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# The Soldiers and Sailors Insurance Act

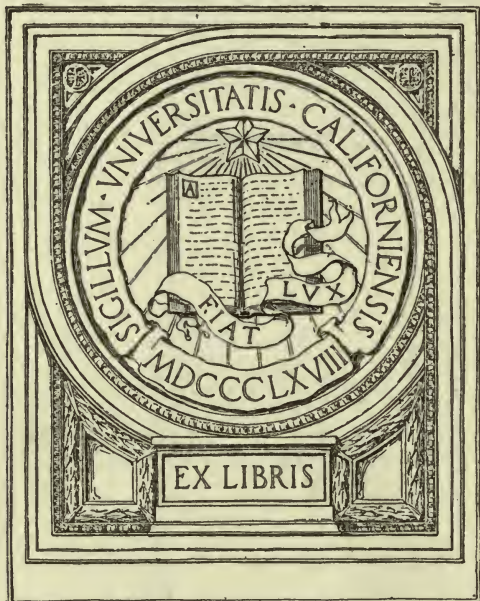
A DISSERTATION

*Submitted to the Faculty of Philosophy of the Catholic  
University of America in Partial Fulfillment  
of the Requirements for the Degree  
of Doctor of Philosophy.*



By  
JAMES A. LOSTY, M. A.  
1921

EXCHANGE



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The Soldier and Sailor  
Insurance Act

**EXCHANGE**

WHEREAS the Government of the United Kingdom  
desires to provide for the payment of gratuities  
to the widows and dependants of soldiers and sailors  
who have died in the service of the Crown  
and to provide for the payment of gratuities  
to the widows and dependants of soldiers and sailors  
who have died in the service of the Crown

UNITED  
KINGDOM

BY APPOINTMENT  
TO HER MAJESTY'S SECRETARY OF STATE  
FOR THE HOME DEPARTMENT

## FOREWORD

In this monograph the writer has made an effort to analyze the various ramifications of the Soldiers and Sailors Insurance Act. Most of the facts on which the analysis and conclusions set forth, are based on the result of an original investigation made while the writer was employed in the Bureau of War Risk Insurance. It is to be hoped that this work will be helpful not only to persons interested in the administration of Allotments and Allowances, Compensation, and Insurance by the Federal Government, but also to students of Social Insurance generally.

The writer desires to express his thanks to the officials of the Bureau of War Risk Insurance, who have assisted by their aid and criticism. He desires especially to thank the Professors of the Catholic University under whose direction this investigation was conducted.

J. A. L.

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## INTRODUCTION

With the declaration by Congress on April 6, 1917, of a state of war with the Imperial German Government, the United States implicitly assumed obligations, the magnitude of which she did not then appreciate. These obligations were many and diversified; their ramifications extended into many phases of our national life. It will not be necessary for the writer to recount them all. It will serve his purpose if he merely mentions some of the more important ones.

The common opinion in the early days of the war among all classes, with the possible exception of those very well informed, was that America's participation in the struggle was to be of an economic nature only. The United States was the storehouse of the world's supply of gold. Our industrial life had, for a long time, been on a wartime basis, and we had become Europe's arsenal and munitions plant. It was natural for the American people to presume that the Allies were eager to secure only our economic support. In a short time, however, the people awoke to the realization that we would have to mobilize our military, as well as our economic, resources.

When the nature of our support had been determined upon, the question of ways and means arose. Laws had to be enacted which would provide for the raising of an adequate fighting force and for the financing of our wartime operations. After much debate in the Halls of Congress the Selective Service Act was passed. This Act provided the necessary machinery for the raising of a large citizen army. The adoption by Congress of a system of excess profits and luxury taxes, in addition to popular subscription loans, provided means for the raising of the necessary funds.

When the Selective Service Act went into effect a new problem arose—the problem of financial support for the dependents of those men who would be called into military service. In addition, a system of indemnification had to be devised to protect those who might suffer injury while in the service and to provide for the dependents of those called upon to make the supreme sacrifice on the battlefield. Furthermore, the Government was under the obligation of restoring the insurability at ordinary rates of all men called into the service during the war.

These obligations were met by the passage of the Military and Naval Insurance Act of October 6, 1917, an amendment

to the War Risk Insurance Act of September 2, 1914.<sup>1</sup> As this Act of October 6, 1917, only provided benefits for our soldiers, sailors, marines, and their dependents, the writer has chosen the more significant title, "The Soldiers and Sailors Insurance Act."

This Act of October 6, 1917, provided, in brief, the following:

1. For the support during the war of the families and dependents of enlisted men by means of: (a) Allotments of pay, *viz.*: certain portions of a man's pay were withheld and paid directly to his family or dependents; (b) Family allowances—money granted by the Government to a wife, a child, and certain dependents, provided an allotment had been made in their favor.

2. For the protection, by means of compensation of all officers, female nurses, and enlisted personnel and their dependents, against the hazards of injury, disease, and death. This compensation is payable monthly for disability or death due to injury or disease incurred or contracted in line of duty.

3. For insurance, at peace time rates, against permanent and total disability and death, for all officers, female nurses, and enlisted personnel.

The Director of the Bureau of War Risk Insurance was given full power and authority to administer, execute, and enforce all the provisions of the Act, except as otherwise provided for in the Act. The Director was and is subject to the general direction of the Secretary of the Treasury.

The original appropriations for the operation of this Act were as follows: \$100,000 for the payment of all expenses incident to the work authorized; \$141,000,000 for the payment of family allowances; \$12,150,000 for the payment of compensation, funeral expenses, medical services, and supplies; and \$23,000,000 for the payment of any insurance liabilities which might arise.

The aim of the Act was threefold. Since it was naturally divided into three sections—Allotments and Allowances, Compensation, and Insurance—it appears advisable to examine its interpretation and operation in the same order.

<sup>1</sup> The War Risk Insurance Act as passed on September 2, 1914, provided Government insurance against war risks on American vessels, cargoes and freight. In June, 1917, this Act was amended for the purpose of affording protection to masters, officers and crews of American vessels. For this marine and seamen's insurance Congress appropriated the sum of \$50,000,000 to pay the losses that might arise. However, this sum was not used, as all losses and the expenses of operation were paid from the premiums received. In fact, there was a surplus of \$17,000,000 in the receipts over the disbursements. After the armistice was signed and the seas were cleared of mines, the need for this insurance was at an end and the business was terminated on January 4, 1919, by order of the Secretary of the Treasury.





SCHEDULE OF CLASS A. ALLOTMENTS AND GOVERNMENT ALLOWANCES

	Allotment	Allowance	Total Monthly
For a wife only.....	\$15.00	\$15.00	\$30.00
For a wife and one child.....	15.00	25.00	40.00
For a wife and two children.....	15.00	32.50	47.50
For a wife and three children.....	15.00	37.50	52.50
For a wife and four children.....	15.00	42.50	57.50
For a wife and five children.....	15.00	47.50	62.50
For a wife and six children.....	15.00	50.00	65.00
For one motherless child.....	15.00	5.00	20.00
For two motherless children.....	15.00	12.50	27.50
For three motherless children.....	15.00	20.00	35.00
For four motherless children.....	15.00	30.00	45.00
For five motherless children.....	15.00	35.00	50.00
For six motherless children.....	15.00	40.00	55.00
For seven motherless children.....	15.00	45.00	60.00
For eight motherless children.....	15.00	50.00 <sup>1</sup>	65.00

Some criticism was made of the amount and of the inelasticity of the allowances provided—criticism which appeared just to the casual observer, since it was a known fact that the cost of living varied in different sections of the country. From different surveys made, it has been proven that it cost more to maintain a family in a large city than it did in a small rural community. It must be admitted, at least theoretically, that this fact should have been taken into consideration by Congress, but anyone familiar with our national legislative body will realize that it would have been practically impossible to secure the passage of an act embodying a varying schedule of allowances. We must bear in mind that this Act was a Federal Act, and as such its provisions and grants had to be uniform as well as universal. The fund from which these allowances were paid was drawn from the Federal Treasury, and it was collected by a uniform and universal system of taxation. Since the grants provided had to be uniform as well as universal, they were determined by the average cost of living throughout the United States. These allowances were not intended to be sufficient to maintain each family in the same comfortable circumstances to which it had been accustomed; but they did provide sufficient means for the actual maintenance of such families.

When Article II of the Act went into operation, the first and most important question to be determined was: What proof shall be required to establish a title to an allowance? Ordinary forms of evidence to prove the existence of marriage, date of birth, and relationship could have been demanded, but such procedure would have caused great delays

<sup>1</sup> Maximum allowance granted to the dependents of one man.



and unnecessary expense to prospective beneficiaries. Therefore, in order to secure the necessary information and proof, a simple allotment application blank was provided by the Government. This form was drawn up so that the correct execution of it by an enlisted man would furnish the Bureau with all necessary information in each case.

Although the allowances granted by the Act were simple in statement and the Bureau issued interpretations of the Act, many complications arose in its operation. To illustrate the manner in which the law actually did operate, it has been deemed advisable to cite typical cases. We shall first explain the procedure in ordinary cases, and then take up the exceptional ones.

The following case will serve to show the manner in which the Act operated ordinarily. A man having a wife and child was drafted and sent to camp. According to the law, he was required to make an allotment of \$15.00 a month from his pay in favor of his wife and child. The soldier in this case made the required allotment and requested that his wife and child be granted the usual Government allowance. In order that his dependents might promptly receive his allotment and the Government allowance, he was required to give certain information on his application. This included the Christian name of his wife, her age, the date of his marriage, and her mail address, the name of his child, its age, name, and the address of its custodian. His application bearing this information was then accepted by his commanding officer, who instituted checkage for \$15.00 a month against his pay. It was then forwarded to the Bureau of War Risk Insurance.

All information on this application being correct, and the law having been complied with, it was a simple matter for the Bureau to grant an award to the wife and child. This award consisted of the soldier's allotment of \$15.00, the Government allowance of \$15.00 for the wife and \$10.00 additional for the child, a total of \$40.00 a month. A check for this amount was mailed each month to the wife. When her husband was discharged from the service, the allotment automatically terminated, since the man's pay had stopped. However, the Government allowance of \$25.00 was continued for one month after the date of this soldier's discharge.

From the above description and the simple language of the Act, it would appear that there could be few, if any, difficulties associated with the granting and awarding of allotments and allowances. Nevertheless, there were many, and they caused delays which often resulted in working hardships on many wives and children. The following case will serve as an example:



A man in Chicago having a wife and two children was called into the military service. After his departure his wife decided to sacrifice her home and to enter some productive occupation, in order to do her part in the prosecution of the war. That her two children might receive the benefit of a home life, she placed them in the custody of the enlisted man's mother. In the meantime, the husband had made out his allotment and allowance application, giving the Christian names of his wife and children and the address of his home in Chicago. When his application was received at the Bureau, it was presumed that the address on the application was the present address of the wife and children. Since it was understood that the children were living with the wife, the entire allotment and allowance was sent to her. The wife accepted the check, believing that the grandmother would receive an allowance from the Government for the support of the children. In a few months the Bureau received a complaint from the grandmother to the effect that she had not received the allowance to which her grandchildren were entitled. The Bureau was forced to suspend all payments to the wife and to institute an investigation. When the payments to the wife were suspended, she complained to the Bureau, and even wrote to her husband, rebuking him for stopping her allotment. A general misunderstanding and delay followed. The difficulty was only cleared up by the grandmother filing an affidavit to the effect that the children were in her care and custody. Upon the receipt of this affidavit, the Bureau requested the wife to pay the grandmother the money which she had accepted, but which actually belonged to her children. The wife was unable to do this, so the only course which the Bureau could pursue was to stop all payments to the wife until the total of such payments due her equaled the sum due the grandmother for the children. The wife suffered during this period because she was unable to maintain the same standard of living which had been made possible by the entire allotment and allowance. When payments were resumed, the wife received a check for  $\frac{6}{13}$  of her husband's allotment of \$15.00 or \$6.92, plus a wife's allowance of \$15.00. The remaining  $\frac{7}{13}$  of the allotment, plus an allowance of \$17.50 (for two children), was paid to the grandmother, their actual custodian.

Who was at fault in this case—the Bureau of War Risk, the grandmother, the wife, or the enlisted man? The Bureau was not, since it had acted on the information furnished by the soldier on his application blank; the grandmother cannot be criticized for asking for the children's share, since she was supporting them; the wife was ignorant of the law

and had accepted the monthly check in good faith, as it was made out to her, and certainly the soldier himself cannot be blamed for the complication.

From the above case, it is evident that the Government was determined that the dependents of any man called into the service should not be left destitute. The administrators of the law insisted that allowances provided for children should be paid to the actual custodian or guardian. Whenever the children of an enlisted man were not in the custody of his wife, both their share of his allotment and the Government allowance was apportioned. In all cases separate checks were made out for the wife and to the custodian of the children. By this procedure the children of a negligent mother were assured of a portion of their father's allotment and their entire Government allowance.

In the case of a wife who was separated (but not divorced) from her husband, previous to his enlistment, and who had been granted a certain monthly sum by the courts or by mutual agreement, the apportionment of the allotment between the wife and any children was governed by the court decree. That is, the wife received only a sum equivalent to the amount designated by the court. In the event that this specified sum exceeded her apportionment of the allotment, the Government allowance was added; but under no circumstance could she receive any of the allotment that was due the children. The following case will serve to illustrate this point. Let us suppose that the mother of two children had been granted a separation allowance of \$15.00 a month from her husband. At a later date, her husband was called into the military service. Being a married man, he was required to make an allotment. On his application he stated that he was separated from his wife, but that he had been ordered by the court to contribute \$15.00 a month towards her support. He further stated that his children were not in the custody of his wife, but in an orphanage. How much of his allotment was his wife entitled to, and how large an allowance? Since there were two children in this case, the wife was only entitled to  $\frac{6}{13}$  of the \$15.00 allotment, or \$6.92. Was she entitled to the \$15.00 allowance granted to wives under the Act? No, since her apportionment of the allotment, \$6.92, added to a wife's allowance of \$15.00 a month would amount to \$21.92, or \$6.92 more than the court had granted her. What she would receive would be an allotment of \$6.92, plus an allowance of \$8.08, which would equal the amount decreed by the court. The surplus of the allowance could not be paid to the children, but reverted to the Government.

No service man was obliged to make an allotment to his



divorced wife unless she had been granted alimony by the courts. If the alimony granted amounted to \$15.00 a month or more, the enlisted man was required to make an allotment of \$15.00 a month. If the decree called for more than \$15.00 a month, the Government paid the difference, provided it did not exceed the maximum allowance of \$15.00 a month allowed a wife. To be specific, the maximum allotment and allowance payable to a divorced woman was \$30.00 a month.

Now, if a divorced man had been freed by the courts from the obligation of supporting his children, who were given into the custody of his divorced wife, was he required to make an allotment in their favor? He was, since the Act of October 6, 1917, made no stipulation or condition, except through waiver, whereby the children of an enlisted man could be deprived of an allotment from their father's pay.

This is in direct contrast with the rights of a wife, for Section 201 of the Act expressly provides, that where the wife is divorced and the courts have not granted her alimony, the husband, though he be an enlisted man, need not make an allotment of his pay in her favor. However, there is no such exception made respecting a man's children. It is evident that the right to a compulsory allotment was one of relationship and, although the relationship of husband and wife may be terminated by law, the Bureau held that the relationship of father and child could not be so severed.

In awarding an allotment and allowance to an orphan child, particular attention had to be paid to the relationship and domicile of the payee. Many men were careless about furnishing adequate information as to the actual custodians of their children. This carelessness caused delays in the payment of allotments and allowances to those charged with the care of such children. It was often necessary for the Bureau to communicate with the father in order to secure full information as to the exact address and relationship of the individual in whose care he had placed his child or children. If this procedure failed or a protracted delay occurred, a communication was addressed to the child with instructions for the custodian or guardian to follow. If this person furnished the information and proof of guardianship requested, an award was made to him for the child.

As many children were born after the enlistment of the father, it became necessary to adopt regulations whereby they could receive the benefits provided by the Act. Owing to the fact that the majority of our soldiers were sent overseas shortly after their enlistment, it became necessary for the Bureau to accept such proof of the relationship of these children as the mothers were able to furnish. Proof of relationship could be established by a birth certificate, a bap-

tismal record, or by the affidavits of two witnesses who knew both parents. The statement of the attending physician or midwife was acceptable.

Whenever a mother claimed an allowance for a child born before the father entered the service, mention of which child had been neglected when the father filed his allotment and allowance application, evidence of the highest sort was required. This had to be in the form of a public birth certificate, or an affidavit from the attending physician. In addition, the enlisted man was required to execute a new application, naming the child as a beneficiary.

The law provided the same allowance for an illegitimate child as one born in lawful wedlock. If the father of such a child recognized it and made an allotment in its favor, the Bureau granted it the usual allowance. If the father neglected to make an allotment to such a child, the mother could compel him to do so, if she was able to produce a written statement wherein the soldier or sailor acknowledged the parentage of the child. Whenever such a mother could secure an order from a court designating the enlisted man as the father of the child, it was accepted as *prima facie* evidence. When such evidence was presented, the Bureau communicated with the man's commanding officer and checkage for an allotment was made. This policy, in all probability, did a great deal towards protecting the morals of our different communities during the war, especially those wherein large bodies of men were concentrated.

A step-child was entitled to an allowance, provided it was a member of the enlisted man's household and dependent upon him. However, should the mother of such a child and the step-father (the enlisted man), be separated, and the child be in the custody of the mother, it was not entitled to an allowance. This rule held whether the separation was due to the fault of the mother or the father.

From the foregoing, it is apparent that the Bureau granted allowances to dependents whenever it was legally possible to do so. In fact, it did more than the law actually required of it. It aided many deserted wives and children in securing some financial assistance from negligent or irresponsible fathers and husbands. Many men, when filing their allotment blanks (all were required to at least execute such blanks, whether they had dependents or not) denied that they had any relatives to whom they were required to make an allotment. As many appeals came to the Bureau from neglected women and children, it became necessary to arrange a special application form on which they could claim an allotment and secure an allowance. These claims were not exceptional, but ran into the thousands.



When such an application, properly filled out, was received, it was necessary to identify and locate the negligent father or husband. This was extremely difficult but absolutely necessary. It was difficult because the information given by the claimant was often meager and uncertain; moreover, even with the exact information, it was a long and tedious task to trace a man who had been in the service three months or more. This will be readily appreciated by anyone familiar with the manner in which men in the service were transferred from organization to organization. Nevertheless, the Bureau had to locate these men, in order that proper checkage for compulsory allotments might be made against their pay. Such checkage was necessary because an allotment was that portion which the soldier or sailor was required to contribute from his pay. Furthermore, the Act specified that an allowance could be paid only if an allotment had been made.

In cases where a commanding officer was notified that a man in his organization had relatives entitled to a compulsory allotment, and such an officer neglected to make the proper checkage to cover the allotment, the Bureau paid the allowance, holding that the allotment had been made but had not been collected to date. It will be noted that the Act provided that an allotment must be made, but did not specify that it had to be collected.

Even with these liberal interpretations of the law, it was not always possible to make an award to all deserving wives and neglected children. This was due to the fact that the Bureau was unable to locate many of these negligent men until after they had been discharged from the service. The Bureau was not entirely to blame, since it did not receive prompt aid from the military and naval authorities. Furthermore, Congress should have made some provision for such contingencies.

Once an allotment was made there were few contingencies that would serve as a cause for terminating it. Those few were: desertion, court-martial, and imprisonment with a dishonorable discharge. Whenever the Bureau received an official notice that an enlisted man in the army had deserted it was compelled to suspend further payments to his dependents. Such a suspension was effective as of the day before the date of his desertion. The same policy was followed in the case of a sailor reported as a deserter. Whenever such a sailor was arrested and brought under naval control, he was required to execute a new allotment application. This allotment was effective from the day he was brought under naval control. If a soldier was sentenced by a court-martial to imprisonment and given a dishonorable discharge, his al-

lotment and the Government allowance were discontinued. On the other hand, if a soldier was sentenced to a period of confinement, but was not ordered to be discharged from the service, neither his allotment nor the allowance were withheld from his relatives. When a sailor who had been sentenced to a period of imprisonment by a General Court-Martial, was dishonorably discharged from the service upon the expiration of his sentence, his allotment and allowance remained in force during the period of his imprisonment or until the end of his enlistment period, whichever was the earlier date.

From the foregoing it is evident that the framers of the Soldiers and Sailors Insurance Act intended to grant Government allowances to the immediate family dependents of all married men who might enter the military or naval service of the nation. As before stated, the Act required every married man in the service to make an allotment. However, an exemption from such an allotment could be secured, since the Act provided that, "Upon the enlisted man's application or otherwise for good cause shown, exemption from the allotment may be granted upon such conditions as may be prescribed by regulations." The regulations adopted were very stringent and required that an enlisted man furnish most convincing proof supported by the affidavits of two disinterested persons before an exemption would be granted. The Bureau gave an accused wife every opportunity to overthrow the evidence submitted by her husband. Only when the wife was unable to properly deny the accusations of her husband was an exemption granted, and then only if she had seriously violated her marital vows.

Because of the delicate character of most of these cases, which were called exemption cases, the specific regulations governing their disposition has been held confidential. The general theory, that every man should support the woman he has taken for his wife, unless she has proven unfaithful, was the basis of the regulations governing the adjusting of exemption cases. The claims for exemption were numerous, and we find that the Exemption Section of the Bureau of War Risk Insurance developed into a Court of Domestic Relations wherein the family dissensions of thousands of our soldiers, sailors, and marines were settled. Since the Act aimed to provide for dependents, the benefit of doubt in all cases was given to the wife, and she was considered innocent until her husband could prove absolutely that she was guilty.

In addition to the provision for compulsory allotments, the Act provided that any enlisted man could make a voluntary allotment to a certain relative. If such relatives were



dependent upon the enlisted man, within the meaning of the Act, the Government was willing to grant them an allowance. The Government desired to aid the dependents of every man called into the service. However, such persons must have been in the so-called "permitted class," which included a mother or father, a mother-in-law or father-in-law, a sister or brother, a grandchild or an additional parent.

The making of an allotment to such a relative was purely a voluntary matter to be decided by the enlisted man himself. The Government compelled a man to support, or at least contribute to the support of his wife or child, but it did not force him to contribute to the support of his parents. However, if a man did make a voluntary allotment to his parents and if this allotment did not equal his former contribution towards their support, the Government granted them an allowance.

The scale of allowances for such dependents was as follows: For one parent, \$10.00 a month; for two parents, \$20.00; for a grandchild, brother, sister or additional parent, \$5.00 a month. The total of the allowance paid to any one soldier's dependents could not exceed the sum of \$50.00 a month.

Before proceeding with our explanation of this second plan for the financial relief of our soldiers, sailors, and marines, it appears necessary to quote the specific conditions contained in the Act, which had to be fulfilled before an allowance was payable. Section 206, Paragraph 1, states, "that family allowances to members of class B, shall be paid only if and while the members are dependent in whole or in part on the enlisted man, and then only if and while the enlisted man makes a monthly allotment of his pay to such members." Section 206, Paragraph (a) reads, "If an enlisted man is not making a compulsory allotment for Class A the additional allotment required as a condition to the family allowances shall be \$5.00." In taking up this particular feature of the Act, we should quote Section 207, Paragraph (b) which reads, "the total monthly allowance to beneficiaries of Class B added to the enlisted man's monthly allotment to them, shall not exceed the sum habitually contributed by him to their support monthly during the period of dependency, but not exceeding one year immediately preceding his enlistment or the enactment of this amendatory Act."

It would appear that the Act was clear and specific in its designation of the persons entitled to Class B allowances and of the conditions governing the payment of them. It is hard to realize that it was so generally misunderstood. However, experience proved that this section of the Act was



generally misinterpreted or grossly ignored by commanding officers and enlisted men and rarely understood by parents and other dependents. The writer considers that it is necessary to give a more detailed explanation of the conditions that governed the paying of Class B allowances. Briefly, these conditions were:

1. The enlisted man had to make an allotment in favor of his dependents.

2. The customary contribution of the enlisted man for the support of his dependents must have been a sum greater than his allotment.

3. The allottee must have been dependent upon the enlisted man. All three of these conditions had to be fulfilled before a relative in the permitted class was rightfully entitled to an allowance from the Government.

As stated above, a Class B allotment was a voluntary one. It was a privilege granted to all enlisted men, but it became a compulsory matter if a man desired the Government to aid his parents. The Government was willing to aid deserving cases providing the enlisted man in each case realized his responsibility towards his parents. It aimed to treat all men in the service in an impartial manner and, therefore, required an unmarried man to make an allotment of \$15.00 a month to his dependents before it would grant them an allowance. In the case of a married man having Class B dependents, the law required such men to make an allotment of \$5.00 a month in addition to their compulsory allotment of \$15.00.

The following detailed explanation of the second plan of financial relief afforded by the Soldiers and Sailors Insurance Act may appear superfluous, but one familiar with the difficulties encountered by the officials of the Bureau of War Risk Insurance in the administration of this provision of the Act, will appreciate the necessity of it. For instance, in the early days of the war, complaints were received from parents demanding that they be granted the customary Class B allowances. Because other parents in their community were receiving Government allowances they considered that they were entitled to the same. Usually the investigation of such a case disclosed the fact that no allotment had been made by their soldier son and, therefore, they were not entitled to an allowance. It is true that many of these cases were deserving of aid, but none could be given until the negligent son had complied with the first requirement of the Act.

The second condition, the soldier's habitual contribution, created one of the most difficult problems that the Bureau had to handle. Habitual contribution was defined as meaning that assistance which had been rendered by the enlisted

man previous to his enlistment for the support of his declared dependents. This assistance may have been in the form of money or personal services. But the value of either must have been greater than his allotment before any consideration was given to his request for a Class B allowance. When the habitual contribution of a man who had lived at home included payment for board a maximum deduction of \$10.00 a month was made for the cost of food, but if such a deduction would deprive a dependent of an allowance, none was made. Monthly contributions towards the payment of an indebtedness on a home occupied by an allottee was considered a contribution because of dependency, on the theory that such payments were identical with rent. It is evident that the Bureau was liberal in estimating the value of a man's contribution to his dependents. The officials gave a broad interpretation to this phase of the law in order that no deserving parent might be deprived of his or her usual assistance.

