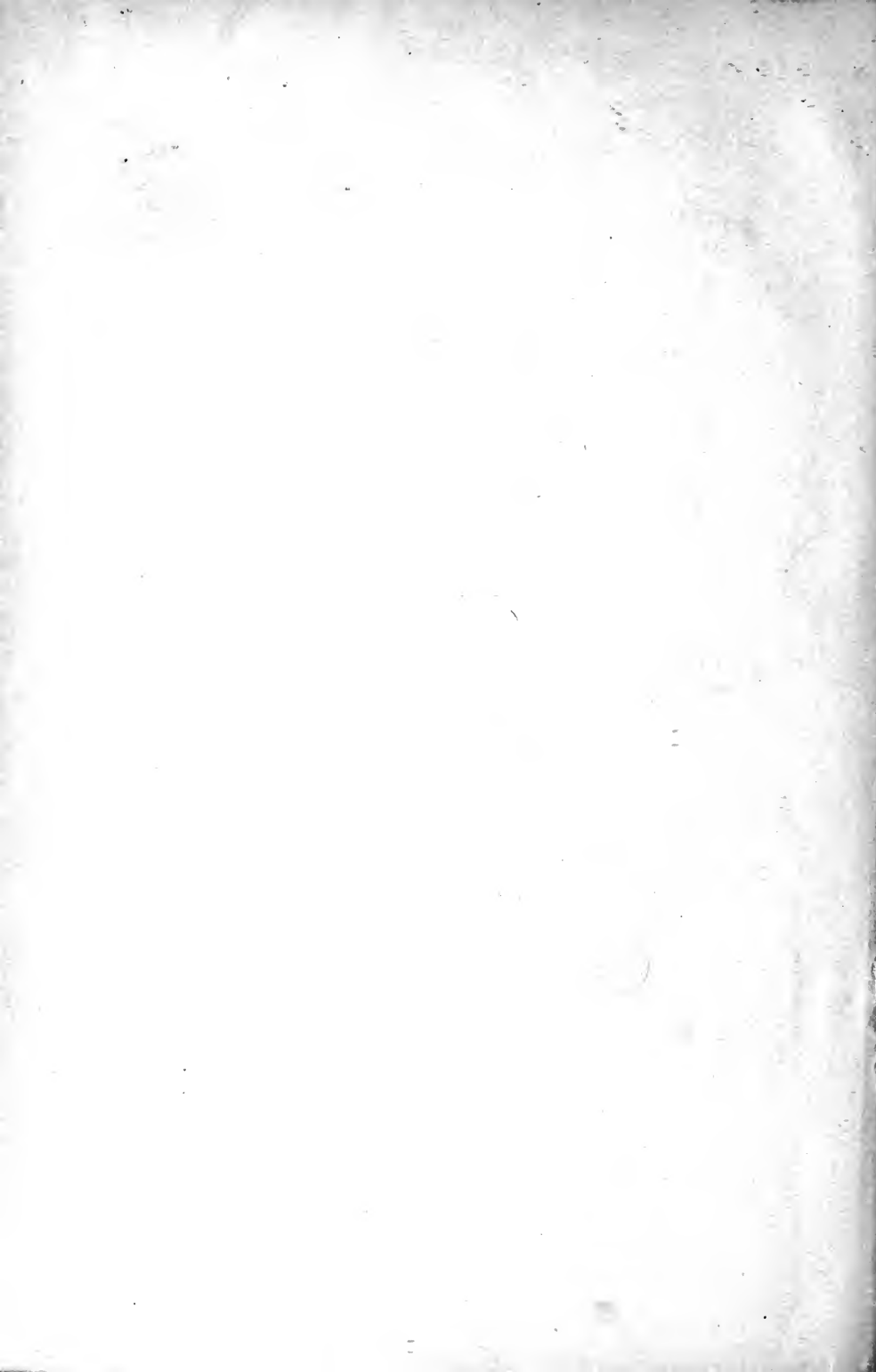
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