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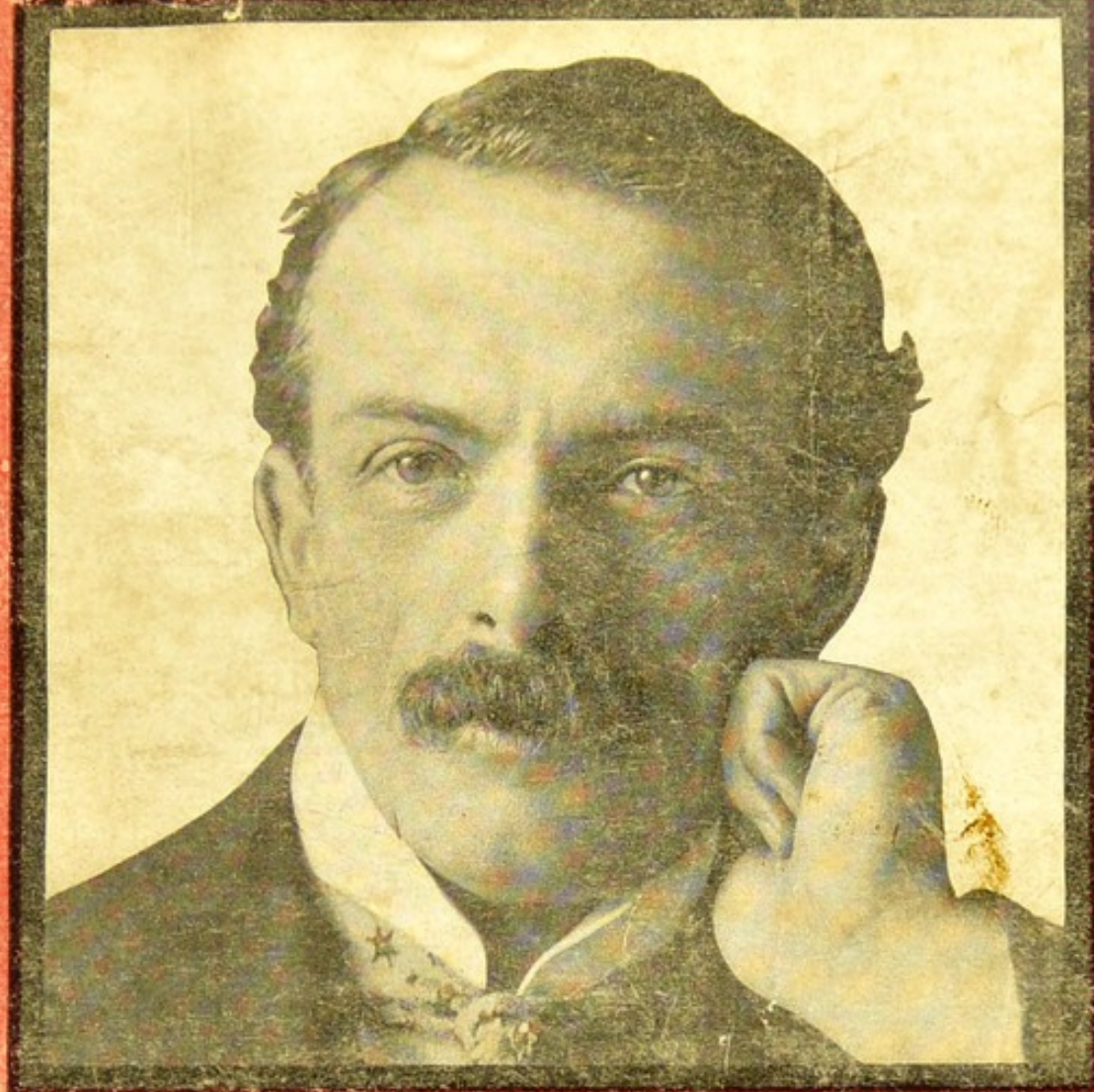
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SECOND EDITION



REVISED TO DATE

Photo Reginald Haines

**THE
PEOPLE'S
INSURANCE**

**EXPLAINED BY
THE RIGHT HONOURABLE**

D. LLOYD GEORGE. M.P.

HODDER & STOUGHTON, LONDON

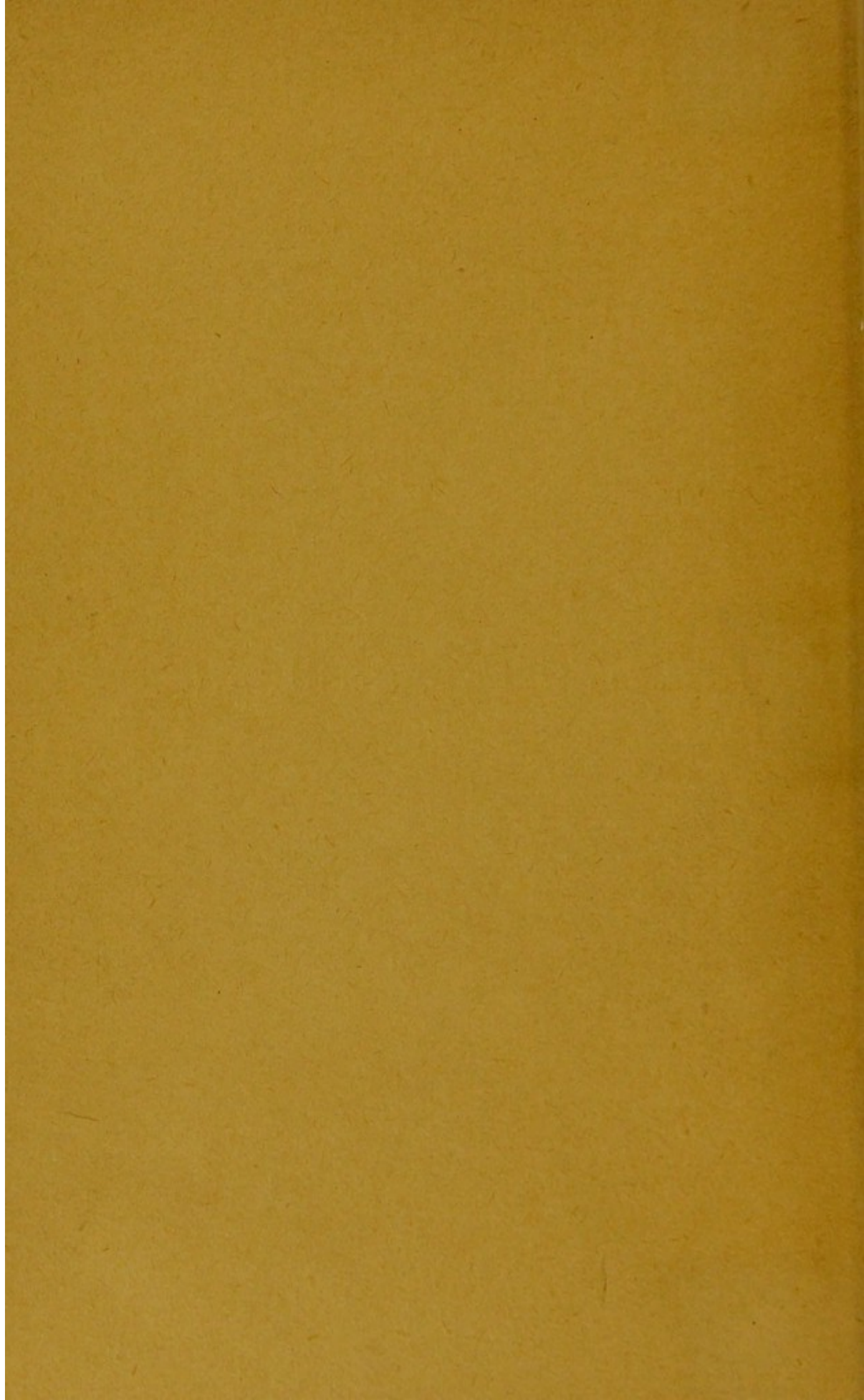
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THE PEOPLE'S INSURANCE



PEOPLE'S INSURANCE

Explained by

THE CHANCELLOR OF THE EXCHEQUER

THE RIGHT HON. DAVID LLOYD GEORGE,

P.C., D.C.L., LL.D. (Wales), M.P.

NEW EDITION, CONTAINING THE TEXT OF THE INSURANCE BILL
AS AMENDED IN THE HOUSE OF COMMONS

"It will be a great Christmas Gift to the people for an Act of Parliament to receive the Royal Assent which will guarantee them in the future against the anxieties, the destitution, the despair, that follow sickness in the household."—Mr. LLOYD GEORGE *speaking on the Insurance Bill in Holborn Hall, October 20th, 1911.*

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*65/4429



16th December, 1911.

THE Royal Assent has to-day been given to the National Insurance Act. Parliament has played its part with courage and conviction, but the greater work yet remains. It now rests with others to make the scheme a living force in the lives of the people. I am confident that clouds of prejudice and misrepresentation will be dispelled by experience, and that in the great struggle against sickness and suffering, destitution and disease, in which it is my proud privilege to have taken some part, there will not be lacking either the public spirited co-operation of all good citizens or the loyal appreciation of those millions into whose dark homes some sunshine will be brought. I have no doubt of the verdict of the future.

D. LLOYD GEORGE.



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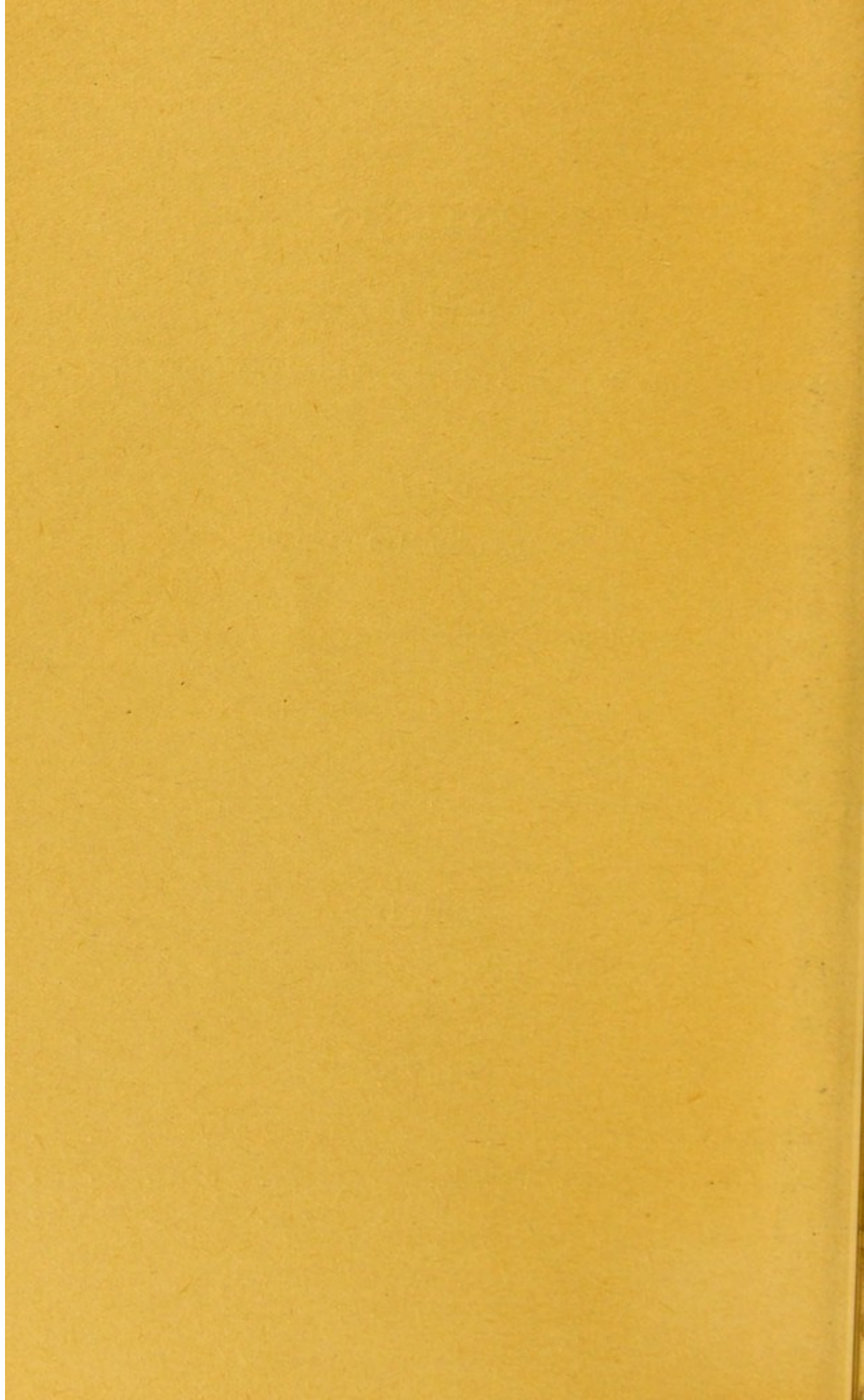
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THE REASONS FOR THE BILL AND AN
OUTLINE OF ITS PROVISIONS

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

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

PART I

THE REASONS FOR THE BILL AND AN OUTLINE OF ITS PROVISIONS

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

Thirty per cent. of Pauperism attributable to Sickness

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

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

The Present Insurance and the Working Classes

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

Against Death

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

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

Against Sickness

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

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

Against Unemployment

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

That is the provision made at the present moment by the working classes: 42,000,000 policies against death, about 6,100,000 who have made some kind of provision against sickness, and 1,400,000 who have made some provision against unemployment.