A few examples will do much to clarify this particular clause in the Act. Let us take the case of a man who had been accustomed to contributing \$15.00 a month towards the support of his mother. Just previous to going to camp this man was married. What obligations did he have to fulfill in order to secure a Government allowance for his mother? We know that he was compelled to make a compulsory allotment of \$15.00 a month to his wife. In order to secure an allowance for his mother he was further required to make a voluntary allotment of \$5.00 a month to her. Was his mother entitled to an allowance? She was, providing she was dependent upon him, since his allotment was only \$5.00 while his customary contribution to her had been \$15.00 a month. The son had complied with the law. The mother was dependent. Therefore, the Government paid her an allowance of \$10.00 a month.

On the other hand, take the case of a boy who had been contributing \$12.00 a month towards the support of his mother. After enlisting this young man wished to continue to aid his mother. He made an allotment of \$15.00 a month to her. Being a dependent parent, was she entitled to an allowance? No, because the Act stipulated that no allowance was payable unless the habitual contribution exceeded the allotment. As the son admitted on his application that his customary contribution had been only \$12.00 a month the Bureau could not pay the mother an allowance. This mother had not been deprived of her usual support. Therefore, the Government felt under no obligation to aid her.

Many parents, not properly understanding the limitation which this habitual contribution condition placed on the



amount of an allowance claimed that they were not receiving the full benefits provided by the Act. The following is a typical case. A young man, on entering the service, declared that he had a dependent father and mother at home. He was allowed to execute an allotment and allowance application. On his application he declared that his usual contribution towards the support of his parents had been \$25.00 a month. Would his parents receive an allowance of \$10.00 apiece? No, because the sum of the allotment and the allowances would equal \$35.00 a month. The total would be greater than the son's former contribution, therefore, they would only receive an allowance of \$5.00 apiece. In the same community the parents of another soldier were receiving the full allowances. The parents of the first boy considered that they had the same right to the full allowances as the parents of the second. However, an examination of the facts in the second case showed that the son had always contributed \$35.00 a month towards the support of his parents. They were, therefore, entitled to the full allowances.

Condition of dependency was the third point that had to be taken into consideration in determining whether or not a person was entitled to a Class B allowance. A soldier may have made an allotment to his mother and his allotment may have been less than the sum of his habitual contribution, but an allowance could not be granted unless the mother was dependent within the meaning of the Act. The Secretary of the Treasury defined dependency thus: "A person is dependent in whole or in part upon another, when he is compelled to rely, and the relations between the parties are such that he has a right to rely, in whole or in part, on the other for his support."

A strict and technical application of the above regulation was not enforced when its enforcement would work an injustice or an unwarranted hardship on the claimant. The evidence must be conclusive and prove that the allottee was not dependent in whole or in part upon the enlisted man before an allowance was withheld. In considering such claims for allowances, it was generally presumed that dependency did not exist if the allottee had an individual income exceeding \$50.00 a month. Even with such an income, an allowance was granted, if the evidence submitted proved that this sum was not sufficient to meet the reasonable and necessary expenses of the claimant. For instance, a father might have an income of \$50.00 a month, but be in such physical condition as to be in constant need of the services of a physician. Such a man would be granted an allowance if his son had been supporting him before his enlistment and made an allotment in his favor after entering the service.

It is evident that a general rule could not be laid down and applied in all cases. The Bureau gave careful consideration to each individual case. It ascertained the income of the allottee, the pay and income of all members of a claimant's family who were under legal age, and of all persons responsible for his care and support. The Bureau never denied a claim for an allowance whenever a doubt existed. The claimant was always given the benefit of the doubt. This liberal policy probably did much to produce the following situation.

During the first months that the Act was in effect, every opportunity was given to the men in the service to secure an allowance for their dependents. The formal application provided was simple and the conditions governing the granting of allowances were stated briefly, in order that the average person might understand them. These application blanks called for such ordinary information as the name, relationship and address of the allottee, the amount of the habitual contribution of the allottor, and whether an allowance was desired, providing the allottee was dependent. Upon the receipt of these applications at the Bureau, awards were made to the designated persons. No investigation was made to determine whether or not the facts set forth in the applications were correct. This policy was followed for some time by the Bureau, as it presumed that the men had been properly instructed in the law by their officers.

In June, 1918, a general investigation of Class B claims for allowances was instituted. A questionnaire was mailed to each claimant, requesting answers to the following questions: What relationship existed between the allottee and the enlisted man? What had been the habitual contribution of the enlisted man towards the support of the allottee? What portion of this contribution was considered as payment for board and lodging and what as individual support? What was the monthly or annual income to all members of the allottee's family under legal age who were domiciled with him? What was the value of all real and personal property owned by the allottee? Last, did the allottee consider himself or herself dependent upon the enlisted man and entitled to a Government allowance?

A comparison of the information contained in one hundred of these questionnaires with the applications filed by the enlisted men disclose the following facts: The statements of the allottee and the allottor, as to the habitual contribution of enlisted men, differed in ninety cases. In eighty-seven cases, the enlisted man declared that his customary contribution was larger than the sum admitted by the recipient. In three cases the allottee declared that he received



a larger contribution than the contributor himself admitted. In ten cases, the statements of both parties coincided. The thousands of mail investigations conducted revealed practically the same conditions of affairs as disclosed in the above one hundred cases.

The Bureau, therefore, decided to send out field investigators in order to secure more reliable information, as it was apparent that the law was being violated. The officials wished to ascertain the true facts in every case before taking final action in any individual case. The result of these field investigations invariably confirmed the suspicion that thousands were receiving Government allowances to which they were not entitled. However, the evidence secured generally showed that these persons were innocent of any intention to violate the law. They had accepted the Government's money each month as a sort of compensation for the deprivation they suffered by the enlistment of their sons or brothers.

As the law then existed, these people were guilty of receiving money from the Government to which they had no legal title. Since the Bureau of War Risk Insurance was charged with the duty of administering the law, it was compelled to notify such persons that they would have to return all money that they had received from the Government in the form of allowances. In a short time, it became evident that the enforcement of this order would result in the working of a grave hardship upon many innocent people, that it would cause many a widow, who had used the Government allowance in her battle against the increased cost of living, to go out to work in her old age, in order to pay the Government, perhaps compel her to mortgage her home, or to make some equally great sacrifice.

This situation was only relieved by the enactment of an amendment to the Act of October 6, 1917. This amendment absolved the Bureau of War Risk Insurance from the disagreeable duty of collecting these allowances. The amendment providing for such leniency reads, "That whenever the commissioner shall by further investigation or re-investigation modify the existing award, no reimbursement from the persons receiving an allowance shall be required for allotments and allowances already paid."

Immediately after the passage of the Act, applications for allowances were received at the Bureau at the rate of 10,000 a day from December 1, 1917, to December 1, 1918. On December 31st, the applications received numbered 273,013, and the awards made amounted to 234,850. One month later, the number of applications had increased to 411,418 and awards of allotments and allowances had been made in

402,458 cases. By April 30, 1918, the total number of applications increased to 744,211 and the awards granted numbered 748,000. After that date, the number of awards always exceeded the application forms, due to the fact that many applications called for more than one award. From these figures, it is apparent that whenever the application blank was properly executed, little delay ensued and awards were practically current with the applications received.

The magnitude of the relief rendered by the Allotment and Allowance provision of the Soldiers and Sailors Insurance Act may be feebly realized when one considers that the number of applications, on which payments were made, numbered 2,079,690; the sum paid out in allotments was \$285,672,241.69; and the allowances granted by the Government totalled \$261,911,234.00, making a grand total of \$547,583,476.19, paid out in allotments and allowances up to April 1, 1920.

The relief rendered was world-wide, as the Bureau sent checks to dependents in practically every city, town, and crossroads in the United States, and in the following foreign countries: Argentine, Assyria, Australia, Bahamas, Barbados, British Guiana, British Honduras, British West Indies, Belgium, Canada, Columbia, Cuba, Chile, Denmark, Dominican Republic, Dutch Guiana, Dutch West Indies, England, France, French Guiana, Greece, Guam, Guatamala, Haiti, Holland, Honduras, Italy, Ireland, Iceland, Japan, Mexico, Nicaragua, Norway, Peru, Porta Rico, Portugal, Newfoundland, New Zealand, Servia, Spain, Sweden, Switzerland, Scotland, Salvador, Uruguay, Venezuela, Wales, West Indies.

## II

### COMPENSATION

The second problem confronting the authors of the Soldiers and Sailors Insurance Act was how to provide financial assistance for the dependents of all men who might be killed in battle, how to make reparation to those men who might be injured in the service. There were then in existence and in operation pension laws which could have been enlarged upon, but Congress felt that a more modern law similar to our various workmen's compensation acts, was more in harmony with our twentieth century ideals. Those familiar with the philosophy underlying workmen's compensation know that it is based on the theory that all workmen sustaining injuries during the course of their employment are entitled to a certain percentage of their wages during the period of incapacity. This payment is presumed to be a compensation for the economic loss sustained by reason of injury. The same policy is followed in caring for the dependents of any man who is killed or dies from injuries incurred during the course of his employment. Therefore, a compensation provision analagous to these workmen's compensation acts was incorporated in the Soldiers' and Sailors' Insurance Act. It is analagous in this respect, that the payments made to the injured man or to the dependents of one killed in the service are determined by the effect that like injuries have on the earning capacities of men engaged in civilian occupations.

Statesmen and social scientists have almost uniformly agreed that this policy is the most equitable means of caring for the victims of modern warfare. It provides benefits for the man himself and for those dependent upon him. Such provision was necessary after the passage of the Selective Service Act, since its operation often resulted in the drafting of the breadwinner of a family, and thereby resulted in the conscription of the entire family. It is evident that when such a man was discharged from the service, after having sustained injuries, that he and his family were in need of financial assistance. It is but just that the nation provide for such men and for the dependents of those who gave their lives in the defense of national ideals. The nation benefited by the services and sacrifices of such men as an employer



benefits by the services of his employees. Since an employer of an injured workman is compelled to indemnify his employee, likewise the United States Government should indemnify those who served it at the risk of their lives.

The need of a change from the old pension system was patent, and when Congress was convinced of the benefits of modern compensation legislation, Article III was embodied in the Soldiers and Sailors Insurance Act. This Article provided that compensation be paid for the death or injury of or for disease contracted in line of duty by an officer or enlisted man or by any member of the Army or Navy Nurse Corps (female) when employed in the active service of the War Department or Navy Department. However, no compensation was provided for any injury or disease caused by the claimant's own wilful misconduct. The benefits provided by this Article of the Act were divided into two classes: compensation to the dependents of any man who died or was killed in the service, and compensation to the soldier himself for injury or disease incurred or contracted in or due to his service.

The conditions which have to be satisfied in order to secure compensation for the death of any member of the Army, Navy or Marine Corps are: First, the deceased must have been a member of such an organization and have been in the active service; second, his death must have resulted from injuries incurred, or from disease contracted in line of duty; third, such injury or disease must not have resulted from his own wilful misconduct. These requirements having been satisfied, compensation is payable to certain dependents in specific amounts as designated in Section 301, Article III.

#### SCHEDULE OF COMPENSATION DEATH BENEFITS

If there is a widow but no children.....	\$25.00	a month
If there is a widow and one child.....	35.00	“ “
If there is a widow and two children.....	42.50	“ “
If there is a widow and three children.....	47.50	“ “
If there is a widow and four children.....	52.50	“ “
If there is no widow but one child.....	20.00	“ “
If there is no widow but two children.....	30.00	“ “
If there is no widow but three children.....	40.00	“ “
If there is no widow but four children.....	45.00	“ “
If there is no widow but five children.....	50.00	“ “
If there is one dependent parent.....	20.00	“ “
If there are two dependent parents.....	30.00	“ “

The “active service” limitation found in the compensation section of the Act worked a grave injustice on many of the dependents of those men who died before their induction into the service had been completed, but which occurred

after they had been ordered to camp by their respective draft boards. As the Act originally read, this "active service" status limited the benefits of compensation to the dependents of deceased men, provided such men had been medically examined and enrolled by the military authorities. Accordingly, it barred the dependents of any man who died or was killed after his induction by his local draft board, but before he had been enrolled in the active service of the United States Army. This limitation was effective in spite of the fact that any man refusing to comply with the orders of his draft board would have been tried before a military court.

The following case will serve to show the injustice of this limitation: A man having a wife and child was ordered by his draft board to report for medical examination. After his examination he was accepted for military service and ordered to report to a designated cantonment. On arriving at the camp he was placed in a barracks pending his physical examination by an army physician. Influenza being prevalent in the camp, all the medical officers were busy caring for the victims of the epidemic. Although this conscript was in perfect health when leaving his home, he contracted the influenza and died. As he had not been examined by an Army physician, according to Army Regulations, he could not be enrolled in the Army for "active service." Under the existing law, the Bureau of War Risk Insurance was unable to grant compensation to the widow and child, although the cause of the draftee's death was the influenza which he had contracted after he had been ordered to camp by his draft board.

The prevalence of such cases compelled Congress to amend the Act of December 24, 1919. The scope and meaning of the term "active service" was enlarged to read as follows: "If, after induction by a local draft board, but before being accepted and enrolled for active service, the person died or became disabled as a result of disease contracted or injury suffered in the line of duty and not due to his own wilful misconduct involving moral turpitude or as a result of the aggravation in the line of duty and not because of his own wilful misconduct involving moral turpitude, of an existing injury or disease; he or those entitled thereto shall receive the benefits of compensation payable under Article III."

Since the enactment of this amendment, a broad interpretation has been given to the term "active service." It is now presumed that a man was in "active service" from the date of his induction by his local draft board until the date of his discharge or indefinite furlough.

The "line of duty" status has also given some trouble and



has caused some difficulties in the administration of the Act. However, for the purposes of the Act the Bureau of War Risk Insurance interprets "line of duty" to mean any act which a soldier, sailor, or marine may perform that is not prohibited by a special order of a military or naval authority. In other words an enlisted man is presumed to be acting within the scope of his "line of duty" while he is in the active service. An illustration of this broad interpretation is shown in the following instance: An officer was injured by a street car, while he was returning to quarters from a public assembly. He was the victim of an accident which happened when he was not acting contrary to military orders. His family, therefore, is entitled to compensation if he should die from his injuries.

The general policy of the Bureau has been to grant compensation to the wives and children of practically all men killed in the service. Of course, wilful misconduct is still an effective bar to all compensation benefits, but it is almost impossible to prove that a man met his death in the military service through his own wilful misconduct. In order to arrive at such a conclusion, the Bureau must be in possession of evidence that will conclusively prove the deceased had acted in wanton disregard of military or public authority.

Before compensation can be paid on a death claim certain evidence must be furnished by the claimant. In addition, other evidence must be secured from the War or Navy Department by the officials of the Bureau of War Risk Insurance. The claimant is requested to furnish the following information: First, the full name of the deceased; second, the date of his enlistment; third, his rank and the organization to which he was attached; fourth, the relationship of the claimant to the deceased; and fifth, affidavits supporting the claim of relationship and dependency.

The Bureau must secure certain additional information. It must ascertain whether or not the deceased was in the service and whether or not the injury or disease, which caused his death, was incurred or contracted while he was in the actual performance of his duty and that it did not result from his own wilful misconduct. If the evidence is complete and proves the validity of the claim, then compensation is paid from the date after the day of the death of the Soldier, Sailor, or Marine.

A further examination of the rules and regulations in force will show more clearly the manner in which the law operates. Should the claimant be a widow, she is required to furnish a copy of her marriage certificate or church record of her marriage or secure the affidavits of two eyewitnesses

of the ceremony. In lieu of such proof she must secure affidavits from two persons who knew the deceased and the claimant, and who can affirm that this widow and the deceased lived together as man and wife.

If the widow is a minor and the laws of the state of her residence require that she must have a legal guardian to receive her money, then such a guardian must be appointed before the Bureau can pay her compensation for the death of her husband. It is necessary that the papers of guardianship specifically provide that the appointed person be empowered to receive such compensation payments. Should the laws of the state require that the guardian furnish bonds, he must do so before the widow's money will be entrusted to him.

It might be well to explain the meaning of the term widow, as used in the Act. A widow is a woman who was married to the deceased before his enlistment or at least within ten years after he sustained his injury. The widow of a common law husband is entitled to the same consideration as one married by a clergyman or public official. However, common law marriages must have been consummated and have taken place in states wherein they are recognized.

The child of a deceased officer or enlisted man is entitled to compensation as provided in the schedule given on the preceding page. Such payments terminate on the child's eighteenth birthday. However, if a child is declared to be incapable because of insanity, idiocy, or some other permanent disability, compensation is continued as long as the disability exists.

A child claiming compensation because of the death of its father is required to furnish a copy of its birth certificate. If such a certificate cannot be secured, then the record of its baptism may be accepted. If neither of these records can be secured affidavits must be secured from two persons setting forth the relationship that existed between the deceased and the claimant.

Compensation is payable to a step-child provided proof be offered showing that it was actually a member of the deceased man's household and dependent upon him for support. The claim of an illegitimate child must be supported by a statement previously made by the deceased wherein he acknowledged such child as his own. Whenever it is possible to secure the record of a court of competent jurisdiction designating the dead man as the father of the child, compensation can be paid immediately. Any evidence submitted by a claimant must be properly witnessed, signed and sworn to before an official empowered to administer oaths.



To a single dependent parent, the sum of \$20.00 a month is payable. If there be two dependent parents, the monthly compensation is \$30.00. However, the amount payable to a father or a mother or both cannot exceed the difference between the total compensation payable to the widow and her children and the maximum payment of \$75.00 a month. For instance, if a deceased soldier is survived by a widow and four children and also a dependent father and mother, the amount payable to the parents will be \$22.50 a month instead of \$30.00. The reason for this is that the widow and her children have a prior right to all benefits and in most states inherit the husband's and father's estate.

The Act specifies that a parent can only receive compensation for the loss of one son. A mother who gave three sons to her country does not receive \$60.00 a month, but \$20.00. A woman who has lost both her husband and a son can only receive compensation for the loss of her husband. In short, a woman can only receive compensation for the loss of one member of her family.

Parents are required to furnish proof of their relationship and dependency upon a deceased son. Proof of relationship may be established by a certified copy of the birth record of the deceased, the church record of his baptism, or a copy of the record of his birth contained in the family bible. It is also necessary that affidavits be secured from two persons certifying the relationship of the claimant to the deceased.

A condition of dependency must be shown to have existed. Such dependency may have been complete or partial. The statement of dependency must be supported by the affidavits of two disinterested persons. These affidavits must include such information as the amount of the total annual income of the claimant, whether or not this includes wages earned, and whether or not the claimant is capable of engaging in a gainful occupation. In addition these statements must show the average monthly contribution of the deceased previous to his enlistment, the location and value of all personal and real property owned by the claimant, the monthly income from such property, and finally a declaration by the witness as to where and how he received such information.

It is not necessary that dependency be shown and proven to exist previous to the enlistment of the deceased in order that a parent may receive compensation. But if such dependency did not exist previously, it must have arisen within five years after the death of the soldier son.

It is usually a simple matter to determine the relationship of a claimant to the deceased, but it is rather difficult at

times to determine whether or not a parent is dependent. The question of dependency cannot be decided on general principles. Each individual case must be judged on its own merits from the evidence submitted.

If the evidence in a case shows that a parent is in receipt of an income sufficient to provide for his reasonable support and maintenance, including clothing and necessary medical treatment for himself and the members of his family under legal age, dependency is not presumed to exist and no compensation is paid.

Awards for compensation had been made on 45,267 claims at the close of the fiscal year of June 30, 1920. The monthly payments to dependents amounted to over \$1,000,000.00. Payments on death claims were refused in 80,480 cases during the period ending June 30, 1920. Compensation was disallowed because the claimant was not in the permitted class of beneficiaries, or because death occurred not in line of duty, or death resulted from the deceased's own wilful misconduct. Claims were sometimes disallowed because the claimant failed to submit sufficient proof to support his claim. However, any disallowed claim may be reopened upon the submission of additional proof or evidence.

The Act further provides that the Government will pay upon written application all reasonable funeral expenses, including the expense of burial and transportation home of the body of any man that died in the service, but this amount cannot exceed the sum of \$100.00. The total number of these burial awards up to June 30, 1920, was 30,861 amounting to \$2,175,270.06.

In addition to the benefits granted to the dependents of those men killed in the service, compensation benefits were provided for disabled veterans and their families. Indeed these are the persons most interested in the compensation provision of the Soldiers and Sailors Insurance Act. They and their families are dependent upon the Government for financial support.

Because of the variations in the injuries sustained by these men, the awarding of compensation to them has been a difficult and intricate task.

According to the terms of the Act every officer and enlisted man who sustained an injury or contracted a disease which has resulted in a disability is entitled to certain benefits. The amount of the benefit payable to any individual is determined by the extent of his disability but in no case is compensation payable unless the disability has caused at least a ten per cent reduction in the earning capacity of the claimant.

Disabilities are classed as permanent total, permanent



partial, temporary total, and temporary partial. Originally the same benefit was provided for total permanent disability as for temporary total. However, by the amendment of December 24, 1919, the amount payable for a total permanent disability is greater than that provided for a total disability which is only temporary in its duration. The benefits provided for under the original Act and by the amendment are given below.

COMPENSATION BENEFITS FOR TOTAL AND PERMANENT  
DISABILITY

	Original Act	Amendment
For general total permanent disability-----	\$ 30.00	\$100.00
For the loss of both feet or both hands or both eyes, or for becoming totally blind or becoming helpless and permanently bedridden from causes occurring in line of duty in the active service of the United States -----	100.00	100.00
For the loss of one foot and one hand, or one foot and the sight of one eye, or one hand and the sight of one eye-----	30.00	100.00
For the loss of both eyes and both feet, or both eyes and both hands, for both hands and both feet -----	100.00	200.00
If a person is so helpless as to be in constant need of a nurse or an attendant, an additional sum is provided, viz.:-----	20.00	20.00

The harmony and symmetry of the compensation scale is marred by the flat rate provided for all permanently totally disabled claimants irrespective of the number of their dependents. It is obvious that an injured man who has a wife and child dependent upon him is in need of greater financial assistance than an injured man who is unmarried. This is the only place in the entire Act where the family status of a claimant is disregarded.

All claims for permanent and total disability must be supported by proper evidence. The claimant must show that he has been discharged from the service, since compensation cannot be paid while a man is in receipt of his regular service pay. The Bureau must secure a history of his service in order to ascertain just when and where his disability arose and the circumstances surrounding it. The opinion of experts must be obtained and must show that the claimant's physical or mental condition is such as to preclude the possibility of his ever being able to engage in any gainful occupation.

While such information is being secured it has been the policy of the Bureau to grant the claimant compensation



for a temporary total disability. Such an award will provide a disabled man with sufficient funds to secure the necessities of life while he is awaiting the final disposition of his case.

The combination of any two permanent disabilities which totally incapacitates a man is considered a double permanent total disability, as for instance, the loss of the sight of both eyes and the loss of both feet. The monthly payment to such a sufferer is \$200. No consideration is given to the family status of the disabled. Prior to December 24, 1919, the Bureau was authorized to make an award of only \$100.00 in such cases.

This increase of \$100.00 a month for double-permanent-total disability was due to the fact that a typical case was brought before the attention of Congress. The case in question was that of a soldier who had lost both hands and the sight of both eyes. H. R. Bill 6450 was introduced and passed without opposition which granted this unfortunate veteran \$200.00 for the rest of his life. This bill became a law when signed by the President on August 6, 1919.

In addition to the payment of \$100.00 a month, any person suffering a permanent and total disability is entitled to \$20.00 a month for a nurse or an attendant. The payment of this additional sum is not mandatory but is left to the discretion of the Director of the Bureau of War Risk Insurance. However, all reasonable claims for this additional allowance are granted whenever there is sufficient evidence to substantiate them.

All permanent partial disabilities are provided for in the Act which reads, "If and while the disability is partial, the monthly compensation shall be a percentage of the compensation that would be payable for his total disability, equal to the degree of the reduction in earning capacity resulting from the disability, but no compensation shall be payable for a reduction in earning capacity rated at less than ten per centum."

Thus, any man who has suffered a permanent partial disability which is rated by the Bureau as greater than ten per cent is entitled to a percentage of \$100.00, the amount payable monthly for a permanent and total disability. These permanent partial payments are determined by a confidential scale of ratings known only to the officials of the Bureau. The most that can be said is that each case is decided according to the extent of the anatomical disability sustained by the claimant and by the effect that like disabilities usually have on the earning capacities of individuals sustaining similar injuries in civilian occupations. It is evident therefore, that the precise reduction in an individual's earn-

ing capacity is not the determinant of his compensation payment.

It is true that a perfect compensation law would indemnify a man for the exact amount of his loss. Thus a violinist who had lost a finger would receive a larger award than a clerk or student suffering a similar injury, for it is obvious that the loss of a finger would result in a more serious reduction in the earning capacity of the former than the latter. However, we must not jump to the conclusion that the Government is treating its permanently injured soldiers and sailors unjustly. The Act stipulates that no reduction shall be made in the amount of the compensation payable to any person sustaining a permanent disability, even though such a person may overcome his handicap. Once a rating is made for a permanent disability it remains. For instance, if a soldier is receiving \$30.00 a month for the loss of a leg, he will always receive such an amount. He may even be able to earn twice as much in a new occupation as in his old one, but his compensation will be \$30.00 a month for the rest of his life.

Such a man may take up a course of training under the direction of the Federal Board for Vocational Education. During the period of his training his compensation will be discontinued since he will be entitled to \$80.00 a month from the Federal Board while he is under its direction. But when he has completed his course he will again be entitled to compensation at the rate of \$30.00 a month.

Though the Federal Board for Vocational Education may have been open to criticism in the past, we must consider the size and complexity of the problem that confronted it. Vocational Education in the United States was in its infancy; experience, facilities, and teachers were and are lacking in this country. The Federal Board has made every effort to care for the ever growing army of disabled veterans of the Great War.

The present plan adopted by the Federal Board aims to help every injured veteran to resume his former occupation or to take up some new one. Whether a man is able to resume his old occupation or not, the Board is willing to aid him in preparing for a new one. Every effort is being made to assist such men in taking up an occupation for which they are best fitted and in which they are interested. Such men are given the widest possible choice of trades and occupations. This choice includes commerce, industry, transportation and even the professions. The length of the course of instruction depends upon the requirements of the vocation, and upon the interest and the ability of the student.