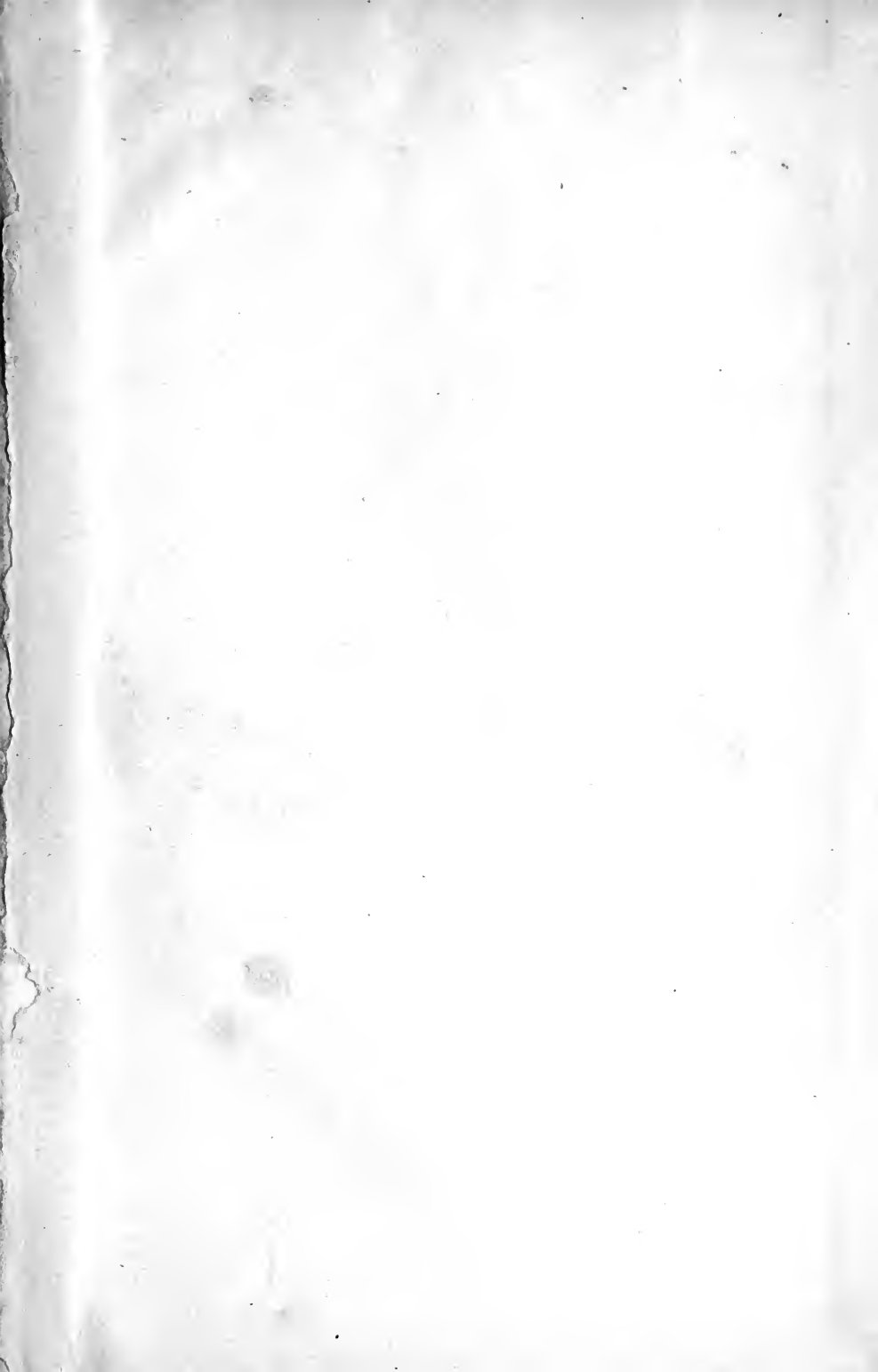
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