Why the Government is taking Action

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

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

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

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

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

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

(1) Low Wages

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

(2) Difficulty of keeping up Premiums

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

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

Wages Spent in Other Ways

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

Two Hundred and Fifty Thousand Lapses a Year

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

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

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

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

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

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

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

The Plan of the Government for Sickness

I come at once to the plan of the Government.

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

The Compulsory Clauses

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

Exceptions from Compulsory Clauses—

(a) Special Provision for Soldiers and Sailors

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

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

(d) Commission Agents

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

(e) Casual Labour

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

(f) Golf Caddies

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

(g) Waiters

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

(h) Cab Drivers

Cab drivers are another class we propose to include.

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

(b) Teachers

The same thing applies to the teachers, and I hope to be able, with the assistance of my right hon. friend the President of the Board of Education, to largely strengthen their present position. I think their provision is very inadequate, and, compared with the provision made in other countries, I think a very paltry allowance is made for their superannuation. I think the Irish case is a very bad case.

I have had a number of Irish teachers before me, and some of them told me that they were getting about £1 a week. There are about 300 of them in the workhouses. They are doing their work for the Empire under very trying conditions, and I shall certainly consider it the duty of the Government, in any scheme of superannuation, to include the Irish teachers as well.

(c) People Employed under the Crown or Municipalities

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

The Amount of Contribution

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

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

The German Plan

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

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

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

In Germany, Benefits to Lower Classes very Small

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

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

Government Plan—One Scale for all Classes

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

Now comes the difficulty of the man

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

2/6 a Day or less, 3d. a Week

2/- " " 2d. "

1/6 " " 1d. "

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

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

The Difference Paid by Employer who Profits by Cheap Labour

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

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

Are Men of all Ages to be Included?

There is another difficulty. Are we going to include in the benefits of the

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

A Uniform Rate Charged

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

After 15½ Years, Increasing Benefits

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

Men Over 50

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

Men Over 65

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

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

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

Men who come in at 16 and after 16

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

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

So much for the contribution by the employee.

The Employer's Contribution

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

German Employers' Experience of Insurance

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

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

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

Another great employer of labour says:—

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

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

What the German Employer Pays

What does he pay for sickness and invalidity insurance? He pays for a 30s. a week man 7½d. For a 24s. a week man the employer would pay 5½d. and for an 18s. a week man he pays 4½d. When it goes down below that the contribution is very much lower, and the benefits are very poor.

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

The State's Contribution

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

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

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

How the Difficulties of Workmen are met

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

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

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

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

No Deductions from Benefits when a Man is Sick

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

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

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

Now I come to unemployment.

How the Workman Pays during Sickness and Unemployment

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

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

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

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

The Voluntary Contributors

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

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

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

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

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

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

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

An Age Limit for the Voluntary Class

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

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

Married Women who are not Workers

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

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

The Estimated Figures of Compulsory and Voluntary Contributors

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

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

Deduction in case of Young Persons

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

Totals of Contributors

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

Benefits—(1) Medical Relief

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

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

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

How the Doctor Fails to get Paid

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

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

Present Proposals Pay the Doctor's Bill

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

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

Doctors and their Relations with the Friendly Societies

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

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

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

Expense of Certain Drugs

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

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

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

Separation of Drugs from Doctor's Attendance Charges

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

Improvement in Standard of Payment to Doctors

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

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

Maternity Benefits

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

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

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

Proposals as to Suppression of Consumption

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

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

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

Prevalency of the Disease

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

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

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

Annual Number of Deaths from Consumption

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

Possibility of Stamping Out the Disease

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

Provision in Germany, Great Britain and Ireland compared

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

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

Proposals of the Bill

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

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

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

Maintenance of Sanatoria

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

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

Not an Additional Contribution, but a Benefit

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

Sick Allowance

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

Duration of Grant

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

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

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

Grant for Women

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

Waiting Period of Six Months

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

Allowance Conditional on Strict Obedience to Doctor's Orders

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

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

The Case of Illness Due to Contributor's Own Misconduct

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

Exceptions to the General Rule

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

Scheme to Check Malingering

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

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

Over-age Benefits

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

Under-age Benefits

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

An HON. MEMBER: Is that for girls also?

Mr. LLOYD GEORGE: Oh, yes. After paying for the doctor, after paying for the sanatorium, after paying maternity benefit, after paying 10s. a week and 5s. sick allowance, and 7s. 6d. for women, there will be left a balance of £1,750,000 in the hands of those who

administer the funds. That is the actuarial calculation.

Alternative Benefits

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

Additional Benefits

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

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

Medical Treatment

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

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

Increase in Sickness Benefit

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

Collection

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

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

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

Benefits to be Distributed through Friendly Societies

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

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

Definition of an "Approved" Society

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

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

Necessity for Local Committees

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

No Interference with Funds or Management of the Societies

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

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

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

Nature of Various Societies not Altered

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

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

The Trade Unions

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

Societies have Powers to Expel Undesirables

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

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

The Age Question

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

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

Adjustment Suggested

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

Valuation

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

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

The Valuation of a Society with Branches

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

Inducements for Economical Administration of Branches

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

Course to be Taken in Case of Deficiency

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

The Real Check on Malingering

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

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

Scheme for those who will not join Societies

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

The Post Office Contributors

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

Distribution of the Funds

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

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

No Inducement to become a Post Office Contributor

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

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

Administration of the Fund

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

County Health Committees

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

Administration of Sanatorium Funds

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

Possible Agreement by Society with County Health Committee for Medical Work

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

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

A Further Power as Regards Medical Benefits or Sanatoria

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

A Check on the County Health Committee

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

Recommendations in Regard to Questions of Public Health

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

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

Lectures, etc.

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

Powers in Cases of Excessive Sickness

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

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

Inquiries into Cause of Excessive Sickness

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

Finance of the Scheme

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

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

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

Unemployment Insurance

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

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

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

Possibility of Foreseeing Periods of Unemployment

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

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

The Effort made by the Trades Unions

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

Unsuccessful Experiments on the Continent

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

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

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

Two Groups of Trades taken in the Bill

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

Unemployment Distress Allowance

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

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

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

Proposals as to Amounts to be Paid by Workman and Employer

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

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

Benefits

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

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

Distress Fund

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

Method of Working

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

Those Excluded from Sharing in Distress Fund

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

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

Case of Trade Unions

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

Particulars of Methods of Payment of Benefits

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

We also propose that where there is

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

Other Trades may apply for inclusion under the Scheme

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

Finance of Present Scheme

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

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

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

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

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

Number Benefited

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

Proposals at least a Partial Remedy

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

Not a Party Measure

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

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

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

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

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

THE SCHEME OF THE BILL

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

*Some of the points enumerated need to be read in the light of the Amendments
since introduced.*

PART II

THE SCHEME OF THE BILL

A.—INSURANCE AGAINST SICKNESS

I. THE OBJECTS OF THE SCHEME.

To effect Insurance against Sickness and Breakdown

To act as a Measure for the Reduction of Sickness

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

Points of Difference from the German Scheme:—

(1) Administration by Friendly Societies

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

It is proposed that under proper safeguards the administration of the

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

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

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

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

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

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

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

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

(4) Other Points of Difference

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

There are other points of variation, notably in the measure of control given to the workmen, which will appear

later on. Another paper is being circulated to give particulars of the German insurance.

2. THE SCOPE OF THE SCHEME.

Bill will Extend to Whole of U.K.

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

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

Classes of Persons Compulsorily Included

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

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

Exceptions to the Compulsory Inclusions

It will not extend to—

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

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

(3) Wives employed by husbands.

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

(5) Casual domestic employment.

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

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

Case of Soldiers and Sailors

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

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

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

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

Responsibility of Employers

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

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

Case of Occasional Employment

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

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

3. THE CONTRIBUTIONS.

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

Rates of Contributions

The rates for employed persons will be uniform—

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

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

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

The State's Contribution

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

Variations in Apportionment of Rates

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

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

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

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

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

Voluntary Insurances

Persons who are entitled to insure voluntarily, and who are under the age of 45 at the commencement of the scheme, will be given six months to join the insurance on paying 7*d.* (if men), 6*d.* (if women). Such persons if

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

4. THE BENEFITS.

Minimum Benefits :—

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

The minimum benefits will comprise—

(1) Medical Attendance

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

(2) Sanatorium Fund

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

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

(3) Sickness Benefits

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

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

(4) Maternity Insurance

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

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

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

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

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

Margin of 10 Per Cent. Profit Anticipated

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

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

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

Application of the Margin

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

Additional Benefits

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

(1) Free Medical Attendance

(1) Free medical attendance for dependants.

(2) Benevolent Fund

(2) Benevolent fund for distressed members.

(3) Extension of Sick-pay Period

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

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

(4) Convalescent Allowance

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

(5) "Pocket Money"

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

(6) Additional Invalidity or Superannuation Benefit

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

(7) Extension of Maternity Benefit

(7) An extension of the maternity benefit.

Reduced Benefits in Certain Cases

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

Conditions under which Benefits will be Payable

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

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

Particulars as to Benefits—(1) Medical Attendance

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

(2) Sanatoria

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

(3) Sickness Benefits

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

(a) Notice

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

(b) Date of Commencement of Sick Pay

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

(c) Proof of Sickness

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

(d) Doctors' Certificates

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

(e) Behaviour of Patients

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

(f) Waiting Period

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

(g) Refusals of Sick Pay

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

(h) Recurrence of Illness

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

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

(i) Fines for Offences

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

(j) Advances on Compensations

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

Actions at Law by Societies against Individual Members

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

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

Maternity Benefit

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

Non-assignment of Benefits.

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

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

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

Societies and Convalescent Homes

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

authorised to grant subscriptions, at their discretion, to hospitals and other charities, and to district nurses.

As regards Women.

Women, Marriage, and Employment

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

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

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

The following rules are necessary :—

Rules—(1) Evidence of Regular Employment

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

(2) For Voluntary Members who become Employed

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

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

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

(a) Sickness

Non-payment due to sickness will be disregarded.

(b) Unemployment

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

(c) Voluntary Members

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

(d) Members in Arrear

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

Persons who Enter or Re-enter Late in Life

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

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

Exception with Persons Educated after 16

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

5. THE MACHINERY FOR THE DISTRIBUTION OF BENEFITS.

The machinery will consist of—

(A)—Approved societies.

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

(A)—APPROVED SOCIETIES.

The conditions of approval comprise :—

Conditions of Approval

(1) Absolute self-government.

(2) Not working for a profit.

(3) Election of all committees, representatives, &c., by the members in accordance with rules approved by the insurance office or regulations drawn up under the Act.

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

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

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

(7) Keeping separate accounts for the State scheme.

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

Open to any Society Satisfying Conditions to become Approved

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

Ability of Friendly Societies and Trades Unions to become Approved

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

Particulars as to Minimum Number of Insured Persons

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

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

Societies which Join an Association

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

Local as well as Central Control

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

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

Places of Meeting

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

Giving Security

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

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

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

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

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

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

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

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

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

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

Special Provisions re Superannuation Funds established by Employers.

All Requirements of Acts (with one exception) will apply

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

Employers' Deductions

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

Members' Votes on Modifications of Existing Rules

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

Employers' Representation

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

Membership of Societies.

Transfers between Societies

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

Expulsion of Members

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

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

Management Expenses.

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

*Emigrants.***Reciprocity Agreements**

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

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

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

Equalising Societies as between Societies accepting Members of Different Ages.

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

Reconstitution of Societies not Proposed

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

(1) For the purpose of the State valuation.