While in training the student, in addition to his tuition and books is entitled to the following allowances:

For a single man.....	\$ 80.00	a month
For a man and wife.....	115.00	“ “
For a man, wife and child.....	125.00	“ “
For a man, wife and two children.....	132.50	“ “
For a man, wife and three children.....	137.50	“ “
For a man, wife and four children.....	142.50	“ “
For a man, wife and five children.....	147.50	“ “
For a man, wife and six or more children.....	150.00	“ “

The Darrow Bill provides for additional allowances up to \$20.00 a month for single men training in localities in which the cost of living is above the average, or comparatively high. This law caused Federal Board officers to make a study of the cost of living in the communities in which some 1,600 institutions and 4,000 factories are aiding in the training of former service men.

It must be clear to all that the Government intends to solve the problem of human waste, caused by the war, in the most scientific and economic manner possible. It does not propose to make pensioners of those men who lost a limb in the defense of their country; nor does it propose to drive them into homes for the maimed; its aim is rather to render them economically independent.

The vast majority of the claims for compensation being adjudicated by the Bureau at the present time are for temporary total and temporary partial disabilities. Many men have sustained injuries which have totally incapacitated them, but only for a time, while others are suffering from partial disabilities of a temporary nature. Under the original Act the payments for such disabilities were inadequate, the maximum for a single man being \$30.00 a month. However, the amendment of December 24, 1919, provided more liberal benefits.

In the table below are given the benefits previously payable for temporary total disability and those benefits now being paid.

MONTHLY COMPENSATION FOR TEMPORARY TOTAL DISABILITY	Act of	
	Oct. 6, 1917	Amendment
For a single man.....	\$30.00	\$ 80.00
For a man and wife.....	45.00	90.00
For a man, wife and one child.....	55.00	95.00
For a man, wife and two children.....	65.00	100.00
For a man, wife and three children.....	75.00	100.00
For a man and one child, no wife.....	40.00	90.00
For a man and two children.....	50.00	95.00
For a man and three children.....	60.00	100.00
For each dependent parent.....	10.00	10.00



A percentage of the amount payable to a man for temporary total disability is granted to those who are suffering from temporary partial disabilities. No injured veteran receiving compensation is required to make any contribution from his award in order that his wife and children may receive their allowances. Benefits are paid whether or not the injured man carries a Government insurance policy. We must emphasize the fact that compensation and insurance are separate and distinct. The Government gives the compensation and the service man pays for his insurance. Compensation is payable for temporary disability as well as for permanent disability, while, insurance is payable only because of death or permanent and total disability.

As stated previously, compensation is payable for injury or for disease contracted by an officer or enlisted man while in active service. But the disability resulting from such injury or disease must have produced a disability rated at ten per cent or more.

A more detailed explanation of the conditions governing the paying of compensation for temporary disabilities is necessary. The first condition which must be fulfilled is that proof be offered showing that the injury really occurred while the claimant was in active service. Active service covers that period between the date of induction by a local draft board and the date of discharge or indefinite furlough. Of course a disability must have occurred while the claimant was acting in line of duty, if he is to be eligible for compensation.

Even when the above conditions are fulfilled, compensation is not paid automatically. The injured man must first make written application for the same. This formal application must be executed within five years of the date of injury or discharge. However, there is provision for one exception. Any man is privileged within one year after his discharge to present himself for medical examination by a designated physician of the Bureau of War Risk Insurance. Though his disability at the time of his examination may not be serious he is given a medical certificate setting forth in detail his physical condition. The purpose of such examinations is to safeguard the interests of all veterans and also to protect the Government against fraudulent claims in the future. The holder of such a disability certificate may file a claim for compensation at any time that his disability incapacitates him.

All applicants for compensation are required to furnish the following information in order that they may be identified with the service: name, rank and organization, date of enlistment, date of discharge and home address. It is im-

perative that the claimant file his original discharge or a copy of the same with his application. He must also make known his previous occupation, the wages he received and the name of his employer, his present occupation (if any) and the wages that he is capable of earning and the name of his employer.

With these facts on hand the Bureau can more readily dispose of any claim. The general procedure is to institute an investigation of the claimant's service record. While this investigation is being made, the claimant is ordered to report to a designated physician for a physical examination. The service record having disclosed the military history of the claimant and the physical examination having shown him to be disabled, compensation is awarded. The amount is determined by the extent of his personal disability and by the effect that similar disabilities usually have on the earning capacity of civilians engaged in like occupations.

Suppose the medical evidence shows a man to be temporarily totally disabled. He would be entitled to \$80.00 a month during the period of such total disability. If he has a wife and child, he is required to prove their relationship and then his award is increased to \$95.00 a month. If his ailment responds to treatment furnished by the Government and he is able to take up an occupation which does not pay him as much as his former one, his award is only partially decreased. If after a period his disability is entirely removed, his compensation is withdrawn, but this does not usually occur until the medical evidence in the case offers definite assurance that the disability has been removed. The Bureau has followed the policy of continuing payments for a short time after the claimant has recovered in order to encourage him in his efforts to regain his economic independence.

The Bureau has found it more advantageous to pay full compensation to a partially disabled man and order him to discontinue his employment. The reason for such action is that it has been found that when a man is not employed he recovers more quickly.

This is particularly true in the case of a claimant who is in the first stages of tuberculosis. There is a very good chance of arresting the disease if the patient is placed in an institution specializing in the treatment of tuberculosis. While confined, the patient as well as his family are paid the maximum benefits provided by the Act for temporary total disability. There is little doubt that this is the best policy to follow in the interest of both the claimant and the Government. Though the expense is large during the period in which the claimant is confined, the total potential com-



compensation cost to the Government is less and in addition a useful citizen is reclaimed for the state.

Benefits are also provided for any individual who can prove that he is suffering from a disability which was aggravated by service. In making awards on such claims great care must be exercised to secure the full military and medical history of the man. It will be recalled that Section 300, Article III., provides, "That for the purpose of this section said officer, enlisted man or other member shall be held and taken to have been in sound condition when examined, accepted and enrolled for service."

The presumption at the time that the Act was passed was that only men capable of passing the regular army and navy physical examinations would be enrolled for service. However, we are all aware of the fact that it became necessary from time to time to lower these standards. The need for men in the Army became so great that many were taken who were not physically perfect. These men were employed in various duties, here and abroad, not of an active fighting nature. However, the tasks assigned to them often resulted in aggravating their particular disabilities.

As their condition was more serious when they were discharged it is apparent that they were entitled to compensation. In some cases, it is often difficult to tell whether the particular disability was sufficiently aggravated by military service to entitle the claimant to compensation.

There is another provision in this section of the Act regarding which the public knows little. It is the subrogation of claims. Article III., Section 313, provides, "If an injury or death for which compensation is payable under this Article is caused under circumstances creating a legal liability upon some person other than the United States or the enemy to pay damages therefore, the director, as a condition to payment of compensation by the United States, may require the beneficiary to assign to the United States any right of action he may have to enforce such liability of such other person. . . ."

One case will be sufficient to illustrate the meaning and the application of this clause. A soldier was killed in a railroad wreck, and left a wife and child without support. His dependents claimed compensation because of his death, which occurred while he was in active service. Their claim was just and covered by the Act, therefore, the wife was granted compensation at the rate of \$45.00 a month for herself and child. This soldier met his death through the negligence of the railroad company. In order to receive compensation the wife was required to assign her right of action against the railroad to the Government. The Govern-



ment received in damages from the road a sum greater than the total payments due the wife and child under the Act; it paid the entire sum of the damages collected to the dependents and discontinued their compensation payments.

It is evidently advantageous to any person who may have a right to compensation and also a claim against a third party for injuries to assign such a claim to the Government. By such action the Government is spared an unjustifiable expense and the dependent has nothing to lose, for should the damages recovered be less than the compensation provided, the compensation payments are continued, while if the damages exceed the total of the compensation payments, such damages are paid to the dependent. There have been comparatively few subrogation cases, but owing to the fact that over four hundred have arisen, it was thought advisable to include them in this monograph.

In the foregoing pages, the writer has attempted to explain the conditions governing the payment of compensation. The barriers to payment of compensation will now be briefly enumerated. A dishonorable discharge from any branch of the service forever bars the recipient of such a discharge and his dependents from all compensation benefits. Death, injury or disease caused by wilful misconduct are not compensable. Neglect to secure a disability certificate within one year after discharge will bar a veteran in later life from compensation benefits. Claims must be filed because of death or disability, within five years after such death or following the occurrence of such disability. No person in receipt of service or retirement pay can be paid compensation under this Act. A person refusing to submit to medical or surgical treatment, when directed to do so by an authorized agent of the Bureau of War Risk Insurance, is barred from the benefits provided by the Act.

The total number of disability compensation claims allowed to June 30, 1921, was 183,648. Of this number, 49,276 awards have been closed for various reasons. For instance, during the first six months of the year 1920, claimants to the number of 15,714 had accepted vocational training, while 2,337 had recovered from their disability. An examination of the 134,408 active claims on June 30, 1920, shows that they were divided according to the degree of disability as follows: 31,476 were for temporary total disability; 87,865 for temporary partial disability; 11,863 for permanent partial; and 3,204 were for permanent total disabilities. The compensation payable monthly on these 134,408 claims amounted to \$5,036,103.91.

An examination of the statistics available discloses the fact that there has been a steady increase in the number of dis-

ability compensation claims awarded. In July, 1919, there were 37,754 such claims; in December, 1919, this number had increased to 86,122; and on June 30, 1920, payments were being made on 134,408 claims.

The total number of claims for compensation will be difficult, if not impossible, to estimate. Experts have estimated that the "peak of the load" will not be reached for ten years and that \$5,000,000,000 will have to be spent in the solution of the problem. One way of attempting to estimate the probable number of disability claims that will arise is by considering the number of invalid pension claims paid to disabled veterans of the Civil War. During the thirty-six years following the Civil War 579,115 invalid pension claims were allowed for an army of 2,400,000 men. If the same proportion holds good, there should be a total of 1,209,950 disability compensation claims filed in the year 1956 by the 5,041,470 men that served in the War of 1917.

The actual disbursement made by the Bureau in the payment of compensation awards, including burial awards and medical care from October 6, 1917, to June 30, 1920, was \$114,756,422.84.

Every precaution has been taken to protect this vast army of sufferers and dependents from unscrupulous claim attorneys. Any man or woman capable of reading and writing should be able to prosecute his or her claim. However, should any such person consider that the services of an attorney are necessary in prosecuting a claim, the Act provides that no individual shall charge a fee in excess of \$3.00 for executing the papers necessary in making claim for compensation.

In order that these compensation payments granted to disabled men and the dependents of those who made the supreme sacrifice may be secure forever, the Act provides that such payments be free from all taxation, shall not be assignable, and shall not be subject to the claims of creditors.

### III

#### MEDICAL CARE AND TREATMENT

Modern compensation legislation recognizes the right of an injured person to all necessary medical treatment and care. There are two reasons for such a provision: in the first place, it is only humane to provide for the relief of those suffering from physical pain and impairment of mind or body and, secondly, it is the most economic policy to follow. Experience has shown that it is a good business policy to provide an injured workman with adequate medical care immediately following his injury, because such treatment will more quickly restore him to his productive position. Thus this policy is of advantage to the injured employee, to his employer, and to the state at large.

The committee that drew up the Soldiers and Sailors Insurance Act realized the justice, as well as the expediency, of making provision in the Act for medical care and treatment for all those who might be injured or might contract disease in the military or naval service of the nation. Accordingly we find in Article III., Section 302, Paragraph 3, of the original Act the following: "In addition to compensation above provided, the injured person shall be furnished by the United States such reasonable governmental medical, surgical, and hospital services and with such supplies, including artificial limbs, trusses, and similar appliances, as the director may determine to be useful and reasonably necessary."

Thus, any person who suffered an injury or contracted a disease or whose impaired physical condition was aggravated by service in the Army, Navy, or Marine Corps, is entitled to all reasonable medical and surgical care and treatment. This of course, does not include persons who sustained injuries or contracted disease through their own wilful misconduct or contracted disease when they were not acting in line of duty.

The officials of the Bureau of War Risk Insurance had no idea that the men disabled in the service would be dis-



charged until they had received the maximum improvement. Therefore, the Bureau found itself in the days immediately following the signing of the Armistice, in the position of having thousands of disabled men in need of medical care and hospitalization upon its hands.

Two great problems to be met were: First, to build up a medical force in Washington and in the field to examine these men in order to determine the extent of their disabilities, and secondly, a hospitalization program had to be laid out.

The Sixty-Fifth Congress aided the Bureau by the passage of Public Act No. 326, which provided that the United States Public Health Service should, "provide immediate hospital and sanatorium facilities for the care and treatment of discharged sick and disabled soldiers, sailors, and marines, Army and Navy nurses (male and female) patients of the War Risk Insurance Bureau."

Under the provisions of this Act, the United States Public Health Service became the agency through which the Director of the Bureau of War Risk Insurance might obtain medical care and treatment for the disabled veterans of the World War. Furthermore, the Chief Medical Advisor of the Bureau of War Risk Insurance and all his subordinates are officers of the United States Public Health Service.

In order to care for that vast army maimed and diseased during the Great War, which is domiciled in all sections of the country, the United States has been divided into fourteen medical districts, each with at least one medical officer of the United States Public Health in charge. Each of these officers has a corps of specialists as advisors and consultants. These assistants include neurologists to care for nervous and mental cases, general surgeons, orofacial surgeons, neuro-surgeons, and orthopedists. They are assisted by specialists in clinical work who aid in making examinations. Bacteriologists, X-ray experts, and numerous other laboratory assistants make up the corps necessary to care for the injured and diseased veterans who are entitled to care under the provisions of the Soldiers' and Sailors' Insurance Act. In addition to the above named corps, it has been necessary to engage over one thousand former medical officers of the Army and Navy. These men conduct examinations on a fee basis in their respective communities. By this policy, former service men are not required to travel long distances in order to secure a medical examination.

From the above it is apparent that the medical activities of the Bureau of War Risk Insurance are a function of the United States Public Health Service. The district supervisors are charged with the duty of caring for disabled vet-

erans in addition to looking out for the general health of the communities wherein they are stationed.

The medical care and hospitalization of all disabled ex-service men is divided between the Bureau of War Risk Insurance and the United States Public Health Service. The War Risk Bureau is liable for the eligibility of patients of the Bureau to compensation and treatment, and for the payment of all bills incident to the performance of these obligations.

The United States Public Health Service is responsible for the medical and surgical treatment and hospitalization of all patients of the Bureau of War Risk Insurance. Furthermore, these district supervisors act as the field representatives of the Medical Division of the Bureau of War Risk Insurance. They have been the only means by which the Bureau of War Risk Insurance has legally been able to get in touch with ex-service men in all parts of the country, and to secure for them the services they need.

The extent of the medical service being rendered may be realized when we consider that at the present time there are over 23,000 disabled ex-service men and women being cared for in more than one thousand hospitals throughout the United States. Of this number 17,116 are in hospitals owned or operated by the Government and 6,207 are in private hospitals, including state and county sanatoriums. In New York State, for instance, in 1920, there were 1,860 Government patients and they were cared for in 148 hospitals. These patients were divided into three hospital groups; tuberculosis, neuro-psychiatric, and general. Of the total number, 335 were in 43 tuberculosis hospitals, 862 in 33 neuro-psychiatric hospitals, and 663 in 72 general hospitals.

In addition to hospital treatment, "out-patients" treatment is being given. In order to provide such treatment and conduct proper medical examinations, three hundred officers of the United States Public Health Service have been detailed to the following offices established in: Boston, Massachusetts, to care for patients in the States of Maine, New Hampshire, Vermont, Massachusetts, and Rhode Island; in New York City, to care for patients in Connecticut, New York, and New Jersey; in Philadelphia, Pa., to care for patients in Delaware and Pennsylvania; in Washington, D. C., to care for patients in Maryland, Virginia, West Virginia, and the District of Columbia; in Atlanta, Ga., to care for patients in North Carolina, South Carolina, Tennessee, Georgia, and Florida; in New Orleans, La., to care for patients in Alabama, Mississippi, and Louisiana; in Cincinnati, Ohio, to care for patients in Indiana, Ohio, and Kentucky; in Chicago, Illinois, to care for patients in the States of Wisconsin,



Michigan, and Illinois; in St. Louis, Mo., to care for patients in Nebraska, Iowa, Kansas, and Missouri; in St. Paul, Minn., to care for patients in Minnesota, North Dakota, South Dakota, and Montana; in Denver, Colo., to care for patients in Wyoming, Utah, Colorado, and New Mexico; in San Francisco, Calif., to care for patients in Arizona, Nevada, and California; in Seattle, Washington, for patients in the States of Idaho, Oregon, and Washington; and in Houston, Texas, for patients resident of the States of Oklahoma, Texas, and Arkansas. Offices have also been established at Manila to care for the Philippines; at San Juan for the Island of Porto Rico and the Virgin Islands, and at Honolulu for patients in the Hawaiian Islands. The number of persons receiving "out-patient" treatment has steadily increased, as there were only 4,500 on August 1, 1919, while on January 1, 1920, the number had increased to 10,229. Of this number 3,654 were suffering from tuberculosis, 3,416 from nervous and mental diseases, and 3,159 were general cases.

The prosthetic devices furnished to the patients of the Bureau of War Risk Insurance include 2,194 artificial limbs, consisting of 1,784 permanent artificial legs and 1,130 permanent artificial arms. During the war there were some 3,800 major amputations of which 2,280 were of lower limbs and 1,520 of the upper ones. All of these men will be furnished with permanent artificial devices as soon as their amputated limbs are completely healed.

The question of hospitalization has been a very serious one. The demand for hospital facilities to care for these men and women has been very large and has constituted a real emergency. In order to meet this situation, the United States Public Health Service has expanded its facilities, and additional accommodations have been secured by the appropriations of Congress. At the close of the fiscal year 1919, the Public Health Service was operating 20 marine hospitals and 10 new hospitals were opened during that year. The Public Health Service also made a canvas of the beds available in civil and private hospitals and institutions. On April 15, 1919, this canvas showed that there were 619 civil hospitals with 9,208 beds available for discharged men. By June 30th, the reported facilities had increased to 1,913 hospitals representing 26,850 beds. The number of War Risk patients in those hospitals on that date were 9,590. A number of those hospitals were taken over as contract hospitals while others were returned as unsuitable.

On June 30, 1920, there were in the United States Public Health hospitals 2,467 tuberculosis patients, 1,660 neuropsychiatric patients, and 3,754 patients grouped under the classification of general medicine. In private institutions,



there were 3,551 tuberculosis patients, 3,382 neuro-psychiatric patients, and 2,657 general medicine patients. The total number of patients admitted to all of these hospitals for the fiscal year ending June 30, 1920, was 48,983. Of this total 24 per cent, or 11,819, were suffering from tuberculosis; 12 per cent, or 5,707, because of diseases of the digestive organs; and 11 per cent, or 5,203, because of diseases of the mind.

The number of veterans requiring hospitalization has been on the increase and it is apparent that at the close of the fiscal year of 1920-1921 there will be 30,000 men demanding hospital accommodations. It is evident, therefore, that the problem of providing medical care and treatment for the veterans of the Great War has only begun.

In order that all persons entitled to such treatment might receive it, it was necessary for Congress on June 30, 1920, to appropriate \$46,000,000. When making the appropriation it was directed that the money be expended by the Bureau of War Risk Insurance for medical, surgical, and hospital services; medical examinations, funeral expenses, traveling expenses, and supplies for the beneficiaries of the Act of October 6, 1917. The Sundry Civil Bill providing for this appropriation authorized the use of the hospital facilities of the Army, Navy, and the National Soldiers' Home.

The intention of the Government, at the present time, is to centralize its patients suffering from similar disabilities in highly specialized institutions. However, in localities where Government owned and operated hospitals are not available, it does not intend to interfere with the use of contract hospitals which are used solely for the purpose of obtaining satisfactory examinations of patients. In the future, patients may be admitted to civilian or private hospitals and kept there until they have been examined. Should the examination of any one of these patients show that he is in need of care and treatment, it is intended that he shall be transferred to a Government institution equipped to care for the individual's particular complaint.

An examination has been made of the facilities available in the National Soldiers' Home. It has been decided to convert two of these homes into tuberculosis sanatoriums, and a third into a sanatorium for the care and treatment of nervous and mental cases. Each of the tuberculosis sanatoriums will be capable of caring for one thousand patients, and it will be expected that the sanatoriums for mental diseases will be capable of accommodating a like number. The survey of all the Government institutions has disclosed the fact that the Government will be in the position to care for fourteen thousand patients in its own institutions. In

addition the United States Public Health Service has agreed to furnish fifteen thousand beds.

There has been some criticism of this new policy of the centralization of patients in Government institutions, but it is believed by the leading medical authorities to be the only efficient manner of caring for this vast and ever increasing army of diseased and disabled veterans. Under this new system it would appear that a man would secure the expert treatment which his case would require. It will be possible to have highly trained men detailed at particular institutions, while formerly it was not always possible to send these experts to different parts of the country to care for a single patient. The Government is also eager to place all claimants in its own institutions, because often in the past it was forced to withdraw patients confined in private institutions. The authorities of some private institutions demanded the Government release certain beds for the use of residents of the immediate district. In the future, once a patient is placed in a Government hospital he will not be removed until he is cured or at least convalescent.

Medical care and treatment in proper hospitals appears to be the greatest problem that the Bureau of War Risk Insurance has to meet at the present time. The Surgeon General of the United States Public Health Service reported that on January 1, 1921, there were 19,019 patients of the Bureau of War Risk Insurance receiving treatment. Of this number he estimated that 7,586 were suffering from tuberculosis; 5,690 with mental diseases; and 5,743 with medical and surgical disabilities.

Dr. Thomas Salmon, a neuro-psychiatric expert, estimates that there are 71,237 ex-service men suffering from mental disorders, but that only 5,000 have come to the Government for treatment.

Experts in tuberculosis have estimated that 38,033 men were discharged from the service suffering from tuberculosis. The Bureau of War Risk Insurance admits that only 9,543 men were being treated for tuberculosis in January, 1921.

Senator Arthur Capper informed Congress that 641,000 men were disabled during the war. He stated that 46,310 were discharged as tubercular; 76,588 had nervous or mental ailments; 75,000 were in need of surgical attention, and 62,869 had something wrong with their eyes, ears, nose, or throat. Senator Capper also estimated that the number of ex-service men demanding medical attention are increasing at the rate of 5,000 a month, and that the peak of the problem will not be reached for ten years. He believes that the number of veterans who must have medical care and treatment

will increase from 20,000 at one time to 50,000 at a later date. The War Risk Insurance Bureau reported on January 27, 1921, a total of 23,323 soldiers in various Government or private hospitals undergoing treatment. Of this total, 9,543 were suffering from tuberculosis; 6,101 were neuro-psychiatric patients; and 7,677 were classified as general and surgical cases. Of the total 23,323 patients, only 17,116 were being treated in Government hospitals. Dr. Haven Emerson, chief of the medical division of the Bureau of War Risk Insurance, stated in April, 1921, that 35,000 beds will be needed for former service men between 1925 and 1927.



## IV

### PENSIONS IN THE UNITED STATES AND FOREIGN COUNTRIES

It makes an interesting digression, after this lengthy treatment of the benefits provided by our present compensation law, to state briefly the benefits granted under our former pension laws and those contained in the pension laws that obtain at the present time in foreign countries. A lengthy treatment of our former laws would be superfluous as there is already a considerable body of literature on the subject. Therefore, we will examine them in a concise manner under the three general classifications: Retirement System, The General Laws System, and The Service Pension System.

The Retirement System provided for the retirement of any officer or enlisted man, at three-quarters pay, after thirty years of service in the Regular Establishment of the Army, Navy, Marine Corps, and Coast Guard. This was the general condition, but there were conditions under which a man might be retired before he had served thirty years. An officer was automatically pensioned upon reaching the age of sixty-four years. An officer can be retired at any time by the President of the United States.

Pensions and pension legislation did not play an important part in the history of the United States until after the outbreak of the Civil War. The total expenditures for pensions in the year 1861 was only \$1,072,000 and the number of beneficiaries were 10,700.

The General Law Pension System was created by the Act of Congress of July 14, 1862. This system became the fundamental law for all pension claims arising out of disability or death due to military service after March 1, 1861. It embraced within its provisions officers and enlisted men of the Army and Navy, including regulars, volunteers, militia, and marine corps.

This Act of July 14, 1862 provided pensions for soldiers who had incurred permanent bodily injury or disability in the military service after March 1, 1861. The claimant was required to show that his disability was incurred as a direct consequence of his military duty. This Act also provided for the widows, children, and other dependents of soldiers

who died in the service, or from causes that could be directly traced to the service.

Numerous disability pension acts have been passed from time to time. Each succeeding act has been an expression of the liberality of the American people to those men who served in the Civil War. The benefits have been increased so that by the year 1916 the minimum pension payable for any disability was \$6.00 a month and the maximum was \$100, payable for any of the following specific disabilities: the loss of both hands, the loss of both feet, the loss of the sight of both eyes, the loss of the sight of one eye, (the other having been lost before enlistment).

Pensions to widows were increased from \$8.00 in 1862, to \$20.00 by the Act of September 8, 1916, and to \$25.00 a month by Section 314 of the Act of October 6, 1917. An additional pension of \$2.00 a month was allowed for every child under the age of sixteen years.

An interesting contrast with this "General Law Pension System," is the so-called "Service Pension System," which was inaugurated in 1890. The purpose of the Act of June 27, 1890, and subsequent acts of like nature, was to provide pensions for all persons who had rendered service during the Civil War, and who were not in perfect physical condition. It granted pensions to all persons who could show proof that they had served ninety days or more, had been honorably discharged, and were suffering from a disability not necessarily incurred in military service. Benefits were also provided for the widows and children of all Civil War soldiers without regard to cause or nature of the soldier's death.

In 1908 an Act was passed that increased widows' pensions to \$12.00 a month. This applied to the widows of all veterans who had served in the Civil War for ninety days or more—provided they had been married before June 27, 1890. A pension was granted to all such widows irrespective of their pecuniary condition. Because of the liberality of this Act it tended to supersede the Act of 1890. The Acts of 1907 increasing the amount of pension for veterans and the Act of 1908 increased the expenditures for pensions by nearly \$32,000,000.

On May 11, 1912, a service-and-age pension act was passed by Congress. This Act granted pensions to the veterans of the Civil War according to the claimant's age and his length of service. Since the provisions of this Act were more liberal than any preceding Act it promptly superseded the most favorable of them. The expenditures were correspondingly increased. In 1912 pension payments amounted to \$152,986,000, while in the year 1913 they reached their high-

est point \$172,409,000. On the other hand the number of pensioners on the rolls in 1913 were 820,200 as compared to 999,446 in 1902.

The United States paid out in pensions the sum of \$5,119,080,336.71 during the period from 1866 to 1917. Of the Civil War expenditures, more than \$2,230,000 were paid out in pensions under laws that required no proof that disability or death was due to causes that originated in the military service. During the past twenty-five years general law pension expenditures have been decreasing without interruption and service pension expenditures have been constantly on the increase.

The Sixty-Fifth Congress passed the Fuller Bill which provides for the following changes and increases in benefits for pensioners:

PENSIONERS OF THE WAR OF 1812

Increase of widow's pension to.....\$30.00 a month

PENSIONERS OF THE MEXICAN WAR

To any veteran who served sixty days or more and was honorably discharged, a pension of...\$50.00 a month

To any veteran who served sixty days or more and was honorably discharged and is blind or helpless, or who is so nearly blind or helpless as to be in need of a regular personal aid or an attendant, a pension of.....\$72.00 a month

To a veteran who served ninety days or less, but was discharged because of a disability incurred in service in line of duty, and who is already in receipt of a pension or entitled to one, a pension of .....\$50.00 a month

To a survivor of the Mexican War or to the widow of a veteran of the Mexican War.....\$30.00 a month

PENSIONERS OF THE CIVIL WAR

To a veteran of the Civil War who served ninety days or more and was honorably discharged from the service.....\$50.00 a month

To a veteran who served ninety days or less, but was discharged because of a disability contracted in line of duty, or to a veteran who is blind or helpless or so nearly blind or helpless as to require the services of an attendant constantly .....\$72.00 a month

The following amounts are provided for those suffering from certain specific disabilities:

(a) The loss of one hand or one foot or the total disability of the same.....\$60.00 a month

(b) The loss of an arm at, or above, the elbow or the loss of a leg at, or above, the knee or the total disability of the same .....\$65.00 a month



(c) The loss of an arm at the shoulder joint, a leg at the hip joint, or if an artificial limb cannot be used.....	\$72.00 a month
(d) The loss of one hand and one foot or the total disability of the same.....	\$90.00 a month
An increase in the pensions of the widows of Civil War veterans (married prior to June 27, 1905):	
(a) To a widow of a man who served ninety days or more and was honorably dis- charged .....	\$30.00 a month
(b) To the widow of a man discharged for, or dying in the service from, a dis- ability incurred in the line of duty, regardless of the length of his service.....	\$30.00 a month
(c) To a widow married once or more after the death of her soldier or sailor hus- band, if the subsequent marriage has been dissolved by death, or divorce without fault on her part.....	\$30.00 a month
To a widow for each fatherless child under the age of sixteen years.....	\$6.00 a month
To the motherless children of the deceased man, a widow's pension plus the ordinary children's pension, as for one motherless child.....	\$36.00 a month
To dependent parents.....	\$30.00 a month
To Army nurses who served in the Civil War---	\$30.00 a month

The general criticism which has been directed against our pension legislation in the past was due to the fact that pensions were granted without regard to the physical or financial condition of the claimants. By the provisions of the Act of 1890 no distinction was made because of length of service. The same pension was paid to a man who had served ninety days as to one who had served during the entire period of the Civil War. Furthermore, this Act disregarded the question of dependency in granting a pension. A rich merchant or a prosperous professional man was entitled to the same benefit as a broken down, penniless, and childless widower.

The contrast between the compensation benefits provided by the Soldiers and Sailors Insurance Act and those granted under our old pension laws must be apparent to all. The superiority of the new system lies in the fact that it is based on the principle that a man is entitled to assistance, should he have been disabled in the service or because of service. It provides for no pecuniary rewards for the services rendered by any citizen in fulfilling his military obligations in the defense of his country. However, it readily recognizes the moral, social, and economic obligation of

the nation towards those who did suffer injury in the service and does provide for the dependents of those who gave their lives in service of the nation. It aims to make its benefits compensate for the destruction of productive manpower.

The writer purposes to mention only the general provisions contained in the pension laws of those countries with which the United States was allied during the recent war. An examination of the foreign laws shows that their benefits are determined by the degree of disability and the rank of the injured or deceased man. This policy of regulating the pension according to rank was formerly the practise in the United States. However, the Soldiers and Sailors Insurance Act makes no distinction because of rank. It provides the same benefits for similarly injured men irrespective of their military position.

The tendency in all these modern laws to apportion the pension to the decrease in earning capacity is worthy of note. It marks the introduction of the philosophy of workmen's compensation into modern pension laws. It denotes the growing tendency throughout the world to measure pension benefits by the actual economic loss sustained by the injured. This evidences a decided change in pension legislation, as formerly a pension was determined by the decrease in a man's military usefulness or represented a reward for faithful service.

A noticeable change in the administration of pensions occurred during the World War. Before 1914 the administration of pensions in foreign countries was in the hands of military authorities. We now find in several countries civilian departments administering the pension laws. For instance, Great Britain has created a Ministry of Pensions, and Canada has established a Department of Soldiers' Civil Re-establishment.

Because of the various social and economic differences which exist in these countries, as compared with our own democratic state, the writer prefers to state simply the actual provisions found in the foreign laws, rather than to draw any conclusions as to the particular advantages or disadvantages found in the law of any individual country. Most of these countries have provided pensions for service, disability, and death. As our own compensation law provides only for disability and death benefits, we will confine our examination to the provisions for like contingencies found in the foreign laws.

Under the disability pension system in Great Britain, pensions are payable to any officer or enlisted man discharged from the service as medically unfit. Such unfitness must have resulted from, or have been aggravated by, military

or naval service. The amount of the pension is determined by the extent of the claimant's disability, his rank, and the number of his dependents. In the event of the death of any officer or enlisted man, a pension is payable to his dependents, the amount being determined by the rank of the deceased and the number of his dependents.

Any man discharged because of medical unfitness, which is not attributable to or was not aggravated by service but was not caused by his own negligence or misconduct, is entitled to a gratuity of \$729.98 in lieu of a pension.

Benefits are provided for both permanent and temporary disabilities. Those payable for permanent disability are generally specific and applicable to certain specific injuries. These specified disabilities are about twenty in number. Maximum payments are made for total and permanent disabilities and a proportionate amount is paid for permanent partial disability. The pension granted for a permanent disability is continued even though the recipient takes up a lucrative occupation. However, temporary disability payments are continued only during the period of incapacity. The pensions granted for disabilities are known as ordinary pensions.

Under the British System any recipient of an ordinary pension may change it for an alternative pension. An alternative pension is based upon the actual pre-service earnings of the disabled claimant. If the amount of the ordinary pension is less than a man's previous earnings he may demand an alternative pension. However, there is this limitation, an alternative pension cannot be substituted for an ordinary pension if the former calls for a payment exceeding 25s a week. Alternative pensions must be applied for before December 6, 1920, or within twelve months after discharge from active service.

Pensions are granted to the widows, children, and dependent parents of any man who was killed or died in the active service. As shown in the table at the end of this chapter a widow's pension amounts to \$253.06 a year. The payment to a common law widow is one-half of the above sum, and is only paid if the widow is able to prove that she was dependent upon the deceased for her support, or is caring for his children. A widow may demand an alternative pension if she can prove that her ordinary pension, in addition to that payable to her children, does not equal the pre-war earnings of her deceased husband.

Children, both legitimate and illegitimate, are entitled to pensions until they reach the age of sixteen even though their mother may remarry before that date and thereby surrender her pension.



Pensions are provided for parents dependent in whole or in part upon a deceased son. There is one unique feature in the British law pertaining to pensions for dependent parents. It specifies that the parent of any son who had been an apprentice previous to his enlistment, or who had spent one or more years at his trade, or had been articled to a profession, or who was qualifying for a profession at a school, college, university, or hospital, is entitled to a pension should such a parent become at any time incapable of self support, by reason of old age or infirmity.

The French System is similar in many respects to the system formerly in operation in the United States. It is similar to those in force in all European countries to the extent that disability benefits are determined according to the rank of the disabled veteran and the degree of his disability.

The present French Law is superior to the old ones in so far as it tends to measure the pension according to the decrease in the veteran's earning capacity. Formerly, a pension was determined by the decrease in the disabled soldier's military usefulness.

Pensions are provided for men disabled in the service and for certain dependents of men who were killed or who died from a malady, contracted in the course of danger, accident, or fatigue of service. The permanent disability benefits are determined according to table providing specific pensions for specific disabilities. This table is long and exhaustive, and provides benefits for practically every sort of permanent disability. The maximum benefit of 100 per cent is granted for permanent and total disability which amounts to an annual payment of \$480.00 for a single man. Partial disabilities are compensated in percentages of five.

A distinctive feature of the French System is that it permits a representative of the veterans to sit on the Board of Pensions in the several departments of the country.

The conditions regulating the granting of a pension to a disabled man in Italy is practically the same as in other countries. He must have sustained his injury in line of duty while acting in the military service of the nation. The pension is determined by the extent of the disability and the number of dependents the disabled man is bound to support. Widows, children, dependent parents, brothers and sisters of a deceased soldier or sailor are entitled to pensions.

An illegitimate child is entitled to a pension under certain peculiar conditions. Such a child is entitled to a full pension, providing there are no other claimants. If there be a dependent parent, orphan sister or brother claiming a pension, an illegitimate child is only entitled to one-half the sum payable to a legitimate one.

A parent may receive a pension only, if and while, there is no widow or children surviving the deceased. A full pension is payable to a parent if he is able to prove that the deceased was his main support. A father is entitled to a pension if he is a widower, over fifty years of age and incapable of self support. Any parent becoming destitute within five years after the death of a son in the service, is entitled to a pension. A pension may be withdrawn from a parent at any time it can be proven that he has another source of income. Of course, if this other source of income provides an amount insufficient to support the parent, the pension is only partially reduced.

The new Italian Law contains a disability chart drawn up by a group of technical experts, medical, legal, and actuarial, and for precision and accuracy is considered to be most perfect in existence. This new law has replaced and eliminated the old rough and inadequate method of classifying disabilities. This change to a more modern and scientific system was made necessary in Italy, as in France and other countries, by the fact that the Great War compelled these nations to call large numbers of men from their productive occupations, to supplement and augment the professional armies.

The different British Colonial Governments have adopted laws similar to those in force in the mother country. Rank is always taken into consideration in granting a pension to a disabled veteran. The general aim of these various laws is to compensate the veterans of their citizen armies for the economic loss they have sustained because of their injuries.

Specific amounts are provided for certain permanent disabilities. In Australia and New Zealand individual awards are made according to the particular and personal injuries sustained by the claimant. In South Africa partial disabilities are compensated according to the Imperial Table formerly in use. The Canadian Law includes benefits for all disabilities rated at more than five per cent. Those under five per cent are disposed of by a gratuity of \$100.

It has proven impossible to tabulate in a simple table the various provisions of the present pension laws in operation. No one system is simple in itself and a combination of all of them according to their general characteristics would be too complex to be useful. Therefore, only two simple tables have been compiled. The first contains the benefits provided for the dependents of men killed in the service and the second includes the benefits granted to those who suffered injury in the performance of their duty.

**A COMPARATIVE TABLE OF THE BENEFITS PROVIDED FOR THE DEPENDENTS  
OF DECEASED SOLDIERS AND SAILORS OF THE GREAT WAR**

Nation	Widow	Widow and 1 Child	Widow and 2 Children	Widow and 3 Children	For each Additional Child
United States -----	\$300.00	\$420.00	\$510.00	\$570.00	\$ 30.00 <sup>1</sup>
Canada -----	576.00	756.00	876.00	972.00	96.00
Great Britain -----	253.06	464.01	558.91	634.74	75.92
France -----	160.00	220.00	280.00	340.00	60.00
Italy -----	121.66	121.66	121.66	131.39	9.73
New Zealand -----	379.60	632.66	759.19	885.92	126.53
Australia -----	253.06	379.60	474.50	537.75	63.26
South Africa -----	253.06	374.96	432.31	506.12	63.26

<sup>1</sup> Under the Soldiers and Sailors Insurance Act \$30.00 a year is allowed for each additional child up to two.

NOTE—The figures for the United States do not take into consideration the policy benefits payable to the widows and children of deceased men who carried Government Insurance. The figures given in this table only show the compensation benefits provided for by the Soldiers and Sailors Insurance Act.



A COMPARATIVE TABLE OF THE BENEFITS PROVIDED FOR PERMANENT AND TOTAL  
DISABILITY BY THE UNITED STATES AND FOREIGN COUNTRIES

Nation	Pensioner	Pensioner and Wife	Pensioner, Wife and 1 Child	Pensioner, Wife and 2 Children	Pensioner, Wife and 3 Children	For each Additional Child
United States -----	\$1,200.00	\$1,200.00	\$1,200.00	\$1,200.00	\$1,200.00	
Canada -----	720.00	900.00	1,044.00	1,164.00	1,060.00	\$ 96.00
Great Britain -----	506.13	632.66	727.56	803.48	879.42	75.92
France -----	480.00	480.00	540.00	600.00	660.00	60.00
Italy -----	243.33	291.99	318.75	345.51	372.27	26.76
New Zealand -----	506.13	759.20	885.73	1,012.26	1,138.80	126.53
Australia -----	379.60	569.40	695.93	790.74	854.01	63.26
South Africa -----	379.60	506.13	601.12	685.36	759.20	63.26

## V

### INSURANCE

The third distinctive feature of the Soldiers and Sailors Insurance Act was the provision for insurance. This provision was made necessary because our citizens entering the military and naval service of the nation, were compelled to sacrifice their rights to the protection afforded by life insurance.

There were two causes which practically abrogated an enlisted man's right to insurance. First, some insurance companies held that a man entering military service during wartime, automatically forfeited all rights to life insurance. Secondly, commercial companies were forced to increase their rates because of the extra war hazard to which our male population was exposed. This increase was so great as to make insurance practically prohibitive for the ordinary enlisted man. Such increases in commercial insurance rates were justifiable in the face of the excessive mortality suffered by the Allies.

The Government overcame the difficulty by deciding to go into the insurance business itself. It further agreed to assume the additional war risk and all of cost of carrying on the business, making it possible to offer insurance to the members of our fighting forces at ordinary peace time rates. This, of course, could not have been attempted by a private company.

The adoption of Article IV. of the Soldiers' and Sailors' Insurance Act marked the commitment of the United States Government to the principle of social insurance. Of course, all insurance is social, in so far as it is the substitution of social co-operation for individual provision. It provides for the elimination of personal risks by distributing them over the entire body of policy holders in any particular insurance organization. The concept of social insurance may not be the same in all countries, but in general it is recognized to be a system of insurance participated in by the state and individual citizens of the state. Protection is thereby afforded some particular unit of the citizen body which is not financially capable of securing it otherwise. The funds appropriated by the state come from the public treasury, and even though all the citizens do not participate in the benefits derived from these funds, it is presumed that the majority of

those not provided for are capable of securing insurance protection from private companies. Such an expenditure of public money is justified on the grounds that it is used in promoting the general welfare of the state.

As to the best form of policy for our soldiers and sailors to carry, a conclusion was reached only after a careful study of the general policies sold by private companies. After this study and an examination of the particular benefits provided by different forms of insurance, it was decided that term insurance was the most advantageous form to offer to our fighting men. Such insurance could be sold at rates within the power of all to pay, and furthermore, it would furnish a maximum amount of protection for the premium charged. As a result, the Government adopted this one form of insurance during the war.

Term insurance affords protection at a minimum rate for a definite period. If the insured dies within that period the policy is payable. Should he outlive the specified period the policy becomes void. It is similar in this respect to fire insurance. The policy-holder is protected by paying a fixed premium for a definite number of months or years and when that period has elapsed his property is unprotected.

Term insurance is popular among men who are desirous of securing protection for a fixed period and who want such protection at the lowest possible cost. Many young professional men, business men, men with large families, or men entering hazardous occupations for a certain time, are usually anxious to secure this form of insurance. They are satisfied that their dependents are provided for, should they meet with death within the next few years. Generally such men intend, within a few years, to convert their term policies into one of the ordinary life policies.

Under ordinary circumstances term insurance is an unwise investment. Many who are really in need of life insurance take this term insurance when they are young because the rates are low, apparently not realizing that as they grow older their premium payments must increase, as their mortality risk is greater. Men engaged in industrial occupations or in other forms of laborious work forget that in their youth their earning capacity is greater, and that as they grow older their wages decrease while their term insurance premiums increase.

Increase in rates according to increase in the age of the policyholder is justifiable. Mortality experience has proved that on the average, out of one thousand men aged twenty-nine, living at the beginning of any particular year, eight will have died before the end of the year and, that by the time this group of men has reached the age of seventy,



only thirty-one per cent of the thousand will be living. By the use of such information one can realize that the life insurance business is a scientific procedure based on known facts. It guesses at nothing and is guided by the mortality experience of the race calculated to a mathematical nicety.

The Government realized both the advantages and the disadvantages of term insurance. Therefore, it decided to furnish convertible term insurance. This afforded the men with needed protection during the war and provided for conversion into the popular forms of insurance after the war.

This convertible term insurance was sold during the war at ordinary peace time rates, as determined by the American Experience Table of Mortality. The Government rates were even cheaper than those ordinarily charged for like protection by commercial companies. The Government insurance policy-holder was relieved from all "loading charges," as the cost of operation was borne by the state. The Government also bore the additional war risk which amounted to \$700,000,000. The battle death-rate was fifty-three per one thousand men, the premiums collected amounted approximately to \$300,000,000 and the aggregate of the claims will reach \$1,000,000,000.

In order to substantiate the statement that the Government sold insurance cheaper than a private company could or did attempt to do, we have but to cite the experience of the City of Toronto, Canada. That city was desirous of providing the members of the Second Contingent Overseas Forces of the Canadian Army with life insurance. Representatives of the city called upon the various insurance companies in the British Empire and the United States to furnish rates and policies. After a careful examination of all the policies offered, it was decided to accept that of the Aetna Life Insurance Company of Hartford, Conn. That company agreed to furnish policies to one thousand men for \$1,000 worth of insurance at the rate of \$41.27 per annum for men twenty-one years of age. Compare this with the rate charged an American Soldier for a similar amount of protection and we find that the former was \$33.47 higher. Furthermore, an American soldier was permitted to secure insurance up to \$10,000.

This Government war term convertible insurance was written in multiples of \$500. The minimum policy written was for \$1,000 and the maximum for \$10,000. The average policy was for \$8,697. The maximum was placed at \$10,000 in order that all men in the service could secure like protection, be he a private, a captain, or a general. The total amount of the term insurance written during the war

on the forces of the United States amounted to approximately \$40,000,000,000. The magnitude of this sum may be appreciated when we consider that the total of the general life insurance written by the nineteen largest companies in America during the year 1919 amounted to only \$18,867,000.

The Government policy not only insured the holder against death but also against total and permanent disability. This was an exceptionally attractive provision for men going into battle or serving in any position in the Army or Navy during the war. No private company could attempt to give such protection unless it charged accordingly or was subsidized by the Government.

Section 400, Article IV, of the Soldiers and Sailors Insurance Act provided that any commissioned officer or enlisted man in the active service of the United States Army, Navy, Marine Corps, Coast Guard, Army or Navy Nurse Corps was entitled to the protection of Government insurance. However, it was necessary to make written application for the same within one hundred and twenty days after the passage of the Act or within one hundred and twenty days after enlistment. Because of the delays which occurred in the organizing of the business and in the mobilizing and moving of thousands of men, Congress extended the period of grace for those in the service, to April 12, 1918. The Act further provided that any man who was in the service at the time of the enactment of this legislation but who died before April 12, 1918, or within one hundred and twenty days after enlistment, should be presumed to have applied for \$5,000 worth of insurance. This was known as automatic insurance. The same provision was made for any man who suffered permanent and total disability during such period. By the Amendment of December 24, 1919, this automatic insurance was extended, so as to include all men meeting with death or permanent and total disability after induction by a local draft board but before enrollment in the Army. This same Amendment declared that all officers and men who were lost on the U. S. Ship "Cyclops" which disappeared on the fourth of March, 1918, were presumed to have applied for \$5,000 worth of insurance.

The class of beneficiaries under automatic insurance was very limited. In the case of permanent and total disability the insured himself is the sole beneficiary: in the event of death, benefits are payable to a widow, a child, a mother or a father in the order named.

This automatic as well as the contract term insurance is payable in monthly instalments over a period of twenty years. This instalment feature of payment has been the subject of much criticism, but in reality is one of the most



providential features of Government insurance. It provides a certain monthly income for dependents of those killed in the service and thereby fulfils the primary aim of the insured. It is the soundest form of financial protection for dependents. This policy is substantiated by statistics, which show that sixty per cent of all insurance claims paid in this country annually are lost within six years by the beneficiaries. The widow or orphans of the average wage earner in America are far less capable of making a safe investment than the breadwinner himself. They are the prey for every crafty agent who is nursing a wildcat scheme, or else they hoard the principal, and thereby, lose the comforts which they would have enjoyed had they received periodical payments. Despite the criticism leveled against this clause in the war term policies, it was the most judicious means of closing doors of the poorhouses and orphanages to the widows and children of those men who died or were killed in the service.

Under the war term policies the beneficiaries in the permitted class were limited to a widow, a child, a grandchild, a parent, a brother, or a sister. Owing to the fact that many men did not have such blood relatives and had made their insurance payable to others than those specified, it became necessary for Congress to enlarge the permitted class. By the Amendment of December 24, 1919, this class has been enlarged to include the following relatives: a widow, a child, an adopted child or parent, a brother or sister, a half-brother or sister, a brother or sister by adoption, uncles and aunts, nephews and nieces, brothers-in-law and sisters-in-law, and any person who has stood in the relationship of parent to the deceased previous to his enlistment.

Should any designated beneficiary die before he or she has received the entire two hundred and forty instalments the remaining instalments are payable to the person or persons, within the permitted class, who would be entitled to the insured's personal property should he have died intestate. If the permitted class of beneficiaries has been exhausted before all payments of insurance have been made, then the remaining ones are payable to the estate of the last beneficiary.

It will be recalled that every contract term insurance policy issued during the war provided for the payment of the policy to the insured himself in case of total and permanent disability. No mention was made as to whether or not the man had to be discharged from the service. Compensation we know is only payable after the discharge of the injured man. However, insurance is payable from the date that a man is declared to be permanently and totally dis-



abled. The policy is paid in monthly instalments of \$5.75 per \$1,000 worth of insurance carried. Payments for permanent and total disability are continued during the life of the insured. If such person dies before two hundred and forty payments have been made, the residue is paid to his beneficiary.

Before a policy can be paid for permanent and total disability the evidence in the case must show that the claimant has suffered an impairment of mind or of body which continuously renders him incapable of engaging in any gainful occupation. The diagnosis of such proof must be founded upon conditions which render it reasonably certain that the impairment will continue throughout the life of the claimant.

Any of the following impairments are considered *ipso facto* permanent and total disabilities: the irrecoverable loss of the sight of both eyes, or the loss of both hands, or both feet, or the loss of one hand and one foot. As has been pointed out before, a veteran suffering from such injuries is entitled to compensation at the rate of \$100.00 a month. Therefore, a man who carried a \$10,000 insurance policy and became totally and permanently disabled is entitled to \$157.50 a month during the rest of his life.

The Government through the Bureau of War Risk Insurance has been very liberal in paying claims that have arisen under war term insurance policies. It has taken the initiative in settling all claims. Upon the receipt of an official report from the Military or Naval Authorities of the death of a member of either organization, an examination is immediately made of the insurance files at the Bureau in order to ascertain whether or not the deceased had made application for insurance. Ordinarily if the deceased man had executed an application for insurance it would be on hand. However, if there is no formal application on file, any instrument signed by the deceased and delivered to the Bureau, which sufficiently identifies him, his beneficiary, the amount of insurance, and the age upon which the premium rate was based, it is considered to be a valid application. Of course in order that such an application be valid it must have been executed prior to April 12, 1918, or within one hundred and twenty days after the enlistment of the deceased. Even a death-bed application is considered valid and the policy is paid providing all other conditions have been fulfilled.

The evidence required of a beneficiary is rather exact but necessary in order that the intention of the deceased may be carried out. However, the Bureau forwards full instructions to every beneficiary and if they are followed intelligently no unnecessary delay or litigation ensues.

A widow must furnish a copy of her marriage certificate; or if this is not to be found, the affidavit of the clergyman who officiated, or the affidavits of two eye witnesses of the ceremony; or the affidavits of two persons having personal knowledge of the marriage and who assert that they know that the deceased and the claimant lived together as man and wife. A widow who was divorced must submit a certified copy of the court order or decree of divorce. Should the widow be a minor and the laws of the state of her residence require that she have a guardian, one must be appointed to whom insurance payments will be made. In some states a minor, if a widow, is emancipated from such minority. A minor widow having children who are entitled to insurance benefits, must have a guardian.

When the beneficiary named by the insured is a legitimate child, a step-child, an adopted child, or an illegitimate child, the following evidence is required: In a case of a legitimate child, its age and relationship must be shown by a certified copy of the public record of its birth, by its baptismal record, or by the affidavits of two persons. A step-child must furnish proof that it was actually domiciled with the deceased prior to his enlistment. Proof of adoption must be furnished in the form of a certified copy of the court decree of adoption. An illegitimate child must furnish some document written by the deceased wherein he acknowledged such child as his own.

Parents designated as beneficiaries and other relatives are required to establish proof of their relationship to the deceased before an award can be made in their favor. This proof may be in the form of public or family records or affidavits by disinterested persons.

Great care must be exercised in paying the insurance of a man who died without naming a beneficiary. In such cases the Act provided that the insurance is payable according to the laws of intestacy existing in the state of the insured's residence. Therefore his legal residence, prior to his enlistment, must be definitely established. The home address given by the insured on his application is not considered sufficient proof of his legal residence; furthermore, the fact that such address coincides with the address of the claimant is not sufficient proof. It is required that at least one affidavit be secured from a disinterested person, which will sufficiently identify the affiant, and shall state the extent of the affiant's acquaintance with the insured and his belief concerning the legal residence of the insured at the time of his enlistment.