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

This has been effected in the following way :—

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

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

The Working of the Paper Debt

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

Reasons for Imposition of Age Limit

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

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

Increased Benefits to Youth after a Certain Period has Elapsed

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

The 3 per cent. Basis

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

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

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

A Like Principle in Dealing with Associations

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

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

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

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

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

(b) A reduction of the temporary sickness benefit.

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

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

Proceedings if such Society is Member of an Association

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

Powers of the Insurance Office as regards Societies with Deficit

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

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

*Excessive Sickness in Certain Trades,
&c.*

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

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

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

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

Excessive Sickness in any Locality.

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

New Societies, Secessions, &c.

Power of Opening New Branches

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

Conditions for Formation of new Societies

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

Conditions for Dissolution of Approved Societies

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

Secessions from Orders and Associations.

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

Withdrawal of Approval.

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

(B)—THE POST OFFICE DEPOSIT INSURANCE.

Applies to Persons not belonging to a Society

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

Method of Insurance through Post Office

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

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

Lapses or forfeits will occur by the member dying.

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

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

THE LOCAL HEALTH COMMITTEE.

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

Formation of Local Sub-Committees of Health

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

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

(2) Of persons nominated by the approved societies.

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

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

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

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

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

Duties of Committees in Ireland

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

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

Duties.

(1) Medical

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

(2) Sanatoria

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

(3) Public Health

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

Insanitary Housing Conditions

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

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

The power given to Health Committees to protect their members in

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

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

(4) Lectures, etc., on Public Health

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

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

Transfer of Medical Attendance to Health Committee.

Present Unsatisfactory Condition of Medical Relief under Friendly Societies

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

Correction in respect of Payment for Drugs

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

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

Optional Handing Over by Societies of Medical Relief to Health Committee

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

Inspection of Societies' Medical Relief

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

Income.

This will consist of:—

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

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

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

member per annum towards the administrative expenses of the Committee.

Provision for Research

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

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

6. COLLECTION OF CONTRIBUTIONS.

The system to be provided for is as follows :—

Duties of the Employer

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

Method of Payment of Contributions

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

Method in respect of Casual Trades

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

Penalties

The following penalties will be provided for :—

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

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

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

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

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

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

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

Card remains Property of Employee

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

Provisions for Casual Labour

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

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

The Purpose of the Cards

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

MISCELLANEOUS QUESTIONS.

(a) The Committee

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

(b) Double Insurance

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

(c) Inspection, Insurance Office, etc.

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

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

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

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

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

(e) Out-door Relief

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

(f) Ejectment, etc.

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

Extension of Period of Protection in case of Sickness

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

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

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

B.—EXPLANATORY MEMORANDUM WITH REGARD TO UNEMPLOYMENT.

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

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

The scheme applies compulsorily to all workmen, skilled or unskilled, organised or unorganised, in building, construction of works, shipbuilding, engineering, and construction of vehicles (Sixth Schedule). That is to say, on the one hand, all workmen and their employers are liable to contribute to an unemployment fund in respect of employment in these trades, and, on the other hand, all workmen who have thus contributed are entitled when unemployed to certain payments from the fund. The definition of the term "workman" is such as to exclude foremen and clerks as well as all persons under 18 years of age (Clause 81 (1)), and power is given to the Board of Trade by regulations to define more exactly than can be done in the Sixth Schedule the precise scope of the scheme (Clause 67 (1) (a)). Workmen under the Crown, unless they are established, *i.e.*, pensionable, are included, but power is taken to adapt the provisions of the scheme to their special circumstances (Clause 81 (2)).

Method of Collection of Contributions

The income of the unemployment fund (Clause 68) is raised by contributions from workmen, employers, and the State (Clause 61). The workman's

contribution is $2\frac{1}{2}d.$ for each period of employment of a week or less, and the employer's contribution is also $2\frac{1}{2}d.$ for each period of employment of a week or less, subject to the provision for compounding described below (Eighth Schedule). The State contribution to the unemployment fund is one-third of the total contributions from workmen and employers (Clause 61 (5)). The State is responsible in the first instance for the cost of administration, but 10 per cent. of the income of the unemployment fund will be paid over in aid of administrative expenditure (Clause 65). The workman's and employer's contribution will, as a rule, be paid together by the employer's purchasing a special insurance stamp and affixing it to an insurance book carried by the workman. That is to say, it will in general be illegal to employ any workman in the insured trades without obtaining from him an insurance book and without affixing thereto week by week a $5d.$ stamp to represent the joint contribution. An employer who has affixed a stamp in this way will be entitled to deduct half the value of the stamp from the workman's wages (Clause 61 (3)). No contributions are required while the workman is unemployed for any cause.

The benefit provided consists of weekly payments to the workman whilst unemployed provided that he fulfils certain statutory conditions and is free of certain disqualifications (Clause 60).

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

have made application for benefit in the prescribed manner and have been continuously unemployed since the date of application, should be capable of work and unable to obtain suitable employment, and should not have exhausted his right to benefit (Clause 62).

Conditions under which Benefit is Withheld

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

- (a) If he has lost employment through a strike or lock-out, for so long as the strike or lock-out continues;
 - (b) if he has lost employment through misconduct or has voluntarily left employment without just cause, for six weeks from the date of losing or leaving employment;
 - (c) if he has been imprisoned, for a period of six weeks after leaving prison;
 - (d) while he is an inmate of any public institution;
 - (e) while he is resident temporarily or permanently outside the United Kingdom.
- (Clause 63.)

Amount and Duration of Benefit

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

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

Variations in Rates of Benefit

The rates and periods of benefit mentioned above are those proposed in the first instance. Power is given, however, to the Board of Trade by regulation to vary the rates within certain limits (*viz.*, 6s. and 8s. per week), and, if necessary, to reduce the period below 15 weeks. For larger variation in the rates, or for an extension of the period, or change in the proportion which total benefits may bear to total contributions, more elaborate procedure, involving a public inquiry and hearing of objections, is required, on the lines of the procedure for making special orders under the Factory Acts (Clause 78 and Ninth Schedule). All such changes may relate either to the insured trades as a whole or to any single trade or branch thereof.

Administration of the Scheme

The administration of the scheme will take place principally through the Labour Exchanges. That is to say, a workman leaving employment will take his insurance book duly stamped to date to the nearest Exchange and lodge it and claim benefit. The decision as to how much benefit, if any, he may draw will be made by a statutory officer known as an "Insurance Officer" (Clause 64 (1)). The workman will be entitled to receive such benefit as the insurance officer allows, subject to his remaining unemployed and continuing to sign the register daily during working hours.

Court of Referees

If the workman is dissatisfied with the decision of the insurance officer in any case, he will have a right of appealing to a Court of Referees (Clause 64 (1) (a)), consisting of one or more members from a panel of persons chosen to represent workmen, with an impartial chairman (Clause 66). It is contemplated that Courts of Referees should sit in convenient centres once a week, and should deal each week with the whole of the appeals, so that there should be no delay in deciding cases. No charge will be made to the workman for appealing to a Court of Referees, and if sent for to attend he will receive travelling expenses (Clause 66 (5)). If the Court of Referees and the insurance officer are in agreement on any case, their decision will be final; if they differ, there will be a further appeal to an umpire appointed by the Board of Trade, whose decision will be final and conclusive (Clause 64 (1) (a)). The appeal to the umpire will

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

Two Main Principles

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

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

DIMINUTION OF UNEMPLOYMENT.

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

Close Alliance with Labour Exchanges

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

an Exchange will automatically be registered as applicants by the Exchange for employment, and if the Exchange can find them suitable work, they will be required to take that work in place of drawing benefit. They will no longer be held to be "unable to obtain suitable employment" (Clause 62). The insurance scheme, it is hoped, will greatly increase the efficiency of the Exchanges, first by bringing to them all the unemployed workmen who apply for benefit, and second, and consequentially, by inducing employers to send to them for the men who will necessarily be there.

It is to the Interest of all Parties to Diminish Unemployment

In the second place, the burden of providing benefit is thrown upon workmen, employers, and State in such a way as to give each of these parties an interest in diminishing unemployment, *i.e.*, preventing unnecessary idleness with a view to diminishing the burden. The benefits of the scheme are not guaranteed by the State. It is necessary, indeed, to make some provision for the possibility of an exceptionally severe depression of trade which might exhaust the fund temporarily, and this is done by allowing the Treasury to make an advance (Clause 69 (1)). It is provided, however, that in the event of such an advance being made there may be required by the Treasury an immediate temporary modification of the rates of contribution, or of the rates and periods of benefit, such as may serve to repay the advance and restore the solvency of the fund (Clause 69 (2)). Further, if it is found over a period of years that the rates of contribution are either too low or too high

in view of the benefits given, it is contemplated that there should be a periodical revision of these rates, and that in such revision there should, if necessary, be a differentiation between different trades and branches of trades according to the unemployment recorded in them (Clause 76). In this way it is made to the interest of both employers and workmen to reduce unemployment, if they can, with a view to obtaining a reduction or avoiding an increase of contributions when the revision takes place. The periodical revision of contributions requires a special order, made after public inquiry and hearing of objections (Clause 78 and Ninth Schedule), and can only be undertaken at intervals of five years or more. The contributions of employers or workmen cannot be raised by such a revision by more than one penny per workman per week.

Provisions to Encourage Regularity of Employment

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

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

more regular workmen and their employers.

- (b) Any employer, in place of paying in each week the joint contribution of 5*d.* as it becomes due in respect of any particular workman, may pay in advance at a rate of 15*s.* for that workman for the whole year, continuing to deduct from the workman the ordinary contribution for each week of employment (Clause 70). This rate represents a substantial reduction of the employer's contributions.
- (c) Any workman may at the age of 60 (or, in the case of men who have finally left the trade, at the age of 55) recover from the unemployment fund the amount, if any, by which his own contributions (exclusive of those of the employer and the State) exceed the amount of benefits drawn by him from the fund, with compound interest at 2½ per cent. (Clause 71).
- (d) In the case of workmen put on short time during a period of trade depression, the contributions both of employers and of workmen may be remitted altogether. This will give an advantage to employers who adopt the plan of working short time in times of depression instead of dismissing some men and keeping the rest on full time (Clause 72).
- (e) In the case of workmen engaged through a Labour Exchange, the Labour Exchange may by arrangement with the employer undertake on his behalf the whole duty of keeping and stamping insurance books, and

further, may treat all the successive periods of employment of the same or different workmen engaged by that employer through the Exchange as a single continuous period of employment of one workman. In other words, an employer who uses the Exchange may pay according to the amount of labour he has in fact used, even though the employment has been discontinuous, and though he has not always had the same man (Clause 73 (1)). Correspondingly, a man engaged through the Labour Exchange by one or more employers with whom an arrangement has been made will be allowed to pay a single contribution per week, however many separate engagements he has had (Clause 73 (2)).

- (f) Any workman who becomes repeatedly unemployed through lack of skill or knowledge may be required to attend a suitable course of technical instruction, and if he fails to do so or to profit by such instruction, this fact may be taken into account in considering what is suitable employment for him (Clause 74 (1)).

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

PRESERVATION AND ENCOURAGEMENT OF VOLUNTARY INSURANCE.

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

Through an Association of Workmen

In the first place, an association of workmen in the insured trades which gives unemployment benefit can make an arrangement with the Board of Trade, enabling its members to draw benefit, not from the unemployment fund direct through the Labour Exchange, but through the association. The association will thereafter claim a refund from the unemployment fund of the sums to which the individual member would have been entitled (Clause 79). The association may thus be the channel for the distribution of the statutory benefits to its own members. It will, of course, be at liberty to give what benefits it pleases over and above the statutory benefits, and to give them for what periods and subject to what rules it pleases. The individual member of the association will be concerned only with the rules of his own association, and in place of having to attend at the Labour Exchange to get, say, 7s., and at the association office to get another 4s. or 5s., he will be able to get the whole 11s. or 12s. from his association, leaving the latter subsequently to settle with the unemployment fund. In order to secure the interest of the association in economical distribution and to encourage provision of benefits beyond the statutory minimum, it is provided that repayments to an association under this clause shall not exceed two-thirds of what it has

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

Subsidy from Board of Trade

In the second place, it is provided that the Board of Trade may out of moneys provided by Parliament pay to any association giving unemployment benefits a subsidy of one-sixth of the amount (up to a maximum rate of 12s. a week) expended on such benefits, exclusive, in the case of an Association which has made an arrangement under Clause 79, of any sum repaid to the Association under that arrangement (Clause 80). This provision, which is applicable to all trades and all classes of employees, thus adds on to the limited compulsory insurance scheme a scheme for universal voluntary insurance through associations.

Possible Extension to other Trades

While the compulsory part of the scheme is limited at the outset to the trades mentioned, power is given to the Board of Trade to extend it to other trades by special order involving the procedure already described (Clauses 77 and 78).