If the insured was a minor at the time of his death and did not designate a beneficiary, the residence of his parents

must be determined. Should both parents be dead, then the next of kin is required to furnish proof as to the last residence of the parents. If absolute proof cannot be obtained, the legal residence of the insured is determined by the place of his enlistment or induction into the service.

Whenever the holder of term insurance dies after discharge from the service, the beneficiary is required to furnish the certificate of his death before the claim can be settled. Such a beneficiary must secure the affidavits of two disinterested persons identifying the deceased and also the relationship between the beneficiary and the insured.

On August 31, 1919, the Bureau of War Risk Insurance had adjudicated 107,643 insurance claims calling for a monthly payment of \$5,251,927.31. A total of 139,002 claims had been filed on war term policies at the close of the fiscal year June 30, 1920. Of this total 131,452 claims had been allowed, having a computed value of \$1,169,976,673.48. Claims to the number of 2,917 had been disallowed and 4,633 were pending for the following reasons: beneficiaries were living in foreign countries, beneficiaries had failed to furnish the required proof, address of beneficiary was unknown, communications had not been answered, and finally payments were being withheld awaiting legal decisions to determine the rights of contending claimants.

From the standpoint of public welfare, Government war term insurance has amply justified its creation by those who had the best interests of the service men at heart. It has proved to be a sound public policy and served to stimulate self-respect in our soldiers, sailors, and marines. It served its purpose during the war and provided protection at a small cost to practically all service men.



## VI

### REINSTATEMENT AND CONVERSION OF GOVERNMENT INSURANCE

Now that the wartime forces of the nation have been demobilized, the second feature of the Government's insurance program (the conversion of war term insurance into ordinary forms of insurance), comes into consideration. The war, with the Selective Service Act, forced the Government into the insurance business, since Congress realized that the nation was under the obligation of restoring the insurability of those men called into the service. However, all of these men did not regain their insurability upon receiving their discharges. Many of them had been sufficiently impaired in mind or body to forever bar them from securing insurance protection from a private company. Thus, the Government was forced to continue in the insurance business so that it might protect these men, and in order to secure a fair distribution of risks, it was compelled to offer insurance to all discharged soldiers and sailors.

Congress made provision for the continuance of this insurance in the original Act of October 6, 1917. Article IV, Section 404, provided, that all war term insurance must be converted into an ordinary Government policy within five years after the termination of the war. It further provided that such conversion could be made without the applicant being required to undergo a medical examination.

The Government is offering the six following forms of insurance to the ex-service men: ordinary life, twenty-payment life, thirty-payment life, twenty-year endowment, thirty-year endowment, and endowment at sixty-two. In the experience of the largest insurance companies in America, these six forms of insurance have proven to be the most popular and attractive. The main reason why these forms have proven more attractive than term insurance is that they provide more benefits and for the payment of premiums in a convenient manner. Furthermore the premiums do not increase with age.

As it has been previously stated, the only logical reason why the Government issued term insurance during the war was due to the fact, that it was confronted with the problem of providing a maximum of protection at a minimum of cost. It was sold to the men for a premium which experience

had proven to be the exact net cost of the average death risk in the United States in normal times.

Even through the war, or at least, the period of actual fighting is over, the Government has agreed to sell any one of these six forms of insurance to the veterans at net rates. No charge of any kind is made for the cost of conducting the business. The rates have been calculated on the basis furnished by the American Experience Table of Mortality, with interest at  $3\frac{1}{2}$  per cent. These rates are bound to be cheaper than any that can be offered by a private company, since, it is estimated by such companies that it costs them \$12.00 for every \$1,000 worth of insurance they sell. Of course they are forced to take this additional cost into consideration when making their premium rates. An additional point which they have to consider is the expense that they are under in maintaining an organization to invest their funds advantageously.

The following examples should convince one of the cheapness of the Government rates. The annual premium on an Ordinary Life policy for \$1,000, at the age of twenty-one, is \$13.82; on a Twenty-Payment Life for the same amount of protection the premium is \$21.14; on a Thirty-Payment Life it is \$16.89; on a Twenty-Year Endowment it is \$39.10; on a Thirty-Year Endowment it is \$24.33, and on an Endowment at Sixty-Two the rate is \$17.48 per \$1,000 worth of insurance.

Though the Government pays all the expenses of operation, the rates on converted policies are generally higher than than those paid by the average soldier for his war term policy. The reason is self evident, the rates on all converted policies are average ones determined by the average length of the policy. The rate on any converted policy is fixed and will not change from year to year as the insured grows older, he will have to pay the same premium at the age of twenty-five as when he reaches the age of seventy.

Government insurance is a healthy and sound investment for a man in any walk of life. For the rich man, it is a sound stroke of business, backed by the resources of the United States Government, and an excellent means of protection for his family should he suffer financial reverses. It is often more difficult for the family of a man formerly well to do to make themselves self-supporting after the death of the father, than it is for the members of the poor man's family. For the poor, insurance opens up an easy and safe way to provide against the day of want and reduced family income. It is a notorious fact that the vast majority of the families of American wage earners are entirely dependent upon the weekly pay envelope. In such families

if the breadwinner is taken sick or meets with an accident the family is soon reduced to want. Should such a man suffer a permanent and total disability his earning capacity is destroyed and he is likely to become a public charge. Many persons have attempted to provide for these contingencies by saving, but it often happens that a prolonged sickness has wiped out the savings of many years, and left a feeble old man to begin his battle against poverty in his declining years when his earning capacity has reached a point where practically all of his wages are needed to satisfy his current wants. The Government policies offer an opportunity for the policy-holder to save, and at the same time secure himself against death and permanent and total disability.

Although insurance was and is primarily intended as a form of protection against the uncertainties of life it offers particular opportunities for the thrifty. An examination of the Twenty-Year Endowment policies offered by the Government will demonstrate the truth of this statement. Take for example, a policy of this nature issued to a man at the age of twenty-five for \$10,000, payable at death or in cash at the end of twenty years. The annual premium on such a policy is \$393.40 which will amount to a total payment of \$7,868 for twenty years. In return for this investment the policy-holder will receive protection for twenty years and in addition \$10,000 in cash at the end of that period for the \$7,868 he paid in premiums.

The Bureau of War Risk Insurance is now engaged in the task of converting all war term policies into one of the six ordinary policies mentioned above. On June 30, 1920, the Bureau had converted 152,979 war term policies into permanent forms of insurance.

The following table gives a comparison of the converted policies issued:

CONVERTED POLICIES ISSUED BY THE BUREAU OF  
WAR RISK INSURANCE

Number	Policy	Total Value
17,462	Ordinary Life Policies.....	\$ 77,986,000
45,208	Twenty-Payment Life .....	182,830,500
4,184	Thirty-Payment Life .....	19,859,500
71,011	Twenty-Year Endowment .....	168,276,000
8,925	Thirty-Year Endowment .....	35,353,500
6,189	Endowment at Sixty-Two.....	27,516,000

At the end of the year 1920 the number of converted policies had increased to 237,411, representing an insurance risk of \$749,145,000. This total was divided as follows: \$125,503,000 in ordinary life policies, \$233,146,000 in 20-year



year endowment policies; \$270,863,000 in 20-year life policies; \$48,359,500 in 30-year endowment policies; \$41,010,000 in endowment policies payable at the age of 62, and \$30,252,000 in 30-year payment life policies.

In addition to the above there were approximately 500,000 term insurance policies in force. Of this number 300,000 represented term policies held by ex-service men and the remainder by men in the active service on December 23, 1920. When we consider that there were over four million term policies issued during the war, it is apparent that over three million ex-service men have permitted their policies to lapse. There were many reasons for these lapses; many men following their discharge from service were financially unable to pay their premiums, thousands were out of employment, many were discouraged with the assistance rendered by the Bureau, but a lack of appreciation of the advantages of insurance in general and of Government insurance in particular has been the reason why the majority of ex-service men have permitted their insurance to lapse.

Every opportunity has been given these men to reinstate their insurance. Regulations have been changed from time to time in order to enable all to take advantage of the full benefits provided by the Soldiers and Sailors Insurance Act. Prior to June 30, 1920, all policies which had lapsed for a period not exceeding eighteen months from the date of discharge, could be reinstated by the payment of two monthly premiums. By the most recent regulation this reinstatement period has been extended.

The regulation of June 30, 1920, provided that any man who had been discharged for more than eighteen months might reinstate his insurance before January 1, 1921, providing he was in as good health as at the time of his discharge, by the payment of premiums for two months. The payment of premiums for two months was necessary because one was due for the last month his war term policy was in force, and the second is for the first month the new policy was in force.

On and after January 1, 1921, insurance can be reinstated, provided the applicant has not permitted his policy to lapse for more than eighteen months, by the payment of premiums for two months. In addition, he must furnish a certificate from a reputable physician, declaring that the applicant is in good health.

Persons unable to satisfy the above mentioned conditions are given another opportunity. If they make application before July 1, 1921, and forward a report of their physical condition signed by a reputable physician, with two months premiums, policies will be reinstated.

After July 1, 1920, a policy can be reinstated at any time

within eighteen months after it has lapsed, provided the applicant's health is as good as it was when his policy lapsed and he is able to furnish a full medical report to that effect to substantiate his statement.

The following cases will serve to illustrate the procedure necessary to reinstate a war term policy. Private B. was discharged from the service in January, 1919. After leaving the service he allowed his policy to lapse by failure to pay his monthly premiums. In June, 1920, he made application for reinstatement. What was necessary for him to do? First he was required to forward two months premiums, one to pay for the month of January, 1919, the last month his policy was in force, and the second to cover the month of June, 1920, when his policy again became effective. Secondly, he was required to state that his health was as good then as at the time of his discharge from the service.

Suppose that Private B. did not make application for reinstatement until October, 1920—twenty-two months after his discharge. He was obliged to make the two premium payments and to submit a signed statement declaring that he was in good health, for the consideration of the Director of the Bureau of War Risk Insurance. In addition he was required to furnish a report of a complete medical examination made at his expense by a reputable physician. If the report of this physician was favorable his insurance was reinstated as of October 1, 1920.

By virtue of the regulations adopted June 30, 1920, every discharged soldier, sailor, or marine has the opportunity of reinstating his Government insurance. Wounds, or disease contracted in the service, will not bar a man as long as his physical condition at the time of his application for reinstatement, is as good as on the day he received his discharge.

As stated before, all term insurance must be converted into some form of permanent Government insurance. This conversion must be made within five years after the publication of the President's Proclamation of Peace. If a policyholder neglects to make such conversion within the specified period his insurance will automatically terminate, and he will be unable to obtain any form of Government insurance.

A war term policy may be converted in whole or in part. To effect such a conversion an ex-service man must make application to the Bureau for the particular policy he wants. This application must contain his full name, his home address, date of his birth, the military organization to which he was attached, his serial number, the amount of his war term policy, the certificate number of the same, and the last month in which he paid his premium. All this information is necessary in order that his term policy can



be identified. In addition to the above information he should designate his beneficiary, the relationship, and address of that individual. His application should be accompanied by premiums for the payment of the last month his war term policy was in effect and for the first month on the converted policy. If the applicant's term insurance has lapsed for more than six months he must submit a medical report as to the condition of his health at the present time. This report is absolutely essential in order that the conversion may be made.

In no case does the converted policy take effect until the application has been properly executed and approved by the Bureau. When the application has been approved and the necessary remittance made the converted policy is effective from the first of the following month. Should his term policy have lapsed because of the non-payment of premiums, then the converted policy will be effective as of the first of the month in which the application was received.

Premiums on converted policies may be paid monthly, quarterly, semi-annually, or annually. All policy-holders are entitled to participate in savings and gains and all dividends earned. Such benefits may be taken in cash, or used in the payment of premiums, or left with the Government at interest.

A grace period of thirty days is allowed on all policies; that is, even though premiums are due the first of the month they may be paid at any time during the month without the policy lapsing. The policy remains in force during such grace period and should the insured die within that time, the policy is paid minus the premium due for the current month.

All the six Government policies contain the same liberal permanent disability clause found in the war term policies. Furthermore, there is no age restriction contained in the clause. The policy is payable at any time the policy-holder suffers an impairment of mind or body which shall continuously render him unable to follow any substantially gainful occupation, and it is reasonably certain that such impairment will continue for life. This is a distinctive provision found in all the Government policies. The policies offered by many private companies contain a clause covering permanent and total disability, but they invariably provide that such disability must occur before the insured reaches the age of sixty-five. This age limitation practically nullifies the clause, since experience has shown that the majority of total permanent disabilities occur after the age of sixty.

All the endowment policies are payable to the designated



beneficiary in the event of the death of the insured. They as well as all Government policies have a "cash surrender" value, it is that amount of money that the Government will return to the insured after his policy has been in force for one year or more, should he wish to surrender it. The amount varies according to the amount of the policy and the number of years it has been in force. For instance, if a man had a \$5,000 ordinary life policy taken out at the age of twenty-five, and after paying premiums on it for four years he decides to surrender it, the Government will give him \$128.64 in cash. This, of course, is in addition to the protection he received during those four years.

A loan may be secured on any policy after it has been in force for one year or more. Such loans cannot exceed ninety-four per cent of the cash surrender value of the policy. Thus, if the holder of the aforementioned \$5,000 policy decided to take the maximum loan offered on his policy at the end of four years he would receive \$120.92. However, he would not have to surrender his policy as in the above case.

The Extended Insurance privilege found in Government policies provides, that after the policy has been in force for any period exceeding one year, the insured will be protected for a certain time even though he neglects to pay his premiums. The period of this Extended Insurance is determined by the length of the time the policy has been in force and the age of the policy-holder at the time he made his last payment. For example, should the holder of the \$5,000 policy mentioned above discontinue his payments at the end of four years, he would continue to receive protection for a certain period. Extended Insurance closes at the end of an endowment period. Therefore, there are certain years in which the value of an endowment policy is more than is required to carry it to the end of the endowment period, without further payments. Such excesses, however, are returned to the insured at the end of the period and is called "Pure Endowment."

The "Paid Up" feature of these policies is another advantage. After the policy has been in force for one year or more, the insured may at any time within three months after his premium is due, surrender his policy and receive in exchange for it a smaller policy, but one on which he will not have to pay any more premiums. For example, if the holder of a \$5,000 Ordinary Life policy wished to exchange it at the end of four years for a "Paid Up" policy, he would receive one for \$485.85 payable at death to his beneficiary.

Government policies are exempt from all restrictions as

to occupations and travel. A policy-holder is at liberty to engage in any occupation no matter how hazardous it may be. He is privileged to travel at any time and anywhere that he may see fit. These are more liberal advantages than are afforded to persons carrying insurance in private companies. Ordinarily such policy-holders are forbidden from engaging in certain occupations and from visiting certain countries and places.

In order to meet the demands of ex-service men the permitted class of beneficiaries has been enlarged. This class now includes: a parent, a grandparent, a step-parent, wife or a husband, a step-child, and adopted child, grandchild, a brother or sister, a half-brother or half-sister, a brother or sister through adoption, step-brother or step-sister, a parent through adoption, an uncle or aunt, a nephew or niece, a brother-in-law or a sister-in-law, a person who has stood in the relation of a parent to the insured for a period of one year or more prior to his enlistment in the military or naval service of the nation.

Formerly all Government policies were payable in monthly instalments covering a period of twenty years, but because of a demand on the part of ex-service men, various optional settlements may now be made. The first of these provides for the payment of the entire policy in one lump sum.

The second method provides for the payment of the policy in a limited number of payments. These monthly instalments may be extended over a period from three to twenty years. Should the beneficiary die before all payments are made the residue is payable to his estate.

The third method offers a plan whereby certain monthly payments are made to the beneficiary for life. The amount of such monthly payments are determined by the age of the beneficiary at the time of the death of the insured. Suppose that a man named his child as his beneficiary and the child was ten years of age at the time of the father's death, such a child would receive \$3.67 every month for the remainder of its life, for every \$1,000 worth of insurance carried by its father.

If the insured during his lifetime does not choose any of these modes of settlement, the Government will pay the policy to the beneficiary in two hundred and forty instalments. Should the insured fail to name a beneficiary his converted insurance will be paid to his estate after his death.

A beneficiary under any converted policy may change a lump sum payment into any of the instalment methods described. However, if the insured selects a certain instalment method of settlement then no change is permitted.

An instalment method cannot be changed in favor of a lump sum payment.

Equal protection is afforded to beneficiaries under any of the above described methods of settlement. No policy benefits accruing under or from a Government policy can be attached by or assigned to a creditor. Furthermore, no converted policy or the benefits accruing therefrom can ever be taken by a tax collector.

It appears that the Government has taken every precaution to protect and to provide protection for its ex-soldiers, sailors, and marines against the uncertainties of life. Its policies offer assurance to a man that in the case of his death his dependents will be provided for, that they will have sufficient to enable them to secure the necessities of life, and that the same can never be taken from them by creditors or tax collectors.

On December 24, 1919, Congress authorized the Bureau to create a United States Government Life Insurance Fund, to which all converted insurance premiums are credited. This fund amounted to \$10,294,330.07 on June 30, 1920. This sum is available for investment and for the payment of converted insurance claims. A large part of the fund \$10,132,493.69 was invested, \$59,000 was held as a reserve fund, and \$102,836.38 was on hand at the close of business on June 30, 1920. Claims to the number of one hundred and five had been allowed on converted policies. Death claims numbered one hundred and four and called for payments amounting to \$376,000. There was one permanent and total disability claim which called for a payment of \$2,000.

The examination of the policies and the understanding of the intention of the law makers in sponsoring this legislation should convince our citizens of the worthiness of this insurance. It is a form of thrift and protection which no economist or student of social problems can discredit. It is deserving of the attention of every ex-service man and of all agencies interested in the welfare of the veterans of the Great War and in their socio-economic problems now and in the future.



## VII

### ORGANIZATION

At the time the United States declared war on the German Government in 1917 and for six months afterwards, no provision had been made by the Federal Government for the financial relief of the service men and their dependents. It was not until October 6, 1917, that Congress created the Division of Military and Naval Insurance in the Bureau of War Risk Insurance.

We have seen in the foregoing chapters that this Act of October 6, 1917, provided for the making of allotments by enlisted men, for the paying of Government allowances to dependents, for the compensating of those who might sustain injuries or contract disease in the service, for the compensating of the dependents of any man who might lose his life in line of duty, and for the insuring of all men in the service who were willing to pay an ordinary peace time premium.

The tasks thus created for the officials of the Bureau of War Risk Insurance were gigantic and at times almost overwhelming. These officers were immediately confronted with the duty of insuring every man in the service within one hundred and twenty days, of securing allotments from every enlisted man having dependents, and of the paying of these allotments together with the Government allowances to dependents in all parts of the world. The law required the fulfillment of those duties immediately, even though a trained personnel did not exist to perform the work.

The first problem attacked by the Bureau was that of securing a working force capable of explaining the law to the men in the field. It will be remembered that we had over a million and a half men under arms at that time. In order to secure the necessary field force a number of selected men were called from the various camps and military posts of the country to Washington. They were given a brief training in the law, sent out as insurance officers, and ordered to have every man in the service execute an allotment blank whether he made an allotment or not; and furthermore, to secure the application of every man in the service who wanted insurance. The latter was to be completed by February 12, 1918. This was the unpretentious beginning of an organization that sold approximately \$40,000,000,000.

worth of insurance and supervised the execution of over 4,000,000 allotment applications.

As this work progressed in the field and our army grew, problems multiplied at the Bureau in Washington. Quarters and a personnel had to be secured in an overcrowded city, in a city where every Government department was crying out for more office space and additional help. The National Museum was taken over as an office but it soon proved too small to house the activities of the Bureau. As a result various nondescript buildings and residences were commandeered as offices, so that at the time of the signing of the Armistice, the Bureau was spread out over the city in fifteen different buildings.

The problem of securing competent office help was even more difficult. Washington was overcrowded with persons who had come to engage in war work, but their plans lay in other directions than that of the Bureau of War Risk Insurance. The call of the War and Navy Departments appeared to be more imperative with the result that the majority of these workers entered the service of those departments. Because the Bureau was unable to secure outside help in sufficient numbers, it employed residents of the District of Columbia who offered their services. Most of those people, as well as the majority of those secured through the United States Civil Service Commission, were unfamiliar with the Soldiers and Sailors Insurance Act. Therefore, it became necessary to operate schools to train them for positions in the Bureau.

Few persons realize that the work of the Bureau is highly technical. The human element plays an important part in the administration of the law and in carrying on the general business of the Bureau. Quick perception and careful attention to details are necessary on the part of employees in order that errors may be avoided.

All allotment and allowance applications had to be carefully examined before an award could be made, according to the provisions of the Act. If they did not contain the required information they had to be returned to the applicants or supplementary applications had to be secured. When an application was complete and an award had been made according to the number of dependents, great care had to be exercised in the directing of a check each month to the designated allottee.

During the war many delays were caused by the failure of enlisted men to give sufficient information. The problem of incorrect addresses was a serious one and caused many to suffer while waiting for their allotment and allowance checks.

In order to reduce the number of delays and errors caused



by employees and to increase the efficiency of the Bureau many mechanical devices were adopted. The extraordinary hazard of errors that existed can best be appreciated by noting that in the files of the Bureau there were included records of 2,138 John Johnstons, and 2,032 William Johnstons; 51,900 Smiths; 48,000 Browns; 53,200 members of the Johnston family; 22,000 Andersons; 18,500 Walkers; and 28,050 members of the Jones family. Addressograph machines were used to prepare the vast amount of mail matter which the Bureau had to send out each day and for the writing of checks for allotments and allowances, compensation, and insurance. These checks were signed at the rate of 50,000 per day by one employee operating a signograph machine.

During the war the Allotment and Allowance Division of the Bureau was the busiest division. On January 1, 1918, awards were being paid on 234,850 applications. On April 1, 1920, the total number of applications which had been handled by this division was 4,454,746. Of this total 1,661,943 applications requested Government allowances. Awards of allotments and allowances were made on 2,079,690 applications. The largest disbursement for allotments and allowances was made in the month of November, 1918, and amounted to \$57,668,440. With the termination of hostilities the disbursements of this division rapidly decreased and in February, 1920, amounted to only \$3,046,317.52.

Soon after the signing of the Armistice the work of the Compensation and Insurance Divisions began to increase steadily. The Compensation Division was severely embarrassed in being unable to obtain capable employees to adjudicate claims. The duty of settling compensation claims is rather a difficult task and requires men who understand the psychology of the wounded man as well as the provisions of the Act. Secondly, delays were caused by the discharged service men failing to co-operate with the Bureau. Before a claim could be adjusted certain evidence had to be furnished by the claimant. If he did not supply the Bureau promptly with such evidence, delay was bound to ensue. The facility with which former service men changed their domiciles was a cause of endless trouble. This may be appreciated by the fact that in June, 1920, the Bureau was receiving 850 changed address notifications every day. In addition to this many men had failed to notify the Bureau that they had changed their residence and thereby delayed the settlement of their cases. It can readily be appreciated that the human element must always be taken into consideration in examining the progress of an organization dealing with approximately 10,000,000 people.



The work of the Insurance Division really began after the demobilization of our forces. Previously it was an easy matter to communicate with policy-holders through military channels. Payment of premiums were made by the War and Navy Departments from the deductions in the men's pay. After the men had been discharged it was necessary for the Bureau to communicate with the man directly and advise him about his premiums and the benefits of the permanent insurance policies. During the year 1920 over 5,000,000 premium notices were mailed.

A great volume of correspondence had to be carried on by the Bureau. At the close of the fiscal year June 30, 1920, the Bureau had received 40,000,000 letters and had sent out 60,000,000 pieces of mail. This task was only accomplished by the use of dictating and transcribing machines. These in addition to typewriters and automatic typewriters assisted in the expediting of this work. The flood of insurance applications, inquiries, remittances, and other correspondence, which required the use of the same address time after time, were rapidly cared for by the use of addressograph machines. The speed acquired with the aid of such mechanical devices tended to eliminate many difficulties in the handling of the business of the Bureau. These devices included: mail cutting machines, envelope sealers capable of sealing 126,000 letters a day, folding machines, and tying machines. All proved necessary in order to carry on the great correspondence of the organization. It was a mark of the attempt that the Bureau made to reduce the hazard of error to a minimum.

Even with such an organization this great relief work could not have been carried on as effectively as it has been except for the assistance rendered by various welfare organizations. In the early days of 1918 it was necessary for the handful of insurance officers, who had been sent to France, to accept the aid of the Y. M. C. A. This organization turned over their huts for use as offices and assigned secretaries to aid in the clerical work necessary in order that every man in the American Expeditionary Forces might have the opportunity of making an allotment and applying for insurance.

In this country the greatest assistance was rendered by the Home Service Section of the American Red Cross. The personnel in every chapter of this great relief organization rendered intelligent assistance to the dependents of men in the service. They aided timid relatives in corresponding with the Bureau. In many needy cases they advanced money to destitute dependents while they were awaiting the arrival of their allotment and allowance checks.

With the return of our men from Europe the work of all wartime welfare organizations was increased. Their aid was solicited in the securing of delayed allotments, their advice was sought by veterans in need of compensation and medical treatment. An idea of the number of persons who donated their service may be realized from the fact that the Red Cross assigned 15,000 persons, the Knights of Columbus 5,000, and the Young Men's Christian Association 5,000 to this work. The entire number of persons engaged in this work cannot be estimated but it is safe to say that they numbered over 150,000. For in addition to the organizations named above the following rendered valuable assistance: The War Camp Community Service, the National Catholic Welfare Council, the Post Office Department, the Salvation Army, the Jewish Welfare Board, the Y. W. C. A., the National Tuberculosis Association, Grange Organizations, and the American Legion.

Even with such assistance the work of the Bureau of War Risk Insurance has not operated easily and effectively. Most distressing delays have occurred in the adjusting of insurance and compensation claims. In the month of March, 1920, there were 84,000 compensation claims pending and 5,400 insurance claims unsettled.