Miscellaneous Provisions

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

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

Estimate of Number of Persons Affected by the Scheme

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

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

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

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

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



NATIONAL INSURANCE BILL



ARRANGEMENT OF CLAUSES

PART I.

NATIONAL HEALTH INSURANCE.

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Clause.

1. Insured persons.
2. Exemptions.

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3. Contributions by insured persons, employers, and the Treasury.
4. Rates and rules for contributions by employed contributors and their employers.
5. Rates and rules for contributions by voluntary contributors.
6. Change from voluntary rate to employed rate and *vice versa*.
7. Power to make regulations for the payment of contributions.

Benefits.

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

Administration of Benefits.

14. Benefits to be administered by approved societies or the local Health Committee.
15. Administration of medical benefit.
16. Administration of sanatorium benefit.
17. Power to extend sanatorium benefit to dependants.
18. Administration of maternity benefit.
19. Reinsurance for the purposes of maternity benefit.
20. Power to approved societies to subscribe to hospitals, &c.
21. Power of councils of boroughs and districts to contribute to certain expenditure on medical and sanatorium benefits.

Approved Societies.

22. Conditions for the approval of approved societies.
23. Power of societies to undertake business under Part I.
24. Special provisions for employers' provident funds, &c.

Clause.

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

Membership of Approved Societies and Transfer of Members.

29. Admission of insured persons to membership in approved societies.
30. Transfer from one approved society to another.
31. Transfers to foreign and colonial societies.
32. Transfer of values of emigrants who remain members of approved societies.
33. Prohibition against double insurance.

Accounts: Valuations: Surplus and Deficit.

34. Approved societies to keep proper accounts.
35. Valuations of approved societies.
36. Surplus.
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38. Pooling arrangements in the case of small societies.
39. Special provisions with regard to societies with branches.
40. Power to separate men's and women's fund.

Deposit Insurance.

41. Provisions as to deposit contributors.
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Provisions as to Special Classes of Insured Persons.

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

Financial Provisions.

Clause

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

Insurance Commissioners: Advisory Committee.

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

Local Health Committees.

- 58. Appointment of local Health Committees.
- 59. Powers and duties of local Health Committees.
- 60. Income.
- 61. Local medical committee.

Excessive Sickness.

- 62. Power to approved societies and local Health Committees to demand inquiries into causes of excessive sickness, &c.

Supplementary Provisions.

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

PART II.

UNEMPLOYMENT INSURANCE.

Clause.

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

NATIONAL INSURANCE BILL

[*As amended in the House of Commons*]

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

PART I.

NATIONAL HEALTH INSURANCE.

Insured Persons.

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

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

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

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

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

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

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

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

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

Exemptions

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

(a) in receipt of any pension or income of the annual value of twenty-six pounds or upwards not dependent upon his personal exertions; or

(b) ordinarily and mainly dependent for his livelihood upon some other person,

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

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

Contributions.

Contributions by Insured Persons, Employers, and the Treasury

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

Rates and Rules for Contributions by Employed Contributors and their Employers

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

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

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

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

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

(a) that not having previously been an insured person, he has become employed within the meaning of this Part of this Act after attaining the age of sixty-five; or

(b) that he has obtained and still holds a certificate of exemption under this Part of this Act;

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

Rates and Rules for Contributions by Voluntary Contributors

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

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

Provided that—

(a) In the case of a person who enters into insurance within six months after the commencement of this Act, the voluntary rate shall, if he is below the age of forty-five at the date of entering into insurance, be the same as the employed rate, and if he is of the age of forty-five or upwards, be such rate, ascertained according to a table to be prepared by the Insurance Commissioners, as, having regard to his age at that date, will be sufficient to cover seven-ninths, or in the case of a woman three-fourths, of the benefits conferred by this Part of the Act;

(b) Where a person, having been an employed contributor for five years or upwards, becomes a voluntary contributor the rate of contribution payable by him shall continue to be the employed rate.

(2) Contributions by voluntary contributors shall cease to be payable on their attaining the age of seventy.

Change from Voluntary Rate to Employed Rate and vice versa

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

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

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

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

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

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

Power to make Regulations for the Payment of Contributions

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

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

Benefits.

Benefits

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

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

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

- (b) Treatment in sanatoria or other institutions or otherwise when suffering from tuberculosis, or such other diseases as the Local Government Board with the approval of the Treasury may appoint (in this Act called "sanatorium benefit");
- (c) Periodical payments whilst rendered incapable of work by some specific disease or by bodily or mental disablement, of which notice has been given, commencing from the fourth day after being so rendered incapable of work and continuing for a period not exceeding twenty-six weeks (in this Act called "sickness benefit");
- (d) In the case of the disease or disablement continuing after the determination of sickness benefit periodical payments so long as so rendered incapable of work by the disease or disablement (in this Act called "disablement benefit");
- (e) Payment in the case of the confinement of the wife or, where the child is a posthumous child, of the widow of an insured person, or of any other woman who is an insured person, of a sum of thirty shillings (in this Act called "maternity benefit");
- (f) In the case of persons entitled under this Part of this Act to any of the further benefits mentioned in Part II. of the Fourth Schedule to this Act (in this Act

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

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

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

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

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

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

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

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

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

(7) Where a pension or superannuation allowance payable in whole or in part as an additional benefit under this Part of this Act is provided, it may be made a condition of the grant of the pension or allowance that a member of the society shall, whilst in receipt of such pension or allowance, be excluded in whole or in part from his right to sickness benefit and disablement benefit, or to either of such benefits.

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

- (a) to medical benefit during the first six months after the commencement of this Act;
- (b) to sickness benefit unless and until twenty-six weeks have elapsed since his entry into insurance, and at least twenty-six weekly contributions have been paid by or in respect of him;

(c) to disablement benefit unless and until one hundred and four weeks have elapsed since his entry into insurance, and at least one hundred and four weekly contributions have been paid by or in respect of him;

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

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

Reduced Rates of Benefit in Certain Cases

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

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

(2) Where in the case of any insured persons the rate of sickness benefit or disablement benefit (as the case may

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

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

(4) In the case of every person over the age of sixteen years who, not having been previously insured under this Part of this Act, becomes an employed contributor subsequently to the expiration of one year from the commencement of this Act, the rate of sickness benefit to which he is entitled shall (unless he proves that his time since he attained the age of sixteen has been spent in a school or college, in indentured apprenticeship or otherwise under instruction without wages or otherwise in the completion of his education, or unless he undertakes himself to pay the difference between the voluntary rate and the employed rate, or pays to the Insurance Commissioners, to be credited to the Society, such capital sum as will be

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

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

Reduced Rates of Benefits where Contributions are in Arrear

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

in respect of him, calculated in the prescribed manner, shall, if his right to benefits still continues to be suspended, be carried to such account for the benefit of the society or any other society to which he may subsequently be transferred and dealt with in such manner as may be prescribed:

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

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

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

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

- (a) during any period when the person in question has been, or but for this section or any other provision of the Act disentitling a person to such benefit would have been, in receipt of sickness

benefit or disablement benefit; or

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

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

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

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

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

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

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

Provisions in the case of Contributors entitled to Compensation or Damages

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

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

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

istered, but if the insured person is aggrieved by such determination, the matter shall be settled in manner provided by this Part of this Act for settling disputes:

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

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

(a) at its own expense, to take in the name and on behalf of such person such proceedings, in which case any compensation or damages recovered shall be

held by the society or committee as trustee for the insured person; or

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

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

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

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

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

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

- (a) shall be paid to or applied in

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

- (b) if such person, being a member of an approved society, is an inmate of a sanatorium or similar institution in which he is receiving treatment in accordance with the provisions of this part of this Act, and has no dependants, shall be paid to the local Health Committee towards the general purposes thereof; or
- (c) If such person, being a member of an approved society, is an inmate of a hospital, asylum, convalescent home, or infirmary supported by charity or by voluntary subscriptions and has no dependants, shall, if an agreement for the purpose has been made between the society or committee and the hospital, asylum, convalescent home, or infirmary, be paid, in whole or in part, according to such agreement, towards the maintenance of such person in the hospital, asylum, convalescent home, or infirmary:

Provided that—

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

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

Power to vary Benefits in Certain Cases

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

(2) The scheme shall apply either to all members of the society or to any specified class thereof or to any members of the society who may elect to come under the scheme, according as may be provided by the scheme.

(3) A scheme made under this section shall not have any effect unless and until confirmed by the Insurance Commissioners, and the Insurance Commissioners shall not confirm any

such scheme unless satisfied that the value of the additional benefits conferred by the scheme is equivalent to the value of the benefits for which they are substituted, and that, in view of the special circumstances of the members or class of members intended to come under the scheme, there is good reason for substituting the additional benefits conferred by the scheme for the benefits for which they are substituted.

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

Administration of Benefits.

Benefits to be Administered by Approved Societies or the local Health Committee

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

(2) Subject to the provisions of this Part of this Act, an approved society may, with the consent of the Insurance

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

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

such refusal in the case of a surgical operation of a minor character is considered by the society, or on appeal the Insurance Commissioners, unreasonable;

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

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

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

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

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

Administration of Medical Benefit

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

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

(a) the preparation and publication of lists of medical practitioners who have agreed to attend and treat insured persons whose medical benefit is administered by the committee;

(b) a right on the part of any duly qualified medical practitioner who is desirous of being included in any such list as aforesaid of being so included, but where the Insurance Commissioners, after such inquiry as may be prescribed, are satisfied that his continuance in the list would be prejudicial to the efficiency of the medical service of the insured, they may remove his name from the list;

(c) a right on the part of any insured person of selecting, at such periods as may be prescribed, from the appropriate list the practitioner by whom he wishes to be attended and treated, and, subject to the con-

sent of the practitioner so selected, of being attended and treated by him;

(d) the distribution amongst and, so far as practicable, under arrangements made by the several practitioners whose names are on the lists of the insured persons who, after due notice, have failed to make any selection, or who have been refused by the practitioner whom they have selected;

(e) the provision of medical attendance and treatment, on the same terms as those arranged with respect to insured persons, to members of any friendly society which becomes an approved society who were such members at the date of the passing of this Act, and who are not entitled to medical benefit under this part of this Act by reason either that they are of the age of sixty-five or upward at the date of the commencement of this Act, or that being subject to permanent disablement at that date they are not qualified to become insured persons:

Provided that if the Insurance Commissioners are satisfied, after inquiry, that the practitioners included in any list are not such as to secure an adequate medical service in any area, they may dispense with the necessity of the adoption of such system as aforesaid as respects that area, and authorise the Committee to make such other arrangements as the Commissioners may approve or the Commissioners may themselves make such arrangements as they think fit, or may suspend the right to medical benefit in respect of any insured persons in the area for such period as they think fit, and pay

to each such person a sum equal to the estimated cost of his medical benefit during that period, and where the Commissioners take any such action themselves they shall retain and apply for the purpose such part of the sums payable to the local Health Committee in respect of medical benefit as may be required.

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

(4) The regulations shall provide that, in the case of persons who are entitled to receive medical attendance and treatment under any system or through any institution existing at the time of the passing of this Act, and approved by the local Health Committee and the Insurance Commissioners, such medical attendance and treatment may be treated as, or as part of, their medical benefit under this Part of this Act, and may provide for the Committee contributing towards the expenses thereof the whole or any part of the sums which would be contributed in the case

of persons who have made their own arrangements as aforesaid, so, however, that such regulations shall secure that no person be deprived of his right, if he so elects, of selecting the duly qualified medical practitioner by whom he wishes to be attended and treated, in accordance with the foregoing provisions of this section.

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

(a) The preparation and publication of lists of persons, firms, and bodies corporate who have agreed to supply drugs, medicines, and appliances to insured persons whose medical benefit is administered by the Committee, according to such scale of prices as may be fixed by the Committee;

(b) A right on the part of any person, firm, or body corporate desirous of being included in any such list as aforesaid, of being so included, for the purpose of supplying such drugs, medicines, and appliances as such person, firm, or body corporate is entitled by law and authorised by

the Committee to supply except in cases where the Insurance Commissioners after inquiry are satisfied that the inclusion or continuance of the person, firm, or body corporate in such list would be prejudicial to the efficiency of the service :

Provided that—

- (i) If the Insurance Commissioners are satisfied that the scale of prices fixed by the Committee is reasonable, but that the persons, firms, or bodies corporate included in any list are not such as to secure an adequate and convenient supply of drugs, medicines, and appliances in any area, they may dispense with the necessity of the adoption of such system as aforesaid as respects that area and authorise the committee to make such other arrangements as the Commissioners may approve;
- (ii) Except as may be provided by regulations made by the Insurance Commissioners, no arrangement shall be made by the local Health Committee with a medical practitioner under which he is bound or agrees to supply drugs or medicine to any insured persons;
- (iii) Subject to the regulations made by the last foregoing proviso the regulations shall prohibit arrangements for the dispensing of medicines being made with persons other than persons, firms, or bodies corporate entitled to carry on the business of a chemist and druggist under the provisions of the Pharmacy Act, 1868, as amended by the Poisons and Pharmacy Act,

1908, who undertake that all medicines supplied by them to insured persons shall be dispensed either by or under the direct supervision of a registered pharmacist or by a person who, for three years immediately prior to the passing of this Act, has acted as a dispenser to a duly qualified medical practitioner or a public institution;

- (iv) Nothing in this Act shall interfere with the rights and privileges conferred by the Apothecaries Act, 1815, upon any person qualified under that Act to act as an assistant to any apothecary in compounding and dispensing medicines.

(6) There shall in each year be paid to the local Health Committee for each county or county borough out of moneys credited to a society which has members resident in the county or county borough such sum in respect of the medical benefit of such members and the cost of administration thereof as may be agreed between the society and committee or, in default of agreement, may be determined by the Insurance Commissioners.

(7) If in any year the amount payable to a local Health Committee in respect of all persons for the administration of whose medical benefit it is responsible is insufficient to meet the estimated expenditure thereon, the Committee may, through the Insurance Commissioners, transmit to the Treasury and to the council of the county or county borough an account showing the amount so payable and the estimated expenditure, and the Treasury and the county council or the council of the county borough may if they think fit and if satisfied that the amounts so payable and the pro-

posed expenditure are reasonable and proper in the circumstances sanction the expenditure.

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

Administration of Sanatorium Benefit

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

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

law authorities) undertaking such treatment in a manner approved by the Local Government Board, which treatment (including the appointment of officers for the purpose) it shall be lawful for a local authority, if so authorised by the Local Government Board, to undertake.

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

- (a) one shilling and threepence in respect of each insured person resident in the county or county borough payable out of the funds out of which benefits are payable under this part of this Act;
- (b) one penny in respect of each such person payable out of moneys provided by Parliament:

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

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

(4) A local Health Committee may, out of the sums available for defraying the expenses of sanatorium treatment, defray in whole or in part the expenses of the conveyance of an insured person to or from any sanatorium or institution to which he may be sent for treatment therein, or may make advances for the purpose.

Power to extend Sanatorium Benefit to Dependants

17.—(1) The local Health Committee for any county or county borough may,

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

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

(3) The Treasury and the council of the county or county borough sanctioning such expenditure as aforesaid shall thereupon each be liable to make good, in the case of the Treasury out of moneys provided by Parliament, and in the case of the council of the county or county borough out of the county fund or borough fund or borough rate, as the case may be, one-half of any sums so sanctioned by them and expended by the local Health Committee on sanatorium benefit for insured persons and their dependants in the course of the year in excess of the amount available for defraying the expenses of the committee on sanatorium benefit.

Administration of Maternity Benefit

18.—(1) Where the mother of the child is herself an insured person, and

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

Provided always that the mother shall decide whether she shall be attended by a duly qualified medical practitioner or by a duly certified midwife, and shall have free choice in the selection of such practitioner or midwife.

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

Reinsurance for the Purposes of Maternity Benefit

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

other incidental consequential, and supplemental provisions as may appear necessary for the purpose.

Power to Approved Societies to subscribe to Hospitals, etc.

20.—It shall be lawful for an approved society or local Health Committee to grant such subscriptions or donations as it may think fit to hospitals and other charitable institutions, or for the support of district nurses, and to appoint nurses for the purpose of visiting and nursing insured persons, and any sums so expended shall be treated as expenditure on such benefits under this part of this Act as may be prescribed.

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

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

Approved Societies.

Conditions for the Approval of Approved Societies

22.—(1) Any society, that is to say, any body of persons, corporate or unincorporate (not being a branch of another such body), registered or established under any Act of Parliament, or by Royal Charter, or if not so registered or established, having a constitution of such a character as may be prescribed which complies with the requirements of this Act relating to approved societies, may be approved by the Insurance Commissioners, and if so approved shall be an approved society for the purposes of this part of this Act:

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

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

(i) It must not be a society carried on for profit;

(ii) Its constitution must provide to the satisfaction of the Insurance Commissioners for its affairs being subject to the absolute control of its members being insured persons or, if the rules

of the society so provide, of its members whether insured persons or not, including provision for the election and removal of the committee of management or other governing body of the society, in the case of a society whose affairs are managed by delegates elected by members by such delegates, and in other cases in such manner as will secure absolute control by its members.

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

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

sary or expedient in consequence of the passing of this Act, notwithstanding anything in the provisions of the Acts under which it is established or registered or carried on, or of its memorandum or articles of association, rules, or other instrument governing its constitution or defining its objects, to do all such acts and things (including the establishment of a separate section as aforesaid) as may be necessary for the purpose of enabling the body to undertake the transaction of such business as soon as may be after the passing of this Act and, if the instrument regulating the constitution of the body contains provisions requiring any interval to elapse before action can be taken, such provisions shall not apply to action taken for the purposes aforesaid.

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

(3) This section shall come into operation on the passing of this Act and shall not continue in force beyond the expiration of one year from the commencement of this Act.

Power of Societies to undertake Business under Part I

23.—(1) It shall be lawful for any body of persons, corporate or unincorporate, established before the passing of this Act which is desirous of transacting insurance business under this part of this Act, or of making any amendments in its constitution, or administration, or contributions, or benefits, or otherwise which may be neces-

Special Provision for Employers' Superannuation Funds, etc.

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

one quarter of the total number of the body, if the employer, in addition to the employer's contributions payable by him under this part of this Act, is responsible for the solvency of the fund or for the benefits payable thereout, or is liable to pay a substantial part of, or to make substantial contributions to, or substantially to supplement, the benefits payable out of the fund:

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

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

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

(3) Where such a scheme has been approved by the Insurance Commissioners, the Act or deed constituting the society shall have effect subject to the provisions of the scheme, but the Insurance Commissioners shall not ap-

prove any such scheme unless they are satisfied that the members of the society have been given an opportunity of voting by ballot thereon, and that the scheme makes proper provision for safeguarding existing rights and interests.

Security to be Given by Approved Societies

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

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

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

missioners, substitute other securities for the securities for the time being deposited.

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

Provisions as to Approved Societies

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

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

(2) Every approved society and every branch thereof shall comply with any regulations made by the Insurance Commissioners as to the place in which

meetings are to be held, and those regulations may provide for the use for such meetings, with or without payment, of any offices or other buildings under the control of a Government department (including offices or buildings occupied by or in connection with a labour exchange) or belonging to or under the management of a local authority, but subject to the consent of the Government department or the local authority concerned.

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

Secessions, etc.

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

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

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

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

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

Withdrawal of Approval

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

Membership of Approved Societies and Transfer of Members.

Admission of Insured Persons to Membership in Approved Societies

29.—(1) Subject to the provisions of this Act, any insured person and any

person desirous of becoming an insured person may apply to an approved society for membership therein.

(2) An approved society shall be entitled, in accordance with its rules, to admit or reject any such applicant, or to expel any of its members being insured persons; provided that no such application shall be refused solely on the ground of the age of the applicant.

Transfer from One Approved Society to Another

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

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

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

Transfer to Foreign and Colonial Societies

31.—(1) If an insured person ceases to be permanently resident in the United Kingdom and becomes a mem-

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

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

Transfer Values of Emigrants who remain Members of Approved Societies

32.—If a person who has for not less than five years been a member of an

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

Prohibition against Double Insurance

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

society or of any member thereof arising otherwise than under this part of this Act; and, subject to the provisions of this part of this Act, all rules made by a society which becomes an approved society or any branch thereof shall remain and be of the same force and effect as though this Act had not been passed.

Accounts: Valuations: Surplus and Deficit.

Approved Societies to Keep Proper Accounts

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

- (a) Keep its books and accounts under this part of this Act separate from all other books and accounts of the society or branch, and in such form as may be prescribed by the Insurance Commissioners, and, when required, submit them to audit by auditors to be appointed by the Treasury;
- (b) Submit to have its assets and liabilities under this part of this Act valued in accordance with the provisions of this part of this Act;
- (c) In the event of a surplus or deficiency being shown upon any such valuation, comply with the provisions relating to surpluses and deficiencies hereinafter contained;
- (d) Render such returns as the Insurance Commissioners may require.

(2) Regulations made under this section shall provide for a separate account being kept showing the amount expended on administration, and for limiting the amount which may be

carried to that account out of the contributions under this part of this Act, and for requiring any deficiency in such account (if not otherwise defrayed) to be met forthwith by a special levy.

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

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

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

Valuations of Approved Societies

35.—(1) A valuation of the assets and liabilities arising under this part of this Act of every approved society and

of every branch of an approved society shall be made by a valuer to be appointed by or with the approval of the Treasury at the expiration of every three years dating from the commencement of this Act, or at such other times as the Insurance Commissioners appoint, the times so appointed may be at shorter or longer intervals than three years and at regular or irregular intervals, and may apply to all approved societies or any particular society or societies.

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

Surplus

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

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

(b) If the society is a society with branches, any surplus in the central fund of the society, including any surplus transferred from the branches to the society under the provisions of this section, shall, subject to the provisions of the next succeed-

ing section of this Act, be applied in the first instance towards making good any deficiency shown by any of its branches; and the society may distribute the balance of the surplus, after making good deficiencies as aforesaid, amongst such of its branches as have a surplus in proportion to the amounts of such surpluses, and the sum so apportioned to a branch shall be treated as an addition to the disposable surplus of that branch:

(c) If on the valuation of a branch of an approved society a surplus is shown in respect of such branch, there shall be transferred to the central body or other central authority of the society of which it is a branch one-third of the surplus, and the branch may, with the approval of the society, submit to the Insurance Commissioners a scheme for distributing out of the remaining two-thirds of such surplus, together with any such addition as aforesaid, any one or more additional benefits, and upon any such scheme being sanctioned by the Insurance Commissioners, the branch may distribute such additional benefit or benefits in accordance with the provisions thereof:

(d) If at any time after a scheme submitted by a society has been so sanctioned as aforesaid there is found to be a deficiency in the funds of the society or branch, no additional benefits shall be distributed under the scheme until such deficiency is extinguished and a surplus shown.

(2) A scheme made under this section may prescribe the conditions to be complied with as respects any additional benefit conferred by the scheme, and every such scheme shall so far as practicable provide for the reduction, suspension, or deprivation of the additional benefits conferred by the scheme in the case of members who are in arrears, and may make a corresponding reduction in the amount to which such members are to be deemed to be in arrears for the purpose of reckoning the rate of sickness benefit.

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

Deficit

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

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

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

- (b) Subject as aforesaid, every deficiency shall be made good in

accordance with a scheme for that purpose to be prepared by the society, or, in the case of a deficiency in a branch, subject to the approval of the society and submitted to the Insurance Commissioners for their sanction; such a scheme shall provide for making good the deficiency, within a period of three years from the date at which the valuation was made, in any one or more of the following ways:—

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

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

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

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

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

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

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

- (c) Payment of the amount of any compulsory levy, made in accordance with a scheme sanctioned under this section, may be enforced in such manner as may be provided by the rules of the society or branch; and where those rules so provide, it shall be lawful for the society or branch in the case of any member to enforce payment of the amount of the levy by giving notice in the prescribed manner to the employer of such member requiring him to pay the amount of the levy, and upon such notice being given such amount shall be payable as if it were part of the contribution to be paid by the employer on behalf of the member, and all the provisions of this part of this Act relating to the payment of such contributions and the recovery thereof from members shall apply accordingly :
- (d) If a member chargeable with a levy falls into arrears his arrears shall reckon as though the total sum thereof, inclusive of the levy, consisted of the contributions payable by or in respect of him had no levy been made :
- (e) If within six months after the declaration of a deficiency, or where an inquiry as to excessive sickness is pending under this part of this Act, such longer period as the Insurance Commissioners determine, such scheme, as aforesaid, has not been submitted to and approved by the Insurance Commissioners, or if at any time thereafter it appears to the Insurance

Commissioners that the society or branch to which the scheme relates is not enforcing the provisions of the scheme, the Insurance Commissioners may take over the administration of the affairs of the society or branch under this part of this Act, and shall, as soon as possible thereafter, take such steps as they may think necessary to make good the deficiency by any or all of the methods mentioned in paragraph (b) of this section, and for that purpose they shall be entitled to exercise all or any of the powers given to the society or branch by this part of this Act :

- (f) The Insurance Commissioners after taking over the administration of the affairs of any society or branch shall within a reasonable time, not exceeding three years, make arrangements for the restoration to the society or branch of its powers of self-government or, failing that, for the transfer of the members of the society or branch, being insured persons, to other approved societies or branches or to the Post Office fund :
- (g) Any question or dispute arising between the Insurance Commissioners and the society or branch in respect of the amount of the deficiency, or as to the adequacy of any scheme proposed for making it good, shall be submitted to an independent valuer to be appointed by the Lord Chief Justice, and such valuer shall, subject to the provisions of this Act and of the regulations thereunder, act, so far as practicable, on his own

knowledge and experience, and shall have power to determine how and by what parties the costs of proceedings, including his own remuneration, not exceeding such amount as the Treasury may prescribe, are to be defrayed, and his decision shall be final and conclusive :

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

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

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

the levy or diminution of benefits, as the case may be, ascertained in the prescribed manner.