Examination has disclosed the following causes for the delays in the adjudication and payment of these compensation and insurance claims. First, many of the compensation claims were old ones that had been reopened. This was due to the fact that it had been recently decided that a claimant for compensation might be dependent even though he was in receipt of insurance benefits. For the sake of clearness we might reiterate that insurance is payable in case of permanent and total disability or death irrespective of the beneficiary's financial condition. On the contrary, compensation is only payable for a disability that is rated at ten per cent or greater, or in the case of death, benefits are payable to certain dependents as specified in the Act. Secondly, thousands of claimants were residents of European countries who were cut off from mail communication with the United States. Thirdly, claimants had changed their residences without notifying the Bureau of their new addresses. Of the 52,000 disability claims pending, ex-service men were the claimants. Sixteen per cent of these cases were delayed because sufficient proof had not been received to identify the claimant with the service. Such identification was absolutely necessary, as the law provides that in order to receive compensation the claimant must have been in the service. The Bureau had to rely upon the War and Navy Departments for this information and also for a report of the claimant's physical

condition at the time of his discharge. It generally took from four to six weeks to receive a reply from these departments, therefore delay resulted in the adjudication of a compensation claim. A large number of these disability claims were delayed because the claimants failed to follow them up, that is, they did not answer the communications addressed to them by the Bureau or else did not comply with its requests.

About forty per cent of these 52,000 claims were held in file awaiting the correct addresses of the claimants. Lack of sufficient information from medical authorities was holding up about forty-one per cent of these cases. Such information was necessary in order to determine the extent of the claimant's physical disability. Approximately 20,000 men were awaiting medical examinations by the physicians of the United States Public Health Service. Since these physicians were not in the direct employment of the Bureau of War Risk Insurance the Director had little authority over them.

The foregoing is a brief description of the organization, of the difficulties, and of the success of the machinery provided by Congress for the administration of the Soldiers' and Sailors' Insurance Act. Before drawing a conclusion we should bear in mind the problem that this Bureau had to handle, the severe lack of facilities in Washington, and the untrained personnel with which it attempted to carry out the provisions of the Act through a central office in Washington.



## CONCLUSION

The errors of the Bureau of War Risk Insurance, and not its achievements, attract the attention of the public. Beneficiaries of the Bureau accept benefits as a matter of course, but those not receiving prompt assistance condemn the Bureau thoughtlessly disregarding its many problems.

In frequent conferences, the officials of the Bureau impressed upon the writer the fact that the Bureau was created primarily for the benefit of those men and women who had been in the military and naval service of the nation. Therefore, they declared that it was their sole aim to administer the Soldiers and Sailors Insurance Act in such a manner as would render the most efficient and effective relief to the veterans of the World War and their dependents. These officials admitted that errors had occurred, but that they were attempting to eliminate them by obtaining expert advice and were encouraging constructive criticism from all persons and organizations interested in the problem.

In the foregoing pages the writer explained the various provisions in the Soldiers and Sailors Insurance Act and described the manner in which the Act has operated. From his investigation he has drawn conclusions on the following points: In the first place, were the provisions of the Act adequate or not? Secondly, has the purpose of the Act been accomplished? Thirdly, has Government insurance been a success? Fourthly, is the present organization capable of administering the provisions of the Act?

He is of the opinion that this Act did provide the most liberal benefits granted by any Government engaged in the World War. The allowances granted to dependents during the war were generally sufficient to provide for the needs of the average wage earner's family. Of course they should have been more liberal in cities where the cost of living was very high. The compensation benefits granted, when made commensurate to the economic loss sustained, were adequate. The insurance protection granted was the most liberal enjoyed by the personnel of any army. The rates were low enough to permit every man in the service to take out a policy if he desired to do so.

Though the provisions of the Act have been made generous and sufficient by amendments the actual relief rendered has

not been sufficient or satisfactory. Therefore the aim and the purpose of the Act have not been fully accomplished. This has been due to legislative and administrative deficiencies. These evils can only be corrected by Congress.

The Bureau of War Risk Insurance must be given both the authority and the means to provide adequate medical care and hospitalization for the ever increasing army of disabled and diseased veterans. Under the existing law the Director of the Bureau of War Risk Insurance must rely upon the United States Public Health Service for hospital facilities, and for the medical treatment of the beneficiaries of the Soldiers and Sailors Insurance Act. Furthermore, the Director is compelled to rely upon the physicians of the United States Public Health Service to physically examine all claimants for compensation.

It is evident that legislation should be enacted providing for the transfer of all personnel and hospital facilities under the jurisdiction of the United States Public Health Service, which are not actually needed for the care of the civilian population, to the jurisdiction of the Director of the Bureau of War Risk Insurance. Furthermore, the Director of the Bureau of War Risk Insurance should be authorized to maintain an adequate number of medical examiners in convenient centers throughout the country. Under our former pension system certain physicians in different sections of the country were designated to examine pension claimants.

Medical treatment and hospitalization of disabled veterans is the greatest problem that the Bureau has to meet at the present time. At the close of the year 1920 it was estimated by the American Legion Hospitalization Committee that there were 20,698 veterans in Government and contract hospitals, and that hospital cases were increasing at the rate of 1,500 a month in excess of the number of patients discharged. Information furnished by the Bureau of War Risk Insurance on January 27, 1921, placed the number in hospitals at 23,323. Dr. Haven Emerson, chief of the medical division of the Bureau, testified before the Dawes Committee that 35,000 men would be in need of hospitalization between the years 1925 and 1927.

The patients of the Bureau may be divided into three classes: 1st, those suffering from tuberculosis; 2nd, those afflicted with mental diseases; and 3rd, general medicine and surgical patients. In September, 1920, there were 4,800 tuberculosis patients in hospitals. In January, 1921, the Bureau declared that this number had increased to 9,543 patients. Dr. H. A. Patterson, a member of the National Tuberculosis Association, estimated that 48,000 men had been discharged from the service who would eventually



break down with tuberculosis. In referring to ex-service men suffering from mental diseases, Dr. T. W. Salmon, an eminent psychiatrist, declared, "No blacker reproach to the honor and humanity of the country exists today than the practical abandonment by the richest country on earth of more than one-half of its ex-service men who are afflicted with insanity." In testifying before the Committee of Interstate and Foreign Commerce of the House of Representatives on January 7, 1921, Dr. Salmon stated, "That of the 5,340 insane ex-service men who are under treatment, only a third are in hospitals owned by the Government. One of these is a converted reform school in Roxbury, Mass. Another is an inebriate asylum in Iowa, which has been turned over to the Government. Another is a naval hospital in Philadelphia, which was built just after the Civil War, and another is a hotel at Augusta, Georgia, which used to be a girls' school. Yet those are regarded as special hospitals for the treatment of this special form of disease." Furthermore, he stated that patients suffering from mental diseases constituted 27 per cent of the Government's hospital cases, and that the total would be nearer 50 per cent than 30 per cent if all such sufferers had applied to the Government for treatment.

The lack of sufficient and proper hospital facilities to care for the tubercular and mentally diseased veterans has been the serious defect in the hospitalization of the claimants of the Bureau of War Risk Insurance. The responsibility for this lack of proper hospital facilities rests upon Congress. An attempt to correct this evil was made by the Sixty-Sixth Congress when it appropriated \$18,600,000 on March 4, 1921 for the construction of new hospitals. However, additional appropriations must be made immediately in order that especially equipped hospitals may be erected for the increasing numbers of tubercular and mentally diseased ex-service men. Without such additional facilities the medical provisions of the Soldiers and Sailors Insurance Act cannot be fulfilled. The general medicine and surgical cases may be cared for by temporary measures, such as the transferring of existing Government hospitals and institutions to the Bureau of War Risk Insurance.

As a war time measure Government insurance was most successful, for ninety per cent of the men and women in the service applied for insurance. But as a peace time venture, Government insurance has not been so successful. Over three million term insurance policies issued during the war have not been converted, and have been permitted to lapse by the policy-holders. Although the Government's permanent policies contain many liberal features, the Bureau has had a tremendous difficulty in convincing the ex-service



men of their merits. An explanation of the reason why the majority of the policy-holders have permitted their policies to lapse has been given in the earlier pages of this monograph. However, we may conclude that the dissatisfaction which these men found with the administration of the business of the Bureau was a very important factor for this general lapsation of Government policies. Probably the chief cause can be found in the incorrigible disposition of the human race to delay the purchase of life insurance to a later date.

From the investigation carried on by the writer, he is of the opinion that the present organization of the Bureau is not capable of adequately administering the provisions of the Act. It cannot be expected that such a tremendous piece of social relief can be carried out by means of correspondence through one central office of a super-centralized organization. Under the present system before any policy for insurance can be converted, before any claim for insurance or compensation can be paid, the officials of the Bureau in Washington must review the case and pass judgment. As mentioned before, this work is carried on through correspondence and, therefore, has resulted in a volume of daily mail so great that it has been impossible to give a personal answer to every request for information and guidance. Form letters, form paragraphs, and other unsatisfactory methods have been resorted to as a matter of necessity. It is apparent that under such a system that a large amount of this mail has been answered improperly or insufficiently, and delays caused thereby have often resulted in the discouragement of many ex-soldiers, widowed mothers, or orphan children.

Congress must bear most of the responsibility for this condition of affairs, for it failed to provide for an adequate organization to carry on this needed relief. Furthermore, its appropriations have not been sufficient to provide for an adequate force of competent employees. It enacted a judicious relief law but it did not provide sufficient money to carry on the work or to secure the grade of help necessary. The very nature of the business of the Bureau, dealing as it does with people in all sections of the country, of all grades of intelligence, with needs that vary with the individual, is of such a personal character that the problem cannot be handled satisfactorily without a district form of organization. Even the smallest insurance companies have some form of district organization to care for their policy-holders and claimants. Because of such organization they are able to give prompt and efficient service when it is needed. They are in a position to fulfil their obligations towards the be-

reaved family, and by prompt action prevent embarrassment and often privation.

District offices for the War Risk Insurance Bureau would tend to reduce greatly the menace of lost and incorrect addresses of its claimants. Many who can not now be reached by mail could be traced by personal inquiries. The establishment of such offices in convenient centers would enable claimants of the Bureau to file their claims personally. The officials in these offices would be able to grant assistance and dispose of cases without delay.

After a careful examination of the problem of the disabled service men the writer is of the opinion that of all who were injured or diseased in the World War, by far the majority may be restored to their normal economic capacity, provided they receive proper medical treatment, financial assistance, and vocational training. A small number have been permanently and totally disabled, the exact number on June 30, 1920, being 3,204. They will of necessity remain dependent upon the nation. For them the Government's responsibility consists of providing financial support. Beyond that they should be insured the kind of care that is best adapted to their individual needs. The second class of victims, those suffering from partial, though permanent disabilities, are also entitled to permanent assistance from the Government. As their loss has only been partial they should, after proper training, be able to resume a place in the normal life of the community and be productive members of society. There is a third class made up of those men who are suffering from temporary disabilities. These men with proper medical treatment and necessary vocational guidance should be able to resume their positions as independent citizens of the country.

In order that this vast army of men suffering with permanent and temporary disabilities may be restored to society, the Government must provide. 1st, medical care and hospital treatment; 2nd, financial assistance during their period of incapacity; and 3rd, vocational education and guidance. Laws have been passed providing for these needs but the administration of those laws have been placed in three separate Government agencies. The United States Public Health Service has been requested to furnish them with medical care and hospital treatment; the Bureau of War Risk Insurance has been charged with the duty of providing them with financial aid; and the Federal Board for Vocational Education has been ordered to train them for new occupations in life.

This present system has proved unsuccessful. An individual in need of assistance is required to make application for

such treatment and assistance to all three agencies. In two of these agencies he is required to furnish the same identical proof to support his claim before any assistance can be rendered to him. In passing from the jurisdiction of one agency to another, men have been left without means to support themselves and their families. Therefore, many men have been reluctant to give up their compensation payments and transfer to the jurisdiction and payrolls of the Federal Board for Vocational Education.

The only solution to this three-fold problem is to consolidate these three relief agencies into one under a single head. And in order to furnish promptly relief and carry out the provisions made by Congress for disabled ex-service men, the director of this one agency should have authority to establish district offices of the Bureau throughout the country. The officers placed in charge of these district offices should be given full power and authority to grant immediate treatment and financial assistance to all needy ex-service men. After claimants have been physically rehabilitated, these district offices should have authority to place them in vocational training.

The success of the consolidation of these relief agencies and the decentralization of the newly created bureau can be measured by the immediate physical and financial relief rendered, and, at a later date, by the number of disabled veterans who have overcome their individual handicaps and are found in independent positions in the normal walks of life.



## BIOGRAPHY

James A. Losty was born in New York City, September 1, 1894. He received his elementary education in the Public Schools of Hartford, Conn. He pursued his collegiate studies at St. Bonaventure's College and at the Catholic University of America. In June, 1917, he was graduated from the Catholic University. The following September he began his graduate studies in the same institution and in June, 1918, received the degree of Master of Arts. During the following year he was employed as a "Special Expert" in the Bureau of War Risk Insurance. In October, 1919, he resumed his studies under Dr. John O'Grady, Dr. Frank O'Hara, Dr. John Ryan, Dr. Edward A. Pace, and Dr. William Kerby at the Catholic University.

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## APPENDIX

### THE WAR RISK INSURANCE ACT

(WITH AMENDMENTS PRIOR TO JULY 1, 1918)

THIS PUBLICATION CONTAINS ONLY THE PROVISIONS RELATING TO THE DIVISION OF  
MILITARY AND NAVAL INSURANCE

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AN ACT To authorize the establishment of a Bureau of War Risk Insurance  
in the Treasury Department

\* \* \* \* \*  
*Be it enacted by the Senate and House of Representatives of the  
United States of America in Congress assembled.*

#### ARTICLE I.

SECTION 1. That there is established in the Treasury Department a Bureau to be known as the Bureau of War Risk Insurance, the directors of which shall receive a salary at the rate of \$5,000 per annum.

That there be in such bureau a Division of Marine and Seamen's Insurance and a Division of Military and Naval Insurance in charge of a commissioner of Marine and Seamen's Insurance and a commissioner of Military and Naval Insurance, respectively, each of whom shall receive a salary of \$4,000 per annum.

\* \* \* \* \*  
SEC. 13. That the director, subject to the general direction of the Secretary of the Treasury, shall administer, execute, and enforce the provisions of this Act, and for that purpose have full power and authority to make rules and regulations not inconsistent with the provisions of this Act, necessary or appropriate to carry out its purposes, and shall decide all questions arising under the Act, except as otherwise provided in section five. Wherever under any provision or provisions of the Act regulations are directed or authorized to be made, such regulations, unless the context otherwise requires, shall or may be made by the director, subject to the general direction of the Secretary of the Treasury. The director shall adopt reasonable and proper rules to govern the procedure of the divisions and to regulate and provide for the nature and extent of the proofs and evidence and the method of taking and furnishing the same in order to establish the right to benefits of allowance, allotment, compensation, or insurance provided for in this Act, the forms of application of those claiming to be entitled to such benefits, the methods of making investigations and medical examinations, and the manner and form of adjudications and awards: *Provided,*

*however*, That payment to any attorney or agent for such assistance as may be required in the preparation and execution of the necessary papers shall not exceed \$3 in any one case: *And provided further*, That no claim agent or attorney shall be recognized in the presentation or adjudication of claims under articles two, three, and four, except in the event of disagreement as to a claim under the contract of insurance between the bureau and any beneficiary or beneficiaries thereunder an action on the claim may be brought against the United States in the district court of the United States in and for the district in which such beneficiaries or any one of them resides, and that whenever judgment shall be rendered in an action brought pursuant to this provision the court, as part of its judgment, shall determine and allow such reasonable attorney's fees, not to exceed five per centum of the amount recovered, to be paid by the claimant in behalf of whom such proceedings were instituted to his attorney, said fee to be paid out of the payments to be made to the beneficiary under the judgment rendered at a rate not exceeding one-tenth of each of such payments until paid.

Any person who shall, directly or indirectly, solicit, contract for, charge, or receive, or who shall attempt to solicit, contract for, charge, or receive any fee or compensation, except as herein provided, shall be guilty of a misdemeanor, and for each and every offense shall be punishable by a fine of not more than \$500 or by imprisonment at hard labor for not more than two years, or by both such fine and imprisonment.

SEC. 14. That the bureau and its divisions shall have such deputies, assistants, actuaries, clerks, and other employees as may be from time to time provided by Congress. The bureau shall, by arrangement with the Secretary of War and the Secretary of the Navy, respectively, make use of the services of surgeons in the Army and Navy. The Secretary of the Treasury is authorized to establish an advisory board consisting of three members skilled in the practice of insurance against death or disability for the purpose of assisting the Division of Military and Naval Insurance in fixing premium rates and in the adjustment of claims for losses under the contracts of insurance provided for in article four and in adjusting claims for compensation under article three; compensation for the persons so appointed to be determined by the Secretary of the Treasury, but not to exceed \$20 a day each while actually employed.

SEC. 15. That for the purposes of this Act, the director, commissioners, and deputy commissioners shall have power to issue subpoenas for and compel the attendance of witnesses within a radius of one hundred miles, to require the production of books, papers, documents, and other evidence, to administer oaths and to examine witnesses upon any matter within jurisdiction of the bureau. The director may obtain such information and such reports from officials and employees of the departments of the Government of the United States and of the States as may be agreed upon by the heads of the respective departments. In case of disobedience to a subpoena, the bureau may invoke the aid of any district court of the United States in requiring the



attendance and testimony of witnesses and the production of documentary evidence, and such court, within the jurisdiction of which the inquiry is carried on, may, in case of contumacy or refusal to obey a subpoena issued to any officer, agent, or employee of any corporation or other person, issue an order requiring such corporation or other person to appear before the bureau, or to give evidence touching the matter in question; and any failure to obey such order of the court may be punished by such court as a contempt thereof. Any person so required to attend as a witness shall be allowed and paid the same fees and mileage as are paid witnesses in the district courts of the United States.

SEC. 16. That the director shall submit annually to the Secretary of the Treasury estimates of the appropriations necessary for the work of the bureau.

SEC. 17. That for the purpose of carrying out the provisions of this Act there is hereby appropriated, out of any moneys in the Treasury not otherwise appropriated, the sum of \$100,000, for the payment of all expenses incident to the work authorized under this Act, including salaries of the director and commissioners and of such deputies, assistants, accountants, experts, clerks, and other employees in the District of Columbia or elsewhere, as the Secretary of the Treasury may deem necessary, traveling expenses, rent and equipment of offices, typewriters and exchange of same, purchase of law books and books of reference, printing and binding to be done at the Government Printing Office, and all other necessary expenses. With the exception of the director, the commissioners, and such special experts as the Secretary of the Treasury may from time to time find necessary for the conduct of the work of the bureau, all employees of the bureau shall be appointed from lists of eligibles to be supplied by the Civil Service Commission and in accordance with the civil-service law. Such fees, allowances, and salaries shall be the same as are paid for similar services in other departments of the Government.

SEC. 18. That there is hereby appropriated from any moneys in the Treasury not otherwise appropriated, the sum of \$141,000,000, to be known as the military and naval family allowance appropriation, for the payment of the family allowances provided by Article II. Payments out of this appropriation shall be made upon and in accordance with awards by the Commissioner of the Division of Military and Naval Insurance.

SEC. 19. That there is hereby appropriated, from any money in the Treasury not otherwise appropriated, the sum of \$12,150,000, to be known as the military and naval compensation appropriation, for the payment of the compensation, funeral expenses, services, and supplies provided by Article III. Payments out of this appropriation shall be made upon and in accordance with awards by the director.

SEC. 20. That there is hereby appropriated, from any money in the Treasury not otherwise appropriated, the sum of \$23,000,000, to be known as the military and naval insurance appropriation. All premiums may be collected for the insurance provided

by the provisions of Article IV shall be deposited and covered into the Treasury to the credit of this appropriation.

Such sum, including all premium payments, is hereby made available for the payment of the liabilities of the United States incurred under contracts of insurance made under the provisions of Article IV. Payments from this appropriation shall be made upon and in accordance with awards by the director.

SEC. 21. That there shall be set aside as a separate fund in the Treasury, to be known as the military and naval pay deposit fund, all sums held out of pay as provided by section two hundred and three of this Act. Such fund, including all additions, is hereby made available for the payment of the sums so held and deposited, with interest, as provided in section two hundred and three, and the amount necessary to pay interest is hereby appropriated.

SEC. 22. That for the purpose of this amendatory Act the marriage of a claimant to the person on account of whom the claim is made shall be shown—

- (1) By a duly verified copy of a public or church record; or
- (2) By the affidavit of the clergyman or magistrate who officiated; or
- (3) By the testimony of two or more eyewitnesses to the ceremony; or
- (4) By a duly verified copy of the church record of baptism of the children; or
- (5) By the testimony of two or more witnesses who know that the parties lived together as husband and wife, and were recognized as such, and who shall state how long, within their knowledge, such relation continued: *Provided*, That marriages, except such as are mentioned in section forty-seven hundred and five of the Revised Statutes, shall be proven in compensation or insurance cases to be legal marriages according to the law of the place where the parties resided at the time of marriage or at the time when the right to compensation or insurance accrued; and the open and notorious illicit cohabitation of a widow who is a claimant shall operate to terminate her right to compensation or insurance from the commencement of such cohabitation: *Provided further*, That for the purpose of the administration of Article II of this Act marriage shall be conclusively presumed, in the absence of proof, that there is a legal spouse living, if the man and woman have lived together in the openly acknowledged relation of husband and wife during the two years immediately preceding the date of the declaration of war, or the date of enlistment or of entrance into or employment in active service in the military or naval forces of the United States if subsequent to such declaration.

In Articles II, III, and IV of this Act unless the context otherwise requires—

- (1) The term "child" includes—
  - (a) A legitimate child.
  - (b) A child legally adopted more than six months before the enactment of this amendatory Act or before enlistment or entrance into or employment in active service in the military



or naval forces of the United States, whichever of these dates is the later.

(c) A stepchild, if a member of the man's household.

(d) An illegitimate child, but, as to the father, only, if acknowledged by instrument in writing signed by him, or if he has been judiciously ordered or decreed to contribute to such child's support, and if such child, if born after December thirty-first, nineteen hundred and seventeen, shall have been born in the United States, or in its insular possessions.

(2) The term "grandchild" means a child as above defined of a child as above defined.

(3) Except as used in section four hundred and one and in section four hundred and two the terms "child" and "grandchild" are limited to unmarried persons either (a) under eighteen years of age, or (b) of any age, if insane, idiotic, or otherwise permanently helpless.

(4) The term "parent" includes a father, mother, grandfather, grandmother, father through adoption, mother through adoption, stepfather, and stepmother, either of the person in the service or of the spouse.

(5) The term "brother" and "sister" include brothers and sisters of the half blood as well as those of the whole blood, stepbrothers and stepsisters, and brothers and sisters through adoption.

(6) The term "commissioned officer" includes a warrant officer, but includes only an officer in active service in the military or naval forces of the United States.

(7) The terms "man" and "enlisted man" mean a person, whether male or female, and whether enlisted, enrolled, or drafted into active service in the military or naval forces of the United States, and include noncommissioned and petty officers, and members of training camps authorized by law.

(8) The term "enlistment" includes voluntary enlistment, draft, and enrollment in active service in the military or naval forces of the United States.

(9) The term "commissioner" means the Commissioner of Military and Naval Insurance.

(10) The term "injury" includes disease.

(11) The term "pay" means the pay for service in the United States according to grade and length of service, excluding all allowances.

(12) The term "military or naval forces" means the Army, the Navy, the Marine Corps, the Coast Guard, the Naval Reserves, the National Naval Volunteers, and any other branch of the United States service while serving pursuant to law with the Army or the Navy.

SEC. 23. That when, by the terms of this amendatory Act any payment is to be made to a minor, other than a person in the military or naval forces of the United States, or to a person mentally incompetent, such payment shall be made to the person who is constituted guardian or curator by the laws of the State or residence of claimant, or is otherwise legally vested with responsibility or care of the claimant.



SEC. 24. That the Bureau of War Risk Insurance, so far as practicable, shall upon request furnish information to and act for persons in the military or naval service, with respect to any contracts of insurance whether with the Government or otherwise, as may be prescribed by regulations. Said bureau may upon request procure from and keep a record of the amount and kind of insurance held by every commissioned and appointive officer and of every enlisted man in the military or naval service of the United States, including the name and principal place of business of the company, society, or organization in which such insurance is held, the date of the policy, amount of premium, name and relationship of the beneficiary, and such other data as may be deemed of service in protecting the interests of the insured and beneficiaries.

SEC. 25. That whoever in any claim for family allowance, compensation, or insurance, or in any document required by this Act or by regulation made under this Act, makes any statement of a material fact knowing it to be false, shall be guilty of perjury and shall be punished by a fine of not more than \$5,000, or by imprisonment for not more than two years or both.

SEC. 26. That if any person entitled to payment of family allowance or compensation under this Act, whose right to such payment under this Act ceases upon the happening of any contingency, thereafter fraudulently accepts any such payment, he shall be punished by a fine of not more than \$2,000, or by imprisonment for not more than one year, or both.

SEC. 27. That whoever shall obtain or receive any money, check, allotment, family allowance, compensation, or insurance under Articles II, III, or IV of this Act, without being entitled thereto, with intent to defraud the United States, or any person in the military or naval forces of the United States, shall be punished by a fine of not more than \$2,000, or by imprisonment for not more than one year or both.

SEC. 28. That the allotments and family allowances, compensation, and insurance payable under Articles II, III, and IV, respectively, shall not be assignable; shall not be subject to the claims of creditors of any person to whom an award is made under Articles II, III, or IV; and shall be exempt from all taxation: *Provided*, That such allotments and family allowances, compensation, and insurance shall be subject to any claims which the United States may have, under Articles II, III, and IV, against the person on whose account the allotments and family allowances, compensation, or insurance is payable.

SEC. 29. That the discharge or dismissal of any person from the military or naval forces on the ground that he is an enemy alien, conscientious objector, or a deserter, or as guilty of mutiny, treason, spying, or any offense involving moral turpitude, or wilful and persistent misconduct shall terminate any insurance granted on the life of such person under the provisions of Article IV, and shall bar all rights to any compensation under Article III or any insurance under Article IV.

SEC. 30. That this Act may be cited as the war-risk insurance Act.

## ARTICLE II.

### ALLOTMENTS AND FAMILY ALLOWANCES

SEC. 200. That the provisions of this article shall apply to all enlisted men in the military or naval forces of the United States, except the Philippine Scouts, the insular force of the Navy, and the Samoan native guard and band of the Navy.