Pooling Arrangements in the Case of Small Societies.

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

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

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

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

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

(4) The provisions of this part of this Act as to the application of sur-

pluses of branches of societies with branches shall apply to such associated and grouped societies as if all the societies in any association or group were branches of a single society, subject to the following modifications:—

- (a) A reference to the central financial committee or the local Health Committee for the county or county borough shall, as the case may require, be substituted for the reference to the central authority of the society;
- (b) The approval of the central financial committee or local Health Committee shall not be required to any scheme prepared by an associated or grouped society for the distribution of any surplus.
- (5) Where an associated or grouped society is a society with branches, the provisions of this Part of this Act relating to surpluses and deficiencies of societies with branches shall not apply to the society, but each branch shall, for the purposes of this section, be deemed to be a separate society.

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

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

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

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

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

Special Provisions with Regard to Societies with Branches

39.—(1) Where a society with branches is so organised that the branches in different geographical areas are grouped together for the purposes of this section, the branches in any such area may, if and to such extent as the rules of the society so provide, and if the number of members

of the branches being insured persons in the area exceeds five thousand, be treated for the purposes of the provisions of this part of this Act relating to valuations, surpluses, and deficiencies as if they formed a separate society.

(2) The rules of any society with branches may provide for the branches reinsuring with the society their liabilities in respect of any of the benefits under this part of this Act, or if the society is so organised as aforesaid for such reinsurance either with the society or with the group.

(3) Where a society with branches has among members insured persons who are not members of any branch, and the benefits of such members are administered by the society itself, such members shall be treated for the purposes of this part of this Act relating to valuations, surpluses, and deficiencies as if they formed a separate branch.

Power to Separate Men's and Women's Funds

40.—Where an approved society, not being a society with branches, has amongst its members both men and women, and the rules of the society so provide, the provisions of this Part of this Act with respect to valuations, surpluses, and deficiencies shall apply to the society as if it were a society consisting of two branches, the one comprising the male members, and the other comprising the female members.

Deposit Insurance.

Provisions as to Deposit Contributors

41.—Until the first day of January nineteen hundred and fifteen, the fol-

lowing provisions shall apply in the case of insured persons (in this Act referred to as deposit contributors) who have not joined an approved society within the prescribed time, or who, having been members of an approved society, have been expelled or have resigned therefrom and have not within the prescribed time joined another approved society:—

- (a) Contributions by or in respect of a deposit contributor shall be credited to a special fund to be called the Post Office fund:
- (b) The sums required for the payment of any sickness, disablement, or maternity benefit payable to a deposit contributor, except so far as they are payable out of moneys provided by Parliament, shall be paid out of the money standing to his credit in the Post Office fund, and his right to benefits under this part of this Act shall be suspended on the sums standing to his credit in that fund being exhausted, except that his right to medical benefit and sanatorium benefit shall continue until the expiration of the then current year, and that the Local Health Committee, if it has funds available for the purpose and thinks fit so to do, may allow him to continue to receive medical benefit or sanatorium benefit or both such benefits after the expiration of such year:
- (c) Such sum as may be prescribed shall in each year be payable in respect of each deposit contributor towards the expenses incurred by the local Health Committee in the administration of benefits:
- (d) Such sum as the Local Health

Committee may, with the consent of the Insurance Commissioners, determine shall in each year be payable in respect of each deposit contributor for the purposes of the cost of medical benefit :

(e) The sums payable in respect of a deposit contributor for the purposes of medical benefit and sanatorium benefit, and towards the expenses of administration, shall, except so far as they are payable out of moneys provided by Parliament, be deducted at the commencement of each year from the amount standing to his credit in the Post Office fund, and if at the commencement of any year the amount so standing to his credit is insufficient to provide such sums, he shall not, unless the local Health Committee consents, and except subject to such conditions as that committee may impose, be entitled to any benefits during that year :

(f) Upon the death of a deposit contributor four-sevenths (or in the case of a woman one-half) of the amount standing to his credit in the Post Office fund shall be paid to his nominee or, in default of a nomination, to the person entitled to receive the sum as if it were money payable on the death of a member of a registered friendly society, and the balance thereof shall be forfeited, and sections fifty-six to sixty-one of the Friendly Societies Act, 1896, as amended by any subsequent enactment, shall, subject to the prescribed adaptations, apply accordingly :

(g) Where a deposit contribu-

tor proves to the satisfaction of the local Health Committee that he has permanently ceased to reside in the United Kingdom, four-sevenths (or in the case of a woman one-half) of the amount standing to his credit in the Post Office fund may be paid to him.

Transfer from Approved Society to Deposit Insurance and vice-versâ

42.—(1) If an insured person, being a member of an approved society, ceases to be a member of that society, whether voluntarily or by expulsion, and fails to become a member of another approved society, then

(a) if he becomes a deposit contributor, his transfer value shall be carried to his credit in the Post Office fund: Provided that if a reserve value has been credited to the society in respect of him, such part of that reserve value as is still outstanding (or if the amount so outstanding exceeds the transfer value such part of the reserve value as is equal to the transfer value) shall be cancelled, and the amount, if any, by which the transfer value exceeds the amount so cancelled shall be carried to the credit of the deposit contributor;

(b) if he does not become a deposit contributor, his transfer value shall be carried to such account and dealt with in such manner as may be prescribed.

(2) If an insured person who is a deposit contributor subsequently becomes a member of an approved society for the purposes of this part of this Act, there shall be transferred to

the society the amount standing to his credit in the Post Office fund :

Provided that—

- (a) if that amount exceeds the value of the contributions paid by or in respect of him estimated on the assumption that he had been a member of an approved society since his entry into insurance, the excess shall not be transferred to the society, but shall be carried to the credit of the Post Office fund ;
- (b) if that amount is less than such value the insured person shall be treated as being in arrear to the amount of the deficiency.

Provisions as to Special Classes of Insured Persons.

Special Provisions with respect to Married Women

43.—(1) Where a woman who has before marriage been an insured person, marries, she shall be suspended from receiving the ordinary benefits under this part of this Act until the death of her husband, and if she is a member of an approved society one-third of her transfer value shall be carried to a separate account called the married women's suspense account, but if at any time after the death of her husband she becomes an employed contributor, the period between her marriage and the expiration of one month from death of her husband shall be disregarded for the purpose of reckoning arrears, and there shall be transferred from the married women's suspense account to the society of which she is a member the proper reserve value calculated according to tables to be prepared by the Insurance Commissioners :

Provided that where a woman who has been employed within the meaning of this part of this Act before marriage proves that she continues to be so employed after marriage, she shall not be so suspended so long as she continues to be so employed, and that where a married woman so suspended from the ordinary benefits becomes employed within the meaning of this part of this Act before the death of her husband, contributions shall thereupon again become payable in respect of her, and she shall cease to be suspended from receiving the ordinary benefits, but, subject to regulations made by the Insurance Commissioners, she shall for the purposes of those benefits be treated as if she had not previously been an insured person.

(2) Where a married woman being a member of an approved society is so suspended from the ordinary benefits as aforesaid, she may, if she so elects within one month after such suspension, or, subject to the consent of the society, after the expiration of that month, and notwithstanding that she is not engaged in any regular occupation become whilst so suspended a voluntary contributor, subject to the following modifications, but not otherwise :—

- (a) The rate of contributions payable by her shall be threepence a week ;
- (b) The benefits to which she shall be entitled shall be—
 - (i) medical benefit ; and
 - (ii) sickness benefit and disablement benefit at the rates and subject to the conditions specified in Table D. of Part I. of the Fourth Schedule to this Act ;
- (c) No part of her contributions

shall be retained by the Insurance Commissioners for the purpose of discharging their liabilities to approved societies in respect of the reserve values created under this Act :

Provided that where a married woman elects not to become such a voluntary contributor she shall be entitled to have a sum equal to the remaining two-thirds of her transfer value applied in accordance with regulations of the Insurance Commissioners towards the payment of any of the benefits specified in Part III. of the Fourth Schedule to this Act until the same is exhausted, except that where a reserve value was credited to the society in respect of such woman at the date of her entrance into insurance so much of such sum as aforesaid as may be prescribed shall not be so applied but shall be written off the amount of the reserve values credited to the society.

(3) Where the husband of a married woman who has been so suspended from ordinary benefits as aforesaid and who is a member of an approved society dies, she may, if she is qualified to become a voluntary contributor, and elects to do so within one month after the death of her husband, become an ordinary voluntary contributor paying contributions at the rate which would have been applicable to the case had she become such a contributor at the date of her entry into insurance :

Provided that she may, whether or not so qualified, if she so elects within one month after the death of her husband, continue to be or become a voluntary contributor on the same terms and subject to the same conditions as above provided as respects married women.

In either such case there shall be transferred from the married women's

suspense account to the society the proper reserve value calculated as aforesaid.

(4) Where a married woman who was at the date of her marriage a deposit contributor is by virtue of this section suspended from the ordinary benefits under this part of this Act, two-thirds of the sum standing to her credit in the Post Office fund shall be applied in accordance with the regulations of the Insurance Commissioners towards the payment of any of the benefits specified in Part III. of the Fourth Schedule to this Act until the same is exhausted.

(5) Where a woman who was a married woman at the commencement of this Act at any time subsequently either before or within one year after the death of her husband becomes an employed contributor and a member of an approved society, she shall be entitled to full benefits notwithstanding that at the time of so becoming she is over the age of sixteen.

(6) Where any arrears of contributions have accrued due in respect of a married woman during coverture, such arrears shall, on the death of her husband, be disregarded, and she shall be thenceforth entitled to benefits as if such arrears had never accrued due.

(7) Except as provided by this section a married woman shall not be entitled to become a voluntary contributor, and if a woman is before marriage a voluntary contributor she shall on marriage not be entitled to continue to be such a contributor.

(8) If a woman, whilst a voluntary contributor at such reduced rates of benefit as are provided by this section, becomes employed within the meaning of this part of this Act she shall be entitled to a certificate (to be granted

in manner hereinbefore provided) exempting her from liability to become an employed contributor, so, however, that such exemption shall not exempt the employer from his liability to pay contributions in respect of her, or deprive him of his right to recover such part of those contributions as is payable on her behalf, but of each weekly contribution so paid by the employer threepence shall be treated as her contribution as a voluntary contributor and the balance shall be applied for her benefit in such manner as the society may determine.

(9) If at any time the married women's suspense account is insufficient to meet the liabilities imposed on it by this section the deficiency shall be made good out of the sums retained by the Insurance Commissioners for discharging their liabilities in respect of the reserve values created by this Act.

(10) Transfer value for the purposes of this section shall be calculated in such manner as the Insurance Commissioners may prescribe.

(11) Where a woman is a member of an approved society at the time when she is entitled to exercise an option under this section, it shall be the duty of the society to give her full information as to the nature of her rights.

(12) Where a deficiency has been found in respect of the society or branch of which a woman is a member at a valuation previous to the time when she became suspended from ordinary benefits under this part of this Act, and that deficiency has not been made good at that time of her marriage, or where a woman is in arrears at that time, such adjustments in the sums transferred to the married women's suspense account, and in the balance of her transfer value, and in the rates of benefit to which she is entitled under this section, shall be

made as the Insurance Commissioners may prescribe.

(13) Save as aforesaid, the provisions of this part of this Act shall apply to a woman who has been married, both during and after coverture, in like manner as if she had never been married.

(14) This section shall apply in the case of a woman whose marriage has been dissolved or annulled, or who has for a period of not less than two years been actually separated from or deserted by her husband, as if her husband had died at the date at which such dissolution or annulment took effect, or, as the case may require, at the expiration of such period of two years.