SEC. 201. That allotment of pay shall, subject to the conditions, limitations, and exceptions hereinafter specified, be compulsory as to wife, former wife divorced who has not remarried and to whom alimony has been decreed, and a child, and voluntary as to any other person; but on the written consent of the wife or former wife divorced, supported by evidence satisfactory to the bureau of her ability to support herself and the children in her custody, the allotment for her and for such children may be waived; and on the enlisted man's application or otherwise for good cause shown, exemption from the allotment may be granted upon such conditions as may be prescribed by regulations.

The monthly compulsory allotment shall be \$15. For a wife living separate and apart from her husband under court order or written agreement, or for a former wife divorced, the monthly compulsory allotment shall not exceed the amount specified in the court order, decree, or written agreement to be paid to her, and for an illegitimate child, to whose support the father has been judicially ordered or decreed to contribute, it shall not exceed the amount fixed in the order or decree.

If there is a compulsory allotment for a wife or child, then a former wife divorced who has not remarried and to whom alimony has been decreed, shall not be entitled to a compulsory allotment, but shall be entitled to a family allowance as herein-after provided.<sup>1</sup>

SEC. 202. That the enlisted man may allot any proportion or proportions or any fixed amount or amounts of his monthly pay or of the proportion thereof remaining after the compulsory allotments, for such purposes and for the benefit of such person or persons as he may direct, subject, however, to such conditions and limitations as may be prescribed under regulations to be made by the Secretary of War and the Secretary of the Navy, respectively.

SEC. 203. That in case one-half of an enlisted man's monthly pay is not allotted, regulations to be made by the Secretary of War and the Secretary of the Navy, respectively, may require, under circumstances and conditions as may be prescribed in such regulations, that any proportion of such one-half pay as is not allotted shall be deposited to his credit, to be held during such period of his service as may be prescribed. Such deposit shall bear interest at the same rate as United States bonds bear for the same period, and, when payable, shall be paid principal and interest to the enlisted man, if living, otherwise to any beneficiary or beneficiaries he may have designated, or if there be no such beneficiary, then to the person or persons who, under the laws

<sup>1</sup> This section as amended takes effect on the first day of July, 1918.



of the State of his residence, would be entitled to his personal property in case of intestacy.

SEC. 204. That a family allowance of not exceeding \$50 per month shall be granted and paid by the United States upon written application to the bureau by such enlisted man or by or on behalf of any prospective beneficiary, in accordance with and subject to the conditions, limitations and exceptions hereinafter specified.

The family allowance shall be paid from the time of enlistment to death in or one month after discharge from the service, but not for more than one month after the termination of the present war emergency. No family allowance shall be made for any period preceding November first, nineteen hundred and seventeen. The payment shall be subject to such regulations as may be prescribed relative to cases of desertion and imprisonment and of missing men.

Class A. In the case of a man to his wife (including a former wife divorced) and to his child or children—

- (a) If there is a wife but no child, \$15;
- (b) If there is a wife and one child, \$25;
- (c) If there is a wife and two children, \$32.50, with \$5 per month additional for each additional child;
- (d) If there is no wife, but one child, \$5;
- (e) If there is no wife, but two children, \$12.50;
- (f) If there is no wife, but three children, \$20;
- (g) If there is no wife, but four children, \$30, with \$5 per month additional for each additional child;
- (h) If there is a former wife divorced who has not remarried and to whom alimony has been decreed, \$15.

Class B. In the case of a man or woman to a grandchild, a parent, brother, or sister—

- (a) If there is one parent, \$10;
- (b) If there are two parents, \$20;
- (c) If there is a grandchild, brother, sister, or additional parent, \$5 for each.

In the case of a woman, the family allowances for a husband and children shall be in the same amounts, respectively, as are payable, in the case of a man, to a wife and children, provided she makes a voluntary allotment of \$15 as a basis therefor, and provided, further, that dependency exists as required in section two hundred and six.<sup>1</sup>

SEC. 205. That family allowances for members of Class A shall be paid only if and while a compulsory allotment is made to a member or members of such class. The monthly family allowance to a former wife divorced shall be payable only out of the difference, if any, between the monthly family allowance to the other members of Class A and the sum of \$50, and only then if alimony shall have been decreed to her. For a wife living separate and apart under court order or written agreement or to a former wife divorced the monthly allowance, together with the allotment, if any, shall not exceed the amount specified in the court order, decree, or written agreement to be paid to her.

<sup>1</sup> This section as amended takes effect on the first of July, 1918.



For an illegitimate child, to whose support the father has been judicially ordered or decreed to contribute, it shall not exceed the amount fixed in the order or decree.

SEC. 206. That family allowances to members of class B shall be paid only if and while the members are dependent in whole or in part on the enlisted man, and then only if and while the enlisted man makes a monthly allotment of his pay for such members in the following amounts:

(a) If an enlisted man is not making a compulsory allotment for Class A the allotment for class B required as a condition to the family allowance shall be \$15;

(b) If an enlisted man is making a compulsory allotment for class A the additional allotment for class B required as a condition to the family allowance shall be \$5, or if a woman is making an allotment of \$15 for a dependent husband or child the additional allotment for the other members of class B required as a condition to the family allowance shall be \$5.<sup>1</sup>

SEC. 207. That the amount of the family allowance to members of class B shall be subject to each of the following limitations:

(a) If an allowance is paid to one or more beneficiaries of Class A, the total allowance to be paid to the beneficiaries of Class B shall not exceed the difference between the allowance paid to the beneficiaries of Class A and the sum of \$50.

(b) The total monthly allowance to beneficiaries of Class B added to the enlisted man's monthly allotment to them shall not exceed the average sum habitually contributed by him to their support monthly during the period of dependency, but not exceeding a year immediately preceding his enlistment or the enactment of this amendatory Act.

SEC. 208. That as between the members of Class A and as between the members of Class B, the amount of the allotment and family allowance shall be apportioned as may be prescribed by regulations.

SEC. 209. The War and Navy Departments, respectively, shall pay over to the Treasury Department monthly the entire amount of such allotments for distribution to the beneficiaries, and the allotments and family allowances shall be paid by the bureau to or for the beneficiaries.

SEC. 210. That upon receipt of any application for family allowance, the commissioner shall make all proper investigations and shall make an award, on the basis of which award the amount of the allotments to be made by the man shall be certified to the War Department or Navy Department, as may be proper. Whenever the commissioner shall have reason to believe that an allowance has been improperly made or that the conditions have changed, he shall investigate or reinvestigate and may modify the award. The amount of each monthly allotment and allowance shall be determined according to the family conditions existing on the first day of the month.<sup>1</sup>

<sup>1</sup> This section as amended takes effect on the first of July, 1918.

## ARTICLE III.

### COMPENSATION FOR DEATH OR DISABILITY

SEC. 300. That for death or disability resulting from personal injury suffered or disease contracted in the line of duty, by any commissioned officer or enlisted man or by any member of the Army Nurse Corps (female) or of the Navy Nurse Corps (female) when employed in the active service under the War Department or Navy Department, the United States shall pay compensation as hereinafter provided; but no compensation shall be paid if the injury or disease has been caused by his own willful misconduct: *Provided*, That for the purposes of this section said officer, enlisted man, or other member shall be held and taken to have been in sound condition when examined, accepted, and enrolled for service: *Provided further*, That this section, as amended, shall be deemed to become effective as of October sixth, nineteen hundred and seventeen.

SEC. 301. That if death results from injury—

If the deceased leaves a widow or child, or if he leaves a widowed mother dependent upon him for support, the monthly compensation shall be the following amounts:

- (a) For a widow alone, \$25.
- (b) For a widow and one child, \$35.
- (c) For a widow and two children, \$47.50, with \$5 for each additional child up to two.
- (d) If there be no widow, then for one child, \$20.
- (e) If there is no widow, but two children, \$30.
- (f) If there is no widow, but three children, \$40, with \$5 for each additional child up to two;
- (g) If there is a dependent mother (or dependent father), \$20, or both, \$30. The amount payable under this subdivision shall not exceed the difference between the total amount payable to the widow and children and the sum of \$75. This compensation shall be payable for the death of but one child, and no compensation for the death of a child shall be payable if the dependent mother is in receipt of compensation under the provisions of this article for the death of her husband. Such compensation shall be payable whether the dependency of the father or mother or both arises before or after the death of the person, but no compensation shall be payable if the dependency arises more than five years after the death of the person.

If the death occurs before discharge or resignation from service, the United States shall pay for burial expenses and the return of the body to his home a sum not to exceed \$100, as may be fixed by regulations.

The payment of compensation to a widow shall continue until her death or remarriage.

The payment of compensation to or for a child shall continue until such child reaches the age of eighteen years or marries, or if such child is incapable, because of insanity, idiocy, or being otherwise permanently helpless, then during such incapacity.

Whenever the compensation payable to or for the benefit of



any person under the provisions of this section is terminated by the happening of the contingency upon which it is limited, the compensation thereafter for the remaining beneficiary or beneficiaries, if any, shall be the amount which would have been payable to them if they had been the sole original beneficiaries.

As between the widow and the children, not in her custody, and as between children, the amount of the compensation shall be apportioned as may be prescribed by regulation.

The term "widow" as used in this section shall not include one who shall have married the *deceased later than ten years after the time of injury*, and shall include a widower, whenever his condition is such that, if the deceased person were living, he would have been dependent upon her for support.<sup>1</sup>

SEC. 302. That if disability results from the injury—

(1) If and while the disability is total, the monthly compensation shall be the following amounts:

- (a) If he has neither wife nor child living, \$30.
- (b) If he has a wife but no child living, \$45.
- (c) If he has a wife and one child living, \$55.
- (d) If he has a wife and two children living, \$65.
- (e) If he has a wife and three or more children living, \$75.
- (f) If he has no wife, but one child living, \$40, with \$10 for each additional child up to two.

(g) If he has a widowed mother dependent on him for support, then, in addition to the above amounts, \$10.

(h) If he is totally disabled and in addition so helpless as to be in constant need of a nurse or attendant, such additional sum shall be paid, but not exceeding \$20 per month, as the director may deem reasonable: *Provided, however*, That for the loss of both feet or both hands or both eyes, or for becoming totally blind or becoming helpless and permanently bedridden from causes occurring in the line of duty in the service of the United States, the rate of compensation shall be \$100 per month: *Provided further*, That where the rate of compensation is \$100 per month, no allowance shall be made for a nurse or attendant.

(2) If and while the disability is partial, the monthly compensation shall be a percentage of the compensation that would be payable for his total disability equal to the degree of the reduction in earning capacity resulting from the disability, but no compensation shall be payable for a reduction in earning capacity rated at less than ten per centum.

A schedule of ratings of reductions in earning capacity from specific injuries or combinations of injuries of a permanent nature shall be adopted and applied by the bureau. Ratings may be as high as one hundred per centum. The ratings shall be based, as far as practicable, upon the average impairments of earning capacity resulting from such injuries in civil occupations and not upon the impairment in earning capacity in each individual case, so that there shall be no reduction in the rate of compensation for individual success in overcoming the handicap of a permanent injury. The bureau shall from time to time readjust this schedule of ratings in accordance with actual experience.

<sup>1</sup> This section as amended takes effect on the first of July, 1918.



(3) In addition to the compensation above provided, the injured person shall be furnished by the United States such reasonable governmental medical, surgical, and hospital services and with such supplies, including artificial limbs, trusses, and similar appliances, as the director may determine to be useful and reasonably necessary: *Provided*, That nothing in this Act shall be construed to affect the necessary military control over any member of the military or naval establishments before he shall have been discharged from the military or naval service.

(4) The amount of each monthly payment shall be determined according to the family conditions existing on the first day of the month.

(5) Where the disabled person and his wife are not living together, or where the children are not in the custody of the disabled person, the amount of the compensation shall be apportioned as may be prescribed by regulations.

(6) The term "wife" as used in this section shall include "husband" if the husband is dependent upon the wife for support.

SEC. 303. That every person applying for or in receipt of compensation for disability under the provisions of this article shall, as frequently and at such times and places as may be reasonably be required, submit himself to examination by a medical officer of the United States or by a duly qualified physician designated or approved by the director. He may have a duly qualified physician designated and paid by him present to participate in such examination. For all examinations he shall, in the discretion of the director, be paid his reasonable traveling and other expenses and also loss of wages incurred in order to submit to such examination. If he refuses to submit himself for, or in any way obstructs, any examination, his right to claim compensation under this article shall be suspended until such refusal or obstruction ceases. No compensation shall be payable while such refusal or obstruction continues, and no compensation shall be payable for the intervening period.

Every person in receipt of compensation for disability shall submit to any reasonable medical or surgical treatment furnished by the bureau whenever requested by the bureau; and the consequences of unreasonable refusal to submit to any such treatment shall not be deemed to result from the injury compensated for.

SEC. 304. [This section was repealed by act of June 27, 1918—vocational rehabilitation act—Public—No. 178—65th Cong.]

SEC. 305. That upon its own motion or upon application the bureau may at any time review an award, and, in accordance with the facts found upon such review, may end, diminish, or increase the compensation previously awarded, or, if compensation has been refused or discontinued, may award compensation.

SEC. 306. That no compensation shall be payable for death or disability which does not occur prior to or within one year after discharge or resignation from the service, except that where, after a medical examination made pursuant to regulations, at the time of discharge or resignation from the service, or within such reasonable time thereafter, not exceeding one year, as may be allowed by regulations, a certificate has been obtained from

the director to the effect that the injured person at the time of his discharge or resignation was suffering from injury likely to result in death or disability, compensation shall be payable for death or disability, whenever occurring, proximately resulting from such injury.

SEC. 307. That compensation shall not be payable for death in the course of the service until the death be officially recorded in the department under which he may be serving. No compensation shall be payable for a period during which the man has been reported "missing" and a family allowance has been paid for him under the provisions of Article II.

SEC. 308. That no compensation shall be payable for death inflicted as a lawful punishment for a crime or military offense except when inflicted by the enemy. A dismissal or dishonorable or bad conduct discharge from the service shall bar and terminate all right to any compensation under the provisions of this article.

SEC. 309. That no compensation shall be payable unless a claim therefor be filed, in case of disability, within five years after discharge or resignation from the service, or, in case of death during the service, within five years after such death is officially recorded in the department under which he may be serving: *Provided, however,* That where compensation is payable for death or disability occurring after discharge or resignation from the service, claim must be made within five years after such death or the beginning of such disability.

The time herein provided may be extended by the director not to exceed one year for good cause shown. If at the time that any right accrues to any person under the provisions of this article, such person is a minor, or is of unsound mind or physically unable to make a claim, the time herein provided shall not begin to run until such disability ceases.

SEC. 310. That no compensation shall be payable for any period more than two years prior to the date of claim therefor, nor shall increased compensation be awarded to revert back more than one year prior to the date of claim therefor.

SEC. 311. [This section was repealed by act of June 25, 1918. The substance is now included in section 28.]

SEC. 312. That compensation under this article shall not be paid while the person is in receipt of service or retirement pay. The laws providing for gratuities or payments in the event of death in the service and existing pension laws shall not be applicable after the enactment of this amendment to any person in the active military or naval service on the sixth day of October, nineteen hundred and seventeen, or who thereafter entered the active military or naval service, or to their widows, children, or their dependents, except in so far as rights under any such law have heretofore accrued.

Compensation because of disability or death of members of the Army Nurse Corps (female) or of the Navy Nurse Corps (female) shall be in lieu of any compensation for such disability or death under the Act entitled "An Act to provide compensation for employees of the United States suffering injuries while in the per-



formance of their duties, and for other purposes," approved September seventh, nineteen hundred and sixteen.

SEC. 313. (1) That if an injury or death for which compensation is payable under this article is caused under circumstances creating a legal liability upon some person other than the United States or the enemy to pay damages therefor, the director, as a condition to payment of compensation by the United States, may require the beneficiary to assign to the United States any right of action he may have to enforce such liability of such other person, or if it appears to be for the best interests of the beneficiary the director may require him to prosecute the said action in his own name, subject to regulations. The director may require such assignment or prosecution at any time after the injury or death, and the failure on the part of the beneficiary to so assign or to prosecute said cause of action in his own name within a reasonable time, to be fixed by the director, shall bar any right to compensation on account of the same injury or death. The cause of action so assigned to the United States may be prosecuted or compromised by the director, and any money realized or collected thereon, less the reasonable expenses of such realization or collection, shall be placed to the credit of the military and naval compensation appropriation. If the amount, placed to the credit of such appropriation in such case is in excess of the amount of the award of compensation, if any, such excess shall be paid to the beneficiary after any compensation award for the same injury or death is made.

If a beneficiary or conditional beneficiary shall have recovered, as a result of a suit brought by him or on his behalf, or as a result of a settlement made by him or on his behalf, any money or other property in satisfaction of the liability of such other person, such money or other property so recovered shall be credited upon any compensation payable, or which may become payable, to such beneficiary, or conditional beneficiary by the United States on account of the same injury or death.

(2) If an injury or death for which compensation may be payable under this article is caused under circumstances creating a legal liability upon some person, other than the United States or the enemy, to pay damages therefor, then, in order to preserve the right of action, the director may require the conditional beneficiary at any time after the injury or death, to assign such right of action to the United States, or, if it appears to be for the best interests of such conditional beneficiary, to prosecute the said cause of action in his own name, subject to regulations. The failure on the part of the beneficiary to so assign or to prosecute the said cause of action in his own name within a reasonable time, to be fixed by the director, shall bar any right to compensation on account of the same injury or death. The cause of action so assigned may be prosecuted or compromised by the director, and any money realized or collected thereon, less the reasonable expenses of such realization or collection, shall be paid to such beneficiary, and be credited upon any future compensation which may become payable to such beneficiary by the United States on account of the same injury or death.



(3) The bureau shall make all necessary regulations for carrying out the purposes of this section. For the purpose of computation only under this section the total amount of compensation due any beneficiary shall be deemed to be equivalent to a lump sum equal to the present value of all future payments of compensation computed as of the date of the award of compensation at four per centum, true discount, compounded annually. The probability of the beneficiary's death before the expiration of the period during which he is entitled to compensation shall be determined according to the American Experience Table of Mortality.

A conditional beneficiary is any person who may become entitled to compensation under this article on or after the death of the injured person.

Nothing in this section shall be construed to impose any administrative duties upon the War or Navy Departments.

SEC. 314. That from and after the passage of this Act the rate of pension for a widow of an officer or enlisted man of the Army, Navy, or Marine Corps of the United States who served in the Civil War, the War with Spain, or the Philippine Insurrection, now on the pension roll or hereafter to be placed on the pension roll, and entitled to receive a less rate than hereinafter provided, shall be \$25 per month; and nothing herein shall be construed to affect the additional allowance provided by existing pension laws on account of a helpless child or child under sixteen years of age: *Provided, however,* That this Act shall not be construed as to reduce any pension under any Act, public or private: *And provided further,* That the provisions of this section shall be administered, executed, and enforced by the Commissioner of Pensions.

#### ARTICLE IV.

##### INSURANCE.

SEC. 400. That in order to give to every commissioned officer and enlisted man and to every member of the Army Nurse Corps (female) and of the Navy Nurse Corps (female) when employed in active service under the War Department or Navy Department greater protection for themselves and their dependents than is provided in Article III, the United States, upon application to the bureau and without medical examination, shall grant insurance against the death or total permanent disability of any such person in any multiple of \$500, and not less than \$1,000 or more than \$10,000, upon the payment of the premiums as hereinafter provided.

SEC. 401. That such insurance must be applied for within one hundred and twenty days after enlistment or after entrance into or employment in the active service and before discharge or resignation, except that those persons who are in the active war service at the time of the publication of the terms and conditions of such contract of insurance may apply at any time within one hundred and twenty days thereafter and while in such serv-

ice. Any person in the active service on or after the sixth day of April, nineteen hundred and seventeen, who, while in such service and before the expiration of one hundred and twenty days from and after such publication, becomes or has become totally and permanently disabled, or dies, or has died, without having applied for insurance, shall be deemed to have applied for and to have been granted insurance, payable to such person during his life in monthly installments of \$25 each. If he shall die either before he shall have received any of such monthly installments or before he shall have received two hundred and forty of such monthly installments, then \$25 per month shall be paid to his widow from the time of his death and during her widowhood, or if there is no widow surviving him, then to his child or children or if there is no child surviving him then to his mother, or if there is no mother surviving him, then to his father, if and while they survive him: *Provided, however,* That not more than two hundred and forty of such monthly installments, including those received by such person during his total and permanent disability, shall be so paid. The amount of the monthly installments shall be apportioned between children as may be provided by regulations.<sup>1</sup>

SEC. 402. That the director, subject to the general direction of the Secretary of the Treasury, shall promptly determine upon and publish the full and exact terms and conditions of such contract of insurance. The insurance shall be payable only to a spouse, child, grandchild, parent, brother, or sister, and also during total and permanent disability to the injured person, or to any or all of them. The insurance shall be payable in two hundred and forty equal monthly installments. Provisions for maturity at certain ages, for continuous installments during the life of the insured or beneficiaries, or both, for cash, loan, paid up and extended values, dividends from gains and savings, and such other provisions for the protection and advantage of and for alternative benefits to the insured and the beneficiaries as may be found to be reasonable and practicable, may be provided for in the contract of insurance, or from time to time by regulations. All calculations shall be based upon the American Experience Table of Mortality and interest at three and one-half per centum per annum, except that no deduction shall be made for continuous installments during the life of the insured in case his total and permanent disability continues more than two hundred and forty months. Subject to regulations, the insured shall at all times have the right to change the beneficiary or beneficiaries of such insurance without the consent of such beneficiary or beneficiaries, but only within the classes herein provided. If no beneficiary within the permitted class be designated by the insured, either

<sup>1</sup> Section 401, as amended, is in effect as of October 6, 1917: *Provided,* That nothing herein shall be construed to interfere with the payment of monthly installments, authorized to be made under the provisions of said section 401 as originally enacted, for the months up to and including June, 1918: *Provided further,* That all awards of automatic insurance under the provisions of said section 401 as originally enacted shall be revised as of the first day of July, 1918, in accordance with the provision of said section 401 as amended. (Extract from section 20 of Act of June 25, 1918.)



nated beneficiary does not survive the insured, the insurance in his lifetime or by his last will and testament, of if the design shall be payable to such person or persons within the permitted class of beneficiaries as would under the laws of the State of the residence of the insured be entitled to his personal property in case of intestacy. If no such person survive the insured, then there shall be paid to the estate of the insured an amount equal to the reserve value, if any, of the insurance at the time of his death, calculated on the basis of the American Experience Table of Mortality and three and one-half per centum interest in full of all obligations under the contract of insurance.

SEC. 403. That the United States shall bear the expenses of administration and the excess mortality and disability cost resulting from the hazards of war. The premium rates shall be the net rates based upon the American Experience Table of Mortality and interest at three and one-half per centum per annum.

SEC. 404. That during the period of war and thereafter until converted the insurance shall be term insurance for successive terms of one year each. Not later than five years after the date of the termination of the war as declared by proclamation of the President of the United States, the term insurance shall be converted, without medical examination, into such form or forms of insurance as may be prescribed by regulations and as the insured may request. Regulations shall provide for the right to convert into ordinary life, twenty-payment life, endowment maturing at age sixty-two and into other usual forms of insurance and shall prescribe the time and method of payment of the premiums thereon, but payments of premiums in advance shall not be required for periods of more than one month each and may be deducted from the pay or deposit of the insured or be otherwise made at his election.

SEC. 405. [This section was repealed by act of May 20, 1918. The substance is now included in Section 13.]

[PUBLIC—No. 104—66TH CONGRESS.]

[H. R. 8778]

An Act To amend and modify the War Risk Insurance Act.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the office of the Commissioner of Military and Naval Insurance and the office of the Commissioner of Marine and Seamen's Insurance created by the War Risk Insurance Act are hereby abolished and the powers and duties pertaining to such offices are hereby transferred to the Director of the Bureau of War Risk Insurance, who shall hereafter receive a salary at the rate of \$7,500 per annum. Until such time as the Secretary of the Treasury may direct otherwise, and subject to the provisions of section 9 of the War Risk Insurance Act, there shall be in the Bureau of War Risk Insurance a Division of Marine and Seamen's Insurance and a Division of Military and Naval Insurance. All laws inconsistent with this section are hereby so modified as to conform to the provisions hereof.*



SEC. 2. That paragraph (b) of the second subdivision (1) of section 22 of the War Risk Insurance Act is hereby amended to read as follows:

“(b) A child legally adopted.”

SEC. 3. That paragraph (d) of the second subdivision (1) of section 22 of the War Risk Insurance Act is hereby amended to read as follows:

“(d) An illegitimate child, but, as to the father only, if acknowledged in writing signed by him, or if he has been judicially ordered or decreed to contribute to such child's support, or has been judicially decreed to be the putative father of such child.”

SEC. 4. That section 22 of the War Risk Insurance Act is hereby amended by inserting therein immediately following subdivisions (4) and (5), respectively, two new subdivisions to be known as subdivision (4a) and subdivision (5a) and to read as follows:

“(4a) The terms ‘father’ and ‘mother’ include stepfathers and stepmothers, fathers and mothers through adoption, and persons who have stood in loco parentis to a member of the military or naval forces at any time prior to his enlistment or induction for a period of not less than one year: *Provided*, That this subdivision shall be deemed to be in effect as of October 6, 1917.”

“(5a) The terms ‘brother’ and ‘sister’ include the children of a person who, for a period of not less than one year, stood in loco parentis to a member of the military or naval forces of the United States at any time prior to his enlistment or induction, or another member of the same household as to whom such person during such period likewise stood in loco parentis: *Provided*, That this subdivision shall be deemed to be in effect as of October 6, 1917.”

SEC. 5. That section 23 of the War Risk Insurance Act is hereby amended by the edition thereto of a new paragraph to read as follows:

“If any person entitled to receive payments under this Act shall be an inmate of any asylum or hospital for the insane maintained by the United States, or by any of the several States or Territories of the United States, or any political subdivision thereof, and no guardian or curator of the property of such person shall have been appointed by competent legal authority, the director, if satisfied after due investigation that any such person is mentally incompetent, may order that all moneys payable to him or her under this Act shall be held in the Treasury of the United States to the credit of such person. All funds so held shall be disbursed under the order of the director and subject to his discretion, either to the chief executive officer of the asylum or hospital in which such person is an inmate, or to be used by such officer for the maintenance and comfort of such inmate, subject to the duty to account to the Bureau of War Risk Insurance and to repay any surplus at any time remaining in his hands in accordance with regulations to be prescribed by the director; or to the wife (or dependent husband if the inmate is a woman), minor children, and dependent parents of such inmate, in such amounts as the director shall find necessary for their support and maintenance, in the order named; or, if at any time such

inmate shall be found to be mentally competent, or shall die, or a guardian or curator of his or her estate be appointed, any balance remaining to the credit of such inmate shall be paid to such inmate, if mentally competent, and otherwise to his or her guardian, curator or personal representatives."

SEC. 6. That the provisions of section 28 of the War Risk Insurance Act shall not be construed to prohibit the assignment by any person to whom converted insurance shall be payable under Article IV of such Act of his interest in such insurance to any other member of the permitted class of beneficiaries.

SEC. 7. That a new section is hereby added to the War Risk Insurance Act, to be known as section 31, and to read as follows:

"SEC. 31. That if after induction by the local draft board, but before being accepted and enrolled for active service, the person died or became disabled as a result of disease contracted or injury suffered in the line of duty and not due to his own willful misconduct involving moral turpitude, or as a result of the aggravation, in the line of duty and not because of his own willful misconduct involving moral turpitude, of an existing disease or injury, he or those entitled thereto shall receive the benefits of compensation payable under Article III. *Provided*, That any insurance application made by a person after induction by the local draft board but before being accepted and enrolled for active service shall be deemed valid."

SEC. 8. That the second paragraph of section 204 of the War Risk Insurance Act is hereby amended to read as follows:

"The family allowance shall be paid from the time of enlistment to death in or one month after discharge from the service, but not for more than four months after the termination of the present war emergency. No family allowance shall be made for any period preceding November 1, 1917. The payment shall be subject to such regulations as may be prescribed relative to cases of desertion and imprisonment and of missing men."

SEC. 9. That a new section is hereby added to Article II of the War Risk Insurance Act, to be known as section 211, and to read as follows:

"SEC. 211. That all family allowances and allotments payable by the Bureau of War Risk Insurance under the authority of this article shall be discontinued at the end of the fourth calendar month after the termination of the present war emergency, as declared by proclamation of the President of the United States, and thereafter all allotments of pay shall be voluntary and shall be made under such regulations as may be prescribed by the Secretary of War and the Secretary of the Navy, respectively."

SEC. 10. That the second paragraph of subdivision (g) of section 301 of the War Risk Insurance Act is hereby amended to read as follows:

"If the death occur or shall have occurred subsequent to April 6, 1917, and before discharge or resignation from service, the United States shall pay for burial expenses and return of body to his home a sum not to exceed \$100, as may be fixed by regulations."

That section 301 of the War Risk Insurance Act, as amended,



shall be deemed to be in effect as of April 6, 1917: *Provided, however,* That before compensation thereunder shall be paid there shall first be deducted from said sum so to be paid the amount of any payments such person may have received by way of gratuities or payments under pension laws in force and existence between April 6, 1917, and October 6, 1917.

SEC. 10a. That section 300 of the War Risk Insurance Act is hereby amended to read as follows:

"SEC. 300. That for death or disability resulting from personal injury suffered or disease contracted in the line of duty, by any commissioned officer or enlisted man, or by any member of the Army Nurse Corps (female) or of the Navy Nurse Corps (female) when employed in the active service under the War Department or Navy Department, the United States shall pay compensation as hereinafter provided; but no compensation shall be paid if the injury or disease has been caused by his own willful misconduct: *Provided,* That for the purposes of this section said officer, enlisted man, or other member shall be held and taken to have been in sound condition when examined, accepted, and enrolled for service: *Provided further,* That this section, as amended, shall be deemed to become effective as of April 6, 1917."

SEC. 11. That section 302 of the War Risk Insurance Act is hereby amended to read as follows:

"SEC. 302. That if disability results from the injury—

"(1) If and while the disability is rated as total and temporary, the monthly compensation shall be the following amounts:

"(a) If the disabled person has neither wife nor child living, \$80.

"(b) If he has a wife but no child living, \$90.

"(c) If he has a wife and one child living, \$95.

"(d) If he has a wife and two or more children living, \$100.

"(e) If he has no wife but one child living, \$90, with \$5 for each additional child.

"(f) If he has a mother or father, either or both dependent on him for support, then, in addition to the above amounts, \$10 for each parent so dependent.

"(2) If and while the disability is rated as partial and temporary, the monthly compensation shall be a percentage of the compensation that would be payable for his total and temporary disability, equal to the degree of the reduction in earning capacity resulting from the disability, but no compensation shall be payable for a reduction in earning capacity rated at less than 10 per centum.

"(3) If and while the disability is rated as total and permanent, the rate of compensation shall be \$100 per month: *Provided, however,* That the loss of both feet, or both hands, or the sight of both eyes, or the loss of one foot and one hand, or one foot and the sight of one eye, or one hand and the sight of one eye, or becoming helpless and permanently bedridden, shall be deemed to be total, permanent disability: *Provided further,* That for double, total, permanent disability the rate of compensation shall be \$200 per month.

"(4) If and while the disability is rated as partial and perman-



ment, the monthly compensation shall be a percentage of the compensation that would be payable for his total and permanent disability equal to the degree of the reduction in earning capacity resulting from the disability, but no compensation shall be payable for a reduction in earning capacity rated at less than 10 per centum.

"A schedule of ratings of reductions in earning capacity from specific injuries or combinations of injuries of a permanent nature shall be adopted and applied by the bureau. Ratings may be as high as 100 per centum. The ratings shall be based, as far as practicable, upon the average impairments of earning capacity resulting from such injuries in civil occupations and not upon the impairment in earning capacity in each individual case, so that there shall be no reduction in the rate of compensation for individual success in overcoming the handicap of a permanent injury. The bureau in adopting the schedule of ratings of reduction in earning capacity shall consider the impairment in ability to secure employment which results from such injuries. The bureau shall from time to time readjust this schedule of ratings in accordance with actual experience.

"(5) If the disabled person is so helpless as to be in constant need of a nurse or attendant, such additional sum shall be paid, but not exceeding \$20 per month, as the director may deem reasonable.

"(6) In addition to the compensation above provided, the injured person shall be furnished by the United States such reasonable governmental medical, surgical, and hospital services and with such supplies, including wheeled chairs, artificial limbs, trusses, and similar appliances, as the director may determine to be useful and reasonably necessary, which wheeled chairs, artificial limbs, trusses, and similar appliances may be procured by the Bureau of War Risk Insurance in such manner, either by purchase or manufacture, as the director may determine to be advantageous and reasonably necessary: *Provided*, That nothing in this Act shall be construed to affect the necessary military control over any member of the military or naval establishments before he shall have been discharged from the military or naval service.

"(7) Where the disabled person and his wife are not living together, or where the children are not in the custody of the disabled person the amount of the compensation shall be apportioned as may be prescribed by regulations.

"(8) The term 'wife' as used in this section shall include 'husband' if the husband is dependent upon the wife for support.

"(9) That the Bureau of War Risk Insurance is hereby authorized to furnish transportation, also the medical, surgical, and hospital services and the supplies and appliances provided by subdivision (6) hereof, to discharged members of the military or naval forces of those Governments which have been associated in war with the United States since April 6, 1917, and come within the provisions of laws of such Governments similar to the War Risk Insurance Act, at such rates and under such regulations as the Director of the Bureau of War Risk Insurance may pre-

scribe; and the Bureau of War Risk Insurance is hereby authorized to utilize the similar services, supplies, and appliances provided for the discharged members of the military and naval forces of those Governments which have been associated in war with the United States since April 6, 1917, by the laws of such Governments similar to the War Risk Insurance Act, in furnishing the discharged members of the military and naval forces of the United States who live within the territorial limits of such Governments and come within the provisions of subdivision (6) hereof, with the services, supplies, and appliances provided for in such subdivision; and any appropriations that have been or may hereafter be made for the purpose of furnishing the services, supplies, and appliances provided for by subdivision (6) hereof are hereby made available for the payment to such Governments or their agencies for the services, supplies, and appliances so furnished at such rates and under such regulations as the Director of the Bureau of War Risk Insurance may prescribe.

"(10) That section 302 of the War Risk Insurance Act as amended shall be deemed to be in effect as of April 6, 1917: *Provided*, That any person who is now receiving a gratuity or pension under existing law shall not receive compensation under this Act unless he shall first surrender all claim to such gratuity or pension."

SEC. 12. That section 401 of the War Risk Insurance Act is hereby amended to read as follows:

"SEC. 401. That such insurance must be applied for within one hundred and twenty days after enlistment or after entrance into or employment in the active service and before discharge or resignation, except that those persons who are in the active war service at the time of the publication of the terms and conditions of such contract of insurance may apply at any time within one hundred and twenty days thereafter and while in such service: *Provided*, That any person in the active service on or after the 6th day of April, 1917, and before the 11th day of November, 1918, who while in such active service made application for insurance after the expiration of more than one hundred and twenty days after October 15, 1917, or more than one hundred and twenty days after entrance into or employment in the active service, and whose application was accepted and a policy issued thereon, and from whom premiums were collected, and who becomes or had become totally and permanently disabled, or dies or has died, shall be deemed to have made legal application for such insurance and the policy issued on such application shall be valid. Any person in the active service on or after the 6th day of April, 1917, and before the 11th day of November, 1918, who while in such service, and before the expiration of one hundred and twenty days after October 15, 1917, or one hundred and twenty days after entrance into or employment in the active service, becomes or has become totally and permanently disabled, or dies or has died, without having applied for insurance, shall be deemed to have applied for and to have been granted insurance, payable to such person during his life in monthly installments of \$25 each; and any person inducted into the service



by a local draft board after the 6th day of April, 1917, and before the 11th day of November, 1918, who, while in such service, and before being accepted and enrolled for active military or naval service, becomes or has become totally and permanently disabled, or dies or has died, without having applied for insurance, shall be deemed to have applied for and to have been granted insurance, payable to such person during his life in monthly installments of \$25 each. If he shall die either before he shall have received any of such monthly installments or before he shall have received two hundred and forty of such monthly installments, then \$25 per month shall be paid to his widow from the time of his death and during her widowhood; or if there is no widow surviving him, then to his child or children; or if there is no child surviving him, then to his mother; or if there be no mother surviving him, then to his father, if and while they survive him: *Provided, however,* That no more than two hundred and forty of such monthly installments, including those received by such person during his total and permanent disability, shall be so paid. The amount of the monthly installments shall be apportioned between children as may be provided by regulations: *Provided further,* That each officer and enlisted man attached to the United States ship "Cyclops" on the 4th day of March, 1918, and every officer and enlisted man who on said date was a passenger on said vessel shall be deemed to have been granted insurance in the sum of \$5,000 permitted under the War Risk Insurance Act."

SEC. 13. That the permitted class of beneficiaries for insurance as specified in section 402 of the War Risk Insurance Act is hereby enlarged so as to include, in addition to the persons therein enumerated, uncles, aunts, nephews, nieces, brothers-in-law and sisters-in-law of the insured. This section shall be deemed to be in effect as of October 6, 1917: *Provided,* That nothing herein shall be construed to interfere with the payment of the monthly installments authorized to be made under the provisions of said War Risk Insurance Act, as originally enacted and subsequently amended, up to and including the second calendar month after the passage of this Act: *Provided further,* That all awards of insurance under the provisions of the said War Risk Insurance Act, as originally enacted and subsequently amended, shall be revised as of the first day of the third calendar month after the passage of this Act, in accordance with the provisions of the said War Risk Insurance Act as modified by this amendatory Act.

SEC. 14. That if no person within the permitted class of beneficiaries survive the insured, then there shall be paid to the estate of the insured the monthly installments payable and applicable under the provisions of Article IV of the War Risk Insurance Act.

SEC. 15. That if any person to whom such yearly renewable term insurance has been awarded dies, or his rights are otherwise terminated after the death of the insured, but before all of the two hundred and forty monthly installments have been paid, then the monthly installments payable and applicable shall be payable to such person or persons within the permitted class



of beneficiaries as would, under the laws of the State of residence of the insured, be entitled to his personal property in case of intestacy; and if the permitted class of beneficiaries be exhausted before all of the two hundred and forty monthly installments have been paid, then there shall be paid to the estate of the last surviving person within the permitted class the remaining unpaid monthly installments.

SEC. 16. That if no beneficiary within the permitted class be designated by the insured as beneficiary for converted insurance, granted under the provisions of Article IV of the War Risk Insurance Act either in his lifetime or by his last will and testament, or if the designated beneficiary does not survive the insured, then there shall be paid to the estate of the insured the remaining unpaid monthly installments; or if the designated beneficiary survives the insured and dies before receiving all of the installments of converted insurance payable and applicable, then there shall be paid to the estate of such beneficiary the remaining unpaid monthly installments.

SEC. 17. That the Bureau of War Risk Insurance may make provision in the contract for converted insurance for optional settlements, to be selected by the insured, whereby such insurance may be made payable either in one sum or in installments for thirty-six months or more. The bureau may also include in said contract a provision authorizing the beneficiary to elect to receive payment of the insurance in installments for thirty-six months or more, but only if the insured has not exercised the right of election as hereinbefore provided; and even though the insured may have exercised his right of election the said contract may authorize the beneficiary to elect to receive such insurance in installments spread over a greater period of time than that selected by the insured.

SEC. 18. That all premiums paid on account of insurance converted under the provisions of Article IV of the War Risk Insurance Act shall be deposited and covered into the Treasury to the credit of the United States Government life insurance fund and shall be available for the payment of losses, dividends, refunds, and other benefits provided for under such insurance. Payments from this fund shall be made upon and in accordance with awards by the director.

The Bureau of War Risk Insurance is hereby authorized to set aside out of the fund so collected such reserve funds as may be required, under accepted actuarial principles, to meet all liabilities under such insurance; and the Secretary of the Treasury is hereby authorized to invest and reinvest the said United States Government life insurance fund, or any part thereof, in interest-bearing obligations of the United States and to sell the obligations for the purposes of the said fund.

SEC. 19. That the amount of the monthly installments of allotment and family allowance, compensation, or yearly renewable term insurance which has become payable under the provisions of the War Risk Insurance Act but which has not been paid prior

to the death of the person entitled to receive the same may be payable to the personal representatives of the deceased person.

Approved, December 24, 1919.

[PUBLIC—No. 326—65TH CONGRESS.]

[H. R. 13026]

An Act To authorize the Secretary of the Treasury to provide hospital and sanatorium facilities for discharged sick and disabled soldiers, sailors, and marines.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress Assembled*, That the secretary of the Treasury be, and he is hereby, authorized to provide immediate additional hospital and sanatorium facilities for the care and treatment of discharged sick and disabled soldiers, sailors, and marines, Army and Navy nurses (male and female), patients of the War Risk Insurance Bureau, and the following persons only: Merchant Marine seamen, seamen on boats of the Mississippi River Commission, officers and enlisted men of the United States Coast Guard, officers and employees of the Public Health Service, certain keepers and assistant keepers of the United States Lighthouse Service, seamen of the Engineer Corps of the United States Army, officers and enlisted man of the United States Coast and Geodetic Survey, civilian employees entitled to treatment under the United States Employees' Compensation Act, and employees on Army transports not officers or enlisted men of the Army, now entitled by law to treatment by the Public Health Service.

SEC. 2. There are hereby permanently transferred to the Treasury Department for the use of the Public Health Service for hospital or sanatoria or other uses the following properties, with their present equipment, including sites and leases, or so much thereof as may be required by the Public Health Service, including mechanical equipment in connection therewith, and approaches thereto, with authority to lease or purchase sites not owned by the Government, as follows: Hospitals, with such other buildings and land as may be required, at Camp Cody (New Mexico), Camp Hancock (Georgia), Camp Joseph E. Johnston (Florida), Camp Beauregard (Louisiana), Camp Logan (Texas), Camp Fremont (California), and nitrate plant Perryville (Maryland), and such hospitals, with other necessary buildings, hereafter vacated by the War Department, as may be required and found suitable for the needs of the Public Health Service for hospital and sanatoria purposes. And for the purpose of such remodeling of or additions to the above-named plants as may be required to adapt them to the needs and uses of the Public Health Service, the sum of \$750,000 is hereby authorized.

SEC. 3. The Secretary of War is hereby authorized and directed to transfer without charge to the Secretary of the Treasury for the use of the Public Health Service such hospital furniture and equipment, including hospital and medical supplies, motor trucks, and other motor-driven vehicles, in good condition, not required



by the War Department, as may be required by the Public Health Service for its hospitals, and the President is authorized to direct the transfer to the Treasury Department of the use of such lands or parts of lands, buildings, fixtures, appliances, furnishings, or furniture under the control of any department of the Government not required for the purposes of such department and suitable for the uses of the Public Health Service.

SEC. 4. So much of the Battle Mountain Sanatorium at Hot Springs, South Dakota, the National Home for Disabled Volunteer Soldiers, with its present equipment, as is not required for the purposes for which these facilities were provided, is hereby made available for the use of the Public Health Service for a period of five years from the approval of this Act, unless sooner released by the Surgeon General of the Public Health Service.

SEC. 5. The Secretary of the Treasury is hereby authorized to contract with any existing hospital or sanatorium, by lease or otherwise, for immediate use, in whole or in part, of their present facilities, so as to provide bed capacity and facilities for not exceeding one thousand patients, and for such purposes the sum of \$300,000 is hereby authorized.

SEC. 6. The Secretary of the Treasury is hereby authorized, if in his judgment the same will be for the best interests of the Government from the standpoint of cost, location, and of the emergency needs of the Public Health Service, to purchase the site, buildings, and hospital facilities and appurtenances, at Corpus Christi, Texas, known as General Hospital Numbered 15, and for such purpose the sum of \$150,000 is hereby authorized.

The sum of \$1,500,000 is hereby authorized to be held as an emergency fund for the purchase of land and buildings suitable for hospital and sanatoria purposes, which the Secretary of the Treasury is hereby authorized to select and locate, and to make additions and improvements suitable to adapt them to the uses of the United States Public Health Service, if in his judgment the emergency requires it.

SEC. 7. By the construction of new hospitals and sanatoria, to include the necessary buildings with their appropriate mechanical and other equipment and approach work, including roads, leading thereto, for the accommodation of patients, officers, nurses, attendants, storage, laundries, vehicles, and live stock on sites now owned by the Government, or on new sites to be acquired by purchase or otherwise, at the places hereinafter named: *Provided*, That if the Secretary of the Treasury shall make a finding that any hospital project hereinafter specifically authorized is not to the best interest of the Government from the standpoint of cost and location, and of the emergency needs of the Public Health Service, he is hereby authorized to reject such project or projects and to locate, construct, or acquire hospitals at such other locations as would best subserve the interest of the Government and the emergency needs of the Public Health Service within the limits of costs of such authorization.

a. At Cook County, Illinois, by taking over the land and executing the contract for the construction thereon of hospital buildings specified therein of a certain proposed contract executed by the



Shank Company, August thirty-first, nineteen hundred and eighteen, and in accordance with such contract and the plans and specifications, identified in connection therewith August thirty-first, nineteen hundred and eighteen, by the signature and initials of Brigadier General R. C. Marshall, junior, Construction Division, Quartermaster Department, United States Army, by Lieutenant Colonel C. C. Wright, and the Shank Company, by George H. Shank, president, at the cost stated therein, namely, \$2,500,000, with such changes in said plans and specifications as may be required by the Secretary of the Treasury to adapt said specified buildings to the needs and purposes of the Public Health Service, at a total limit of cost not to exceed \$3,000,000.

b. In carrying the foregoing authorization into effect, the Secretary of the Treasury is authorized to execute the contract with The Shank Company hereinbefore specified, with such verbal changes as are made necessary by a change in the contracting officers, and to assume all obligations in said contract contained, and to purchase materials and labor in the open market, or otherwise, and to employ laborers and mechanics for the construction of such buildings and their equipment as in his judgment shall best meet the public exigencies, within the limits of cost herein authorized.

c. At Dawson Springs, Kentucky, on land to be acquired by gift, the necessary buildings for a sanatorium having a capacity of not less than five hundred beds. The sum of \$1,500,000 is hereby authorized for the construction of such sanatorium.

d. The sum of \$900,000 is hereby authorized for the construction, including site, of a hospital plant complete at Norfolk, Virginia.

e. The sum of \$550,000 is hereby authorized for the construction, on land owned by the Government, on a site to be selected by the Secretary of the Treasury with the approval of the President, of a hospital plant complete in the District of Columbia or vicinity.

f. The sum of \$190,000 is hereby authorized for additional hospital accommodations, including such minor alteration in and remodeling of existing and authorized buildings as may be necessary to economically adapt them to the additional accommodations herein authorized for the Marine Hospital at Stapleton, Staten Island, New York, the sum appropriated for additions to said hospital by the Act approved March twenty-eighth, nineteen hundred and eighteen, is authorized to be expended in full without the construction of psychiatric units.

SEC. 8. In carrying the foregoing authorization into effect, all new construction work herein authorized shall, as feasible, be of fire resisting character, and the Secretary of the Treasury is authorized to enter into contracts for the construction, equipment, and so forth, of such buildings on Government owned lands, or lands acquired for such purpose, to purchase materials and labor in the open market, or otherwise, and to employ laborers and mechanics for the construction of such buildings and their equipment as in his judgment shall best meet the public exigencies, within the limits of cost herein authorized.

SEC. 9. For the purpose of carrying the foregoing authorization into effect, there is hereby appropriated, out of any moneys in the Treasury not otherwise appropriated, to be immediately available and remain available until expended, the sum of \$8,840,000, and for furniture and equipment not otherwise provided for, the sum of \$210,000; in all, \$9,050,000.

SEC. 10. And the Secretary of the Treasury is hereby authorized, in his discretion, to employ, for service within or without the District of Columbia, without regard to civil-service laws, rules, and regulations, and to pay from the sums hereby authorized and appropriated for construction purposes, at customary rates of compensation, such additional technical and clerical services as may be necessary, exclusively to aid in the preparation of the drawings and specifications for the above-named objects and supervision of the execution thereof for traveling expenses, and printing incident thereto, at a total limit of cost for such additional technical and clerical services and traveling expenses, and so forth, of not exceeding \$210,000 of the above-named limit of cost. All of the above-mentioned work shall be under the direction and supervision of the Surgeon General of the Public Health Service, subject to the approval of the Secretary of the Treasury.

SEC. 11. There is hereby appropriated, out of the moneys in the Treasury not otherwise appropriated, for necessary personnel, including regular and reserve commissioned officers of the Public Health Service and clerical help in the District of Columbia and elsewhere, and maintenance, hospital supplies and equipment, leases, fuel, lights, and water, and freight, transportation, and travel, and reasonable burial expenses (not exceeding \$100 for any patient dying in hospital), \$785,333 for the fiscal year ending June thirtieth, nineteen hundred and nineteen.

Approved March 3, 1919.

[PUBLIC—No. 384—66TH CONGRESS.]

[H. R. 15894]

An Act Providing additional hospital facilities for patients of the Bureau of War Risk Insurance and of the Federal Board for Vocational Education, Division of Rehabilitation, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the Secretary of the Treasury is authorized, within the limits of appropriations made herein, to provide additional hospital and out-patient dispensary facilities for persons who served in the World War and are now or hereafter may be patients of the Bureau of War Risk Insurance or of the Federal Board for Vocational Education, Division of Rehabilitation, (1) by purchase, gift, or lease of existing plants, (2) by construction on sites now owned by the Government or on sites to be acquired, when approved by the President, by purchase, condemnation, gift, or otherwise, or (3) by such remodeling or extension of existing plants and their equipment, owned or acquired by the United States at places now being used or that have been used by the Public Health Service for hospital purposes, as may be necessary economically to adapt



such plants to the uses and purposes herein provided. Such hospitals and out-patient dispensary facilities shall include the necessary buildings, and auxiliary structures, mechanical equipment, approach work, roads and trackage facilities thereto, vehicles, livestock, furniture, equipment and accessories and also shall provide accommodations for officers, nurses, and attending personnel, and the Secretary of the Treasury is authorized to accept gifts or donations for any of the purposes named herein;

The Secretary of the War is authorized and directed to transfer without charge to the Secretary of the Treasury for the use of the Public Health Service such mechanical, construction, and miscellaneous material, hospital furniture and equipment, hospital and medical supplies, motor trucks and other motor-driven vehicles, not required by the War Department, as may be required by the Public Health Service for its hospitals;

The Secretary of the Treasury is authorized in his discretion to employ technical and clerical assistants within or without the District of Columbia, without regard to civil-service laws, rules, and regulations, and to pay from the sum herein appropriated for construction purposes, at customary rates of compensation, exclusively to aid in the preparation of the plans and specifications for the above-named objects and for the supervision of the execution thereof, and for traveling expenses, field-office equipment, and supplies, commercial printing in or out of the District of Columbia, incident thereto, at a total limit of cost for such additional technical and clerical assistants and traveling expenses, and so forth, of not exceeding 3 per centum of the limit of cost for construction: *Provided*, That all of the above-mentioned work shall be under the direction and supervision of the Secretary of the Treasury;

In carrying out the purposes herein authorized the President is authorized and empowered, in his discretion, to assign for use of the Public Health Service, under the jurisdiction of the Secretary of the Treasury, such lands or buildings now owned or leased by the United States, not including property under the jurisdiction of the National Home for Disabled Volunteer Soldiers, which, in his judgment, can be used more efficiently for the care of patients of the Bureau of War Risk Insurance; and the Secretary of the Treasury is authorized and directed to take over immediately Fort Mackenzie, Wyoming, Fort Walla Walla, Washington, and Fort Logan H. Roots, Arkansas, with all lands, buildings, and equipment belonging thereto for the uses contemplated herein and to expend from the appropriation in the following paragraph not to exceed \$600,000 at Forts Mackenzie and Walla Walla, and not to exceed \$250,000 at Fort Logan H. Roots, for providing and increasing hospital facilities thereat;

For carrying into effect the preceding paragraphs relating to additional hospital facilities there is hereby appropriated out of any money in the Treasury not otherwise appropriated, the sum of \$18,600,000, to be immediately available and to remain available until expended, of which sum not to exceed \$6,100,000 shall be used for remodeling or extending existing plants.

Approved, March 4, 1921.





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