Special Provisions as to Aliens

44.—(1) This part of this Act shall apply to persons over the age of sixteen at the date of entry into insurance who are not British subjects, subject to the following modifications:—

- (a) No such person shall be qualified to become a member of an approved society for the purposes of this part of this Act except upon the terms and subject to the conditions hereinafter mentioned;
- (b) No part of the benefits to which such persons may become entitled shall be paid out of moneys provided by Parliament;
- (c) The rate of sickness, disablement, and maternity benefit shall be reduced, in the case of men, to seven-ninths, or in the case of women to three-quarters, of the rate to which they would otherwise be entitled under this part of this Act;
- (d) No part of the sums payable in

respect of such persons for medical benefit and sanatorium benefit, or towards the expenses of administration of benefits, shall, in the case of such persons, be paid out of moneys provided by Parliament.

(2) Where such a person becomes a member of an approved society the following provisions shall have effect:—

- (i) The contributions payable by or in respect of such person shall be credited to the society;
- (ii) The society shall in each year pay to the Local Health Committee the sums payable in respect of such person for medical benefit and sanatorium benefit;
- (iii) The rate and conditions of sickness benefit, and disablement benefit, and maternity benefit shall be such as may be determined by the society;
- (iv) Such person shall not be deemed to have joined an approved society for the purposes of the provisions of this part of this Act relating to reserve values, and no part of the contributions of such person shall be retained by the Insurance Commissioners towards the discharge of their liabilities in respect of reserve values.

(3) A woman who, having been a British subject before marriage, has ceased to be a British subject by reason of marriage with a person not being a British subject, shall not be subject to the provisions of this section if her husband is dead, or the marriage has been dissolved or annulled, or she has for a period of not less than two years been actually separated from or deserted by her husband.

(4) This section shall not apply to

any person who, on the fourth day of May nineteen hundred and eleven, was a member of a society which, or a separate section of which, becomes an approved society, and had then been resident in the United Kingdom for five years or upwards, or to any person who is transferred to an approved society or the Post Office fund in pursuance of an arrangement with the Government of any foreign State.

Special Provisions with regard to Persons in the Naval and Military Service of the Crown

45.—(1) For the purpose of providing seamen, marines, and soldiers with such benefits during their term of service and after their return to civil life as are hereinafter in this section mentioned, there shall be deducted from the pay of every seaman and marine within the meaning of The Naval and Marine Pay and Pensions Act, 1865, and of every soldier of the regular forces (other than soldiers of his Majesty's Indian forces, the Royal Malta Artillery, and native soldiers of any regiment raised outside the United Kingdom), the sum of one penny halfpenny a week, and there shall be contributed by the Admiralty and the Army Council respectively, out of moneys provided by Parliament for Navy and Army services in respect of every such seaman, marine, and soldier who has joined an approved society in the manner hereafter mentioned the sum of one penny halfpenny per week and in respect of every other such seaman, marine, and soldier such sum per week as may be prescribed: Provided that no such deduction shall be made from the pay of a seaman, marine, or soldier who has completed the period of his first engagement and has re-

engaged for pension unless he so elects within the prescribed time, and that no contribution shall be made by the Admiralty or Army Council in respect of any week in respect of which such a deduction is not made.

(2) A seaman, marine, or soldier—

(a) who was at the date of his entry or enlistment an insured person and had joined and was at that date a member of an approved society; or

(b) who within six months from the date of his entry or enlistment or, in the case of a seaman, marine, or soldier serving at the commencement of this Act, within six months after the commencement of this Act, or within such longer period as may be prescribed, joins an approved society for the purposes of this part of this Act;

shall for the purposes of this part of this Act be treated as if he were an employed contributor, subject until his discharge to the following modifications:—

(i) The employed rate shall be three pence, and the deductions made from his pay and the contributions made in respect of him by the Admiralty or Army Council shall be treated as the contributions paid in respect of him;

(ii) He shall not be entitled to medical benefit, sanatorium benefit, sickness benefit, or disablement benefit;

(iii) Maternity benefit shall be payable notwithstanding that both he and his wife are resident outside the United Kingdom at the date of the confinement, and the society may arrange with the Admiralty or Army Council for the administration of the benefit

through the Admiralty or Army Council;

(iv) The sum to be retained out of each weekly contribution by the Insurance Commissioners towards the discharge of their liabilities in respect of reserve values shall be one penny, and the remaining five-ninths of a penny shall be paid out of the Navy and Army insurance fund hereinafter constituted.

(3) With respect to seamen, marines, and soldiers who have not joined an approved society as aforesaid the following provisions shall have effect:—

(a) The sums so deducted and the contributions so made as aforesaid in respect of such men shall be paid into the national health insurance fund, and out of such sums there shall be retained by the Insurance Commissioners towards discharging their liabilities in respect of the reserve values created under this part of this Act the like amount as if such men were members of approved societies, and the balance shall be credited to a special fund to be called the Navy and Army insurance fund;

(b) There shall also be paid into the Navy and Army insurance fund in each year out of moneys provided by Parliament a sum equal to two-ninths of the amount, calculated in the prescribed manner, which would have been payable in that year in respect of medical, sanatorium, sickness and disablement benefits (including expenses of administration) had all seamen, marines, and soldiers from whose pay deductions are made under this section been members of ap-

proved societies and entitled to such benefits as employed contributors ;

- (c) The weekly contributions to be made by the Admiralty and Army Council in respect of such men shall be such as may from time to time be required to keep the Navy and Army insurance fund solvent ;
- (d) If any such man was at the date of his entry or enlistment a deposit contributor he shall, for the purpose of dealings with the sum standing to his credit in the Post Office fund be treated as if the Navy and Army insurance fund had been an approved society, and he had at the date of his entry or enlistment become a member of that society ;
- (e) In the case of a seaman, marine, or soldier serving at the commencement of this Act there shall be credited to the Navy and Army insurance fund such reserve value as would have been credited to an approved society had he at that date become a member of the society as an employed contributor. Provided that no such reserve value shall be credited to that fund if at the date aforesaid he had completed the period of his first engagement and had re-engaged for pension, unless he elects to have deductions made from his pay or unless, not having so elected, he becomes on discharge entitled to benefits payable out of that fund as hereinafter mentioned ;
- (f) Every such man shall, until discharged, be entitled to maternity benefit payable out of the Navy

and Army insurance fund, and shall be entitled to such benefit notwithstanding that both he and his wife are at the date of the confinement resident outside the United Kingdom, and the benefit shall be administered by the Admiralty and Army Council either directly or through local Health Committees.

- (g) On the discharge of a seaman, marine, or soldier, from whose pay deductions have been made and continue to be made up to the date of his discharge, there shall be debited to the Navy and Army insurance fund and if he becomes a member of an approved society within the prescribed time from his discharge there shall be credited to that society, or if he does not become a member of such a society within the prescribed time from his discharge there shall, unless he becomes entitled to benefits out of the Navy and Army insurance fund as hereinafter mentioned, be carried to his credit in the Post Office fund the transfer value which would have been payable in respect of him had he been a member of an approved society throughout his period of service, or in the case of a man serving at the date of the commencement of this Act since that date, and if he becomes a deposit contributor, so much of the reserve value, if any, credited to the Navy and Army Insurance Fund in respect of him shall be cancelled as would have been cancelled had he been transferred from an approved society to the Post Office fund :

- (h) A man discharged from service as a seaman, marine, or soldier who proves that the state of his health is such that he cannot obtain admission to an approved society may, if he so elects, on making application to the Insurance Commissioners in the prescribed manner within three months of his discharge, or such longer time as may be prescribed, become, subject to regulations made by the Insurance Commissioners after consultation with the Admiralty and Army Council, entitled to benefits (other than additional benefits) provided under this part of this Act at the full rate, the cost of which benefits shall be payable out of the Navy and Army insurance fund, and such benefits shall be administered by local Health Committees or otherwise in such manner as may be prescribed by such regulations as aforesaid, and any contributions paid under this part of this Act by or in respect of him shall be paid into that fund;

Provided that—

- (i) no deduction from benefits shall be made on account of any pension to which a man may be entitled;
- (ii) the rate of sickness benefit shall be reduced, in the case of a man who entered into insurance when over the age of sixteen or who is in arrears, to the like extent as it would be reduced had he been an employed contributor and a member of an approved society who entered into insurance at the like age or who is in arrears to the like extent, so however that the rate of sickness

benefit shall in no case be reduced below five shillings a week;

- (iii) there shall in each year be repaid to the Navy and Army Insurance Fund, out of moneys provided by Parliament, a sum equal to two-ninths of the amount expended out of the fund on such benefits as aforesaid, including the expenses of administration.
- (iv) if a man who is so entitled to benefits payable out of the Navy and Army Insurance Fund at any time becomes a member of an approved society for the purposes of this part of this Act he shall cease to be entitled to benefits payable out of that fund, and there shall be debited to that fund and credited to such society the transfer value which would have been so debited and credited if he had been at that time transferred from one approved society to another approved society.

(4) In the application of this part of this Act to a man who is or has been a seaman, marine, or soldier, and to whom this section applies—

- (i) the date of his entry or enlistment as a seaman, marine, or soldier, or, if he was serving at the commencement of this Act, the date of that commencement shall, unless he was an insured person at the date of his entry or enlistment, be treated as the date of his entry into insurance;
- (ii) deductions from pay, with the corresponding contributions made by the Admiralty and Army Council, shall be treated as payments of contributions at the employed rate for the purpose of reckoning the number of

contributions made in respect of him, arrears, and transfer value, and for the purpose of qualifications for becoming a voluntary contributor.

- (iii) a seaman, marine, or soldier during his term of service shall, if he has joined an approved society as aforesaid before his entry or enlistment, be deemed to reside in that part of the United Kingdom in which he resided immediately before his entry or enlistment, or, if after his entry or enlistment, in the part of the United Kingdom in which the registered office or other principal place of business of the society or branch which he has joined is situate, and in any other case in England, and all persons entitled to benefits payable out of the Navy and Army Insurance Fund shall be deemed to reside in England.

(5) Discharge shall in the case of a seaman, marine, or soldier who on the completion of any term of service is transferred to a reserve include such transfer.

(6) This section shall not apply to a seaman, marine, or soldier who entered or enlisted before the age of sixteen until he attains that age, and on attaining that age shall apply to him as if he had entered or enlisted at the time when he attained that age.

(7) The foregoing provisions of this section shall, subject to such adaptations and modifications as may be prescribed, apply to men belonging to the Naval Reserves when employed on service during war or any emergency and to men of the Army Reserve when called out on permanent service and to men of the Territorial Force when called out on embodiment, but, except

as aforesaid, shall not apply to any such men.

(8) Where a man of the Naval Reserves, the Army Reserve, or the Territorial Force is being trained and is in receipt of pay out of the moneys provided by Parliament for Navy or Army services, he shall, for the purposes of this part of this Act, be deemed whilst so engaged to be in the employment of the Crown.

Special Provisions where Employer liable to pay Wages during Sickness

46.—(1) The Insurance Commissioners shall from time to time make special orders specifying any classes of employment in which a custom or practice is shown to their satisfaction to prevail according to which the persons employed receive full remuneration during periods of disease or disablement, or any part thereof, and where the custom or practice is confined to certain localities, the order shall also specify the localities in which the custom prevails, and, subject to the provisions of this section, the order may contain such incidental, supplemental, and consequential provisions as appear necessary for adapting the other provisions of this part of this Act to cases under this section.

(2) It shall be lawful for any employer who employs persons in any class of employment specified in any such order, within a locality (if the custom is confined to certain localities) so specified, to give to the Insurance Commissioners the prescribed notice, and thereupon the employer shall, as respects all such persons, be subject to the liabilities, and this part of this Act shall apply in respect of all such persons, subject to the modifications hereinafter mentioned.

(3) The employer shall be liable to pay full remuneration to every such person during any period or periods not exceeding six weeks in the aggregate in any one year during which such person may be suffering from any disease or disablement commencing while such person is in his employment, notwithstanding that such person may have left his employment before the expiration of that time :

Provided that if any such person is engaged for a term of not less than six months certain, the employer shall be liable to pay full remuneration during any period of disease or disablement lasting less than six weeks, and for the first six weeks of any period of disease or disablement lasting more than six weeks, notwithstanding that the aggregate exceeds six weeks, but where any such period extends beyond the term of the engagement, he shall not be liable to make any payment in respect of any part thereof after the expiration of such term.

(4) This part of this Act shall apply in respect of persons so employed as aforesaid, subject to the following modifications :—

(a) Sickness benefit shall not be payable in respect of any period during which full remuneration is payable by the employer under this section, but for the purpose of calculating the rate and duration thereof, shall be deemed to have been paid for six weeks before the date as from which it becomes actually payable :

(b) The employed rate shall be reduced by two pence (or, where the employed contributor is a woman, one penny halfpenny) :

(c) The weekly contributions pay-

able by the employer shall be reduced by one penny (or, where the employed contributor is a woman, one halfpenny), and the weekly contributions payable by the employed contributor shall be reduced by one penny :

(d) There shall be credited to the approved society of which any such person is a member, or, if he is a deposit contributor, to his account in the Post Office fund, the difference between the amount of contributions at such reduced rate actually paid in respect of him and the amount which would have been paid if those contributions had been at the full rate, and the amount of that difference shall be treated as having been expended on sickness benefit, and the proper proportion thereof shall accordingly be paid out of moneys provided by Parliament :

(e) Contributions shall not be payable in respect of any period of disease or disablement during which full remuneration is payable under this section if the prescribed notice has been given :

(f) The rules of an approved society or local Health Committee as to notices and proof of disease and disablement may extend to periods of disease and disablement during which full remuneration is payable under this section.

(5) Where a person on ceasing to be so employed becomes temporarily unemployed, paragraphs (b) and (d) of the last foregoing subsection shall continue to apply in respect of him, and

sickness benefit shall not be payable in respect of the first six weeks of any period of disease or disablement, commencing after he ceased to be so employed, but for the purpose of calculating the rate and duration thereof shall be deemed to have been paid during those six weeks, and notwithstanding anything in this part of this Act a disease or disablement shall not for the purposes of sickness benefit be treated as a continuation of a previous disease or disablement unless the medical practitioner attending such person certifies that it in fact is so.

(6) Where such a person as aforesaid ceases to be employed within the meaning of this part of this Act, and is entitled to become a voluntary contributor paying contributions at the employed rate, paragraphs (b) and (d) of subsection (4) shall, if he becomes a voluntary contributor, continue to apply in respect of him, and sickness benefit shall not be payable in respect of the first six weeks of any period of disease or disablement commencing after he became a voluntary contributor, but, for the purpose of calculating the rate and duration thereof, shall be deemed to have been paid during those six weeks, and notwithstanding anything in this part of this Act a disease or disablement shall not, for the purposes of sickness benefit, be treated as a continuation of a previous disease or disablement unless the medical practitioner attending such person certifies that it in fact is so :

Provided that if any such person at any time wishes to become an ordinary voluntary contributor, he may become such after the payment of twenty-six weekly contributions at the full rate, or if the society of which he is a member consents after the payment of such

less number of such contributions as the society may appoint.

(7) Where any employers wish to avail themselves of the provisions of this section as respects the persons employed by them in a class of employment, or in a locality in which no such custom or practice as aforesaid exists, they may apply to the Insurance Commissioners, and the Commissioners, if, after ascertaining the views of the persons so employed, they think fit, may make a special order extending the provisions of this section as respects the applicants to the class of employment or locality mentioned in the application as if it were a class of employment or locality in which such a custom or practice as aforesaid prevailed.

(8) Any question as to whether an employer is entitled to avail himself of the provisions of this section as respects any persons employed by him shall be determined by the local Health Committee, subject to appeal to the Insurance Commissioners.

(9) The payment of contributions purporting to be at the reduced rate authorised by this section as respects any persons employed by an employer in any class of employment, shall be conclusive evidence that he is, as respects those persons and all other persons employed by him in the same class of employment in the same locality, under the liability imposed by this section.

(10) An employer who has given such notice as aforesaid may, by giving three months' previous notice to the local Health Committee, withdraw his notice as from the commencement of the next calendar year, and in such case, as from that date this section shall cease to apply in respect of the persons employed by him in the

class of employment to which the notice of withdrawal relates.

(11) None of the provisions of this section shall apply as respects any person employed at a rate of remuneration which is less than ten shillings a week.

(12) Nothing in this section shall relieve any employer from any legal liability to pay wages during sickness to any person employed by him in accordance with any established custom.

Special Provisions as to the Mercantile Marine.

47.—In the application of this part of this Act to masters, seamen, and apprentices to the sea service and the sea fishing service the following provisions shall have effect:—

(1) Neither sickness benefit nor disablement benefit shall be paid to a master, seaman, or apprentice suffering from any disease or disablement in respect of any period during which the owner of the ship is under the Merchant Shipping Act, 1894, as amended by any subsequent enactment or otherwise, liable to defray the expense of the necessary surgical and medical advice and attendance and medicine, and of his maintenance, but for the purpose of calculating the rate and duration of sickness benefit such benefit shall be deemed to have been paid from the commencement of the disease or disablement until the determination of such liability as aforesaid, and he shall not be entitled to medical benefit during such period:

(2) In the case of masters, seamen,

and apprentices serving on foreign-going ships or ships engaged in regular trade on foreign stations, the employed rate and the employers' contributions shall each be reduced by one penny a week, and every four weekly contributions paid in any calendar year by a master, seaman, or apprentice whilst serving on such a ship shall, for the purposes of determining the number of contributions to be paid by him in that year and for the purposes of calculating arrears, be treated as five such contributions:

Provided that—

(a) nothing in this provision shall affect the number of employer's contributions to be paid in respect of such a master, seaman, or apprentice, but no employer's contributions paid in respect of any week in respect of which no contribution is payable by the master, seaman, or apprentice shall be taken into account in reckoning the amount of his arrears;

(b) there shall be credited to the approved society of which the master, seaman, or apprentice is a member, or if he is a deposit contributor to his account in the Post Office fund, a sum equal to two-fifths of the amount of the contributions actually paid in respect of him, and an equal sum shall be treated as having been expended on sickness benefit, and the proper proportion thereof shall accordingly be paid out of moneys provided by Parliament:

- (3) A master, seaman, or apprentice who is neither domiciled nor has a place of residence in the United Kingdom shall not be deemed to be employed within the meaning of this part of this Act, but the employer shall be liable to pay the same contributions in respect of him as would otherwise have been payable by him as employer's contributions, except in cases where the ship is engaged in regular trade on foreign stations :
- (4) The Board of Trade shall, as soon as may be after the passing of this Act, cause a society to be formed, to be called the Seamen's National Insurance Society, of which any masters, seamen, and apprentices to the sea service and the sea fishing service who are employed within the meaning of this part of this Act shall be entitled to become members, but nothing in this section shall prevent any such person joining another approved society instead of the society so formed :
- (5) The affairs of the Seamen's National Insurance Society shall be managed by a committee constituted in accordance with a scheme to be prepared by the Board of Trade with the approval of the Insurance Commissioners, comprising representatives of the Board of Trade, of shipowners, and of members of the society in equal proportions, and the society shall, notwithstanding anything in this part of this Act, become an approved society :
- (6) All contributions paid by employers in respect of masters, seamen, or apprentices who are neither domiciled nor have a place of residence in the United Kingdom, and consequently deemed not to be employed within the meaning of this part of this Act, shall be credited to the Seamen's National Insurance Society :
- (7) In addition to medical, sanatorium, sickness, disablement, and maternity benefits, members of the Seamen's National Insurance Society shall be entitled to such other benefits as may be provided under a scheme to be prepared by the committee of management, with the approval of the Board of Trade and the Insurance Commissioners, and such other benefits shall include pensions for masters and seamen with long sea service, and the scheme may provide for preference being given to masters and seamen who have served in foreign-going ships or ships engaged in foreign trade over those who have served in the coasting and home trade ships, and such preference may be proportionate to the length of time spent in the first-mentioned service : Provided that, in the case of the transfer of a member of the society to another approved society, the transfer value payable in respect of him shall be calculated with reference to the liabilities of the society for benefits other than such pensions as aforesaid :
- (8) The rules of the Seamen's National Insurance Society shall provide for allowing a member who leaves the sea service and is unable to obtain admission to

another approved society on account of the state of his health to continue a member of the Seamen's National Insurance Society for the purposes of this part of this Act, and the rules of that society may provide that a member of the society who has fulfilled the conditions entitling him to such pension as aforesaid shall not be deprived of his right to the pension by reason only that he has ceased to be a member of the society at the time when the pension first becomes payable or ceases so to be at any subsequent time :

- (9) Where a master, seaman, or apprentice is at the commencement of this Act a member of a society which becomes an approved society he may, if that society and the Seamen's National Insurance Society so agree, continue to be a member of the first-mentioned society for the purposes of benefits under this part of this Act other than pension, and becomes a member of the last-mentioned society for the purposes of pension only, and in such case the balance of the contributions payable in respect of him (after deducting the sums to be retained by the Insurance Commissioners towards discharging their liabilities in respect of reserve values) shall be divided between the two societies in such proportion as they may agree :

- (10) Expressions in this section have the same meaning as in the Merchant Shipping Acts, 1894 to 1907, and the expression "ship engaged in regular trade on foreign stations" means a

ship engaged regularly in trade between ports outside the British Islands when trading between such ports, but for the purposes of this provision a ship shall not be deemed not to be engaged in such a trade by reason only that she puts into a port in the United Kingdom for the purpose of survey or repair.

- (11) The provisions of this part of this Act affecting the employed rate and the rates of contributions of employers and contributors in Ireland, and depriving insured persons in Ireland of medical benefit, shall not apply to any such master, seaman, or apprentice, unless he has a permanent place of residence in Ireland and is not a member of the Seamen's National Insurance Society; and, in the case of a master, seaman, or apprentice serving on a foreign-going ship or a ship engaged in foreign trade to whom such provisions do apply the amount by which the employed rate and the employer's contributions are to be reduced shall be one halfpenny a week :

- (12) Members of the Seamen's National Insurance Society shall for the purposes of this part of this Act be deemed to reside in England, and the medical benefit and sanatorium benefit of such members shall be administered by the society instead of by the local Health Committee, and the provisions of this part of this Act relating to the administration of those benefits shall apply accordingly subject to such modifications as may be prescribed.

Provisions as to Men over Sixty-five at Commencement of Act.

48.—(1) If any person who is of the age of sixty-five or upwards and under the age of seventy at the commencement of this Act is employed within the meaning of this part of this Act, the like contributions shall, until he attains the age of seventy, be payable by his employer in respect of him as in the case of employed contributors, and the provisions of this part of this Act relating to the payments of contributions and the recovery thereof shall apply accordingly.

(2) For every weekly contribution made by or in respect of such a person there shall be contributed out of moneys provided by Parliament the sum of two pence.

(3) If such a person becomes a member of an approved society for the purposes of this section all contributions payable in respect of him under this section (including contributions out of moneys provided by Parliament) shall be credited to the society, and he shall become entitled to such benefits as the society may determine, but no reserve value shall be credited to the society in respect of him and no part of the contributions payable in respect of him shall be retained by the Insurance Commissioners towards the discharge of their liabilities in respect of reserve values.

(4) If such a person does not become a member of an approved society as aforesaid he shall become a deposit contributor, and accordingly all contributions payable in respect of him (including contributions out of moneys provided by Parliament) shall be carried to his credit in the Post Office fund, but the benefits to which he becomes entitled shall be such as may be

determined by the local Health Committee.

(5) No part of the cost of benefits under this section shall be payable out of moneys provided by Parliament.

Special Provisions as to Seasonal Trades

49. Where it is proved to the satisfaction of the Insurance Commissioners that a trade or business carried on by any employers is of a seasonal nature and subject to periodical fluctuation, and those employers systematically employ persons throughout the year and work short time during the season when the trade or business is depressed, the Insurance Commissioners may make a special order reducing, as respects such persons, the employed rate and the contributions payable by the employers and contributors to such extent and for such period in the year as may be specified in the order, and increasing such rate and contributions to a corresponding extent and for a corresponding period during the remainder of the year, and the order may contain such incidental, supplemental, and consequential provisions as may appear necessary for adapting the other provisions of this part of this Act to cases under this section.

Special Provisions as to Inmates of Charitable Homes, etc.

50.—(1) Where the managers of any institution carried on for charitable or reformatory purposes prove that the persons who are inmates of and supported by the institution receive benefits and medical attendance when sick, the Insurance Commissioners may grant a certificate of exemption to those managers, and where such a certificate of exemption is granted any such inmates who are employed by the man-

agers of the institution shall not in respect of such employment be deemed to be employed within the meaning of this part of this Act:

Provided that it shall be a condition of such exemption that the managers shall be liable to pay in respect of any such inmate who, having been an inmate of the institution for more than six months, leaves the institution, the following sums:—

- (a) In the case of a person who at the time of entering the institution was below the age of sixteen, such capital sum as will be sufficient to secure him benefits under this part of this Act at the full rate;
- (b) In the case of a person who was at the time of entering the institution of the age of sixteen or upwards, and who was at that time an insured person, and a member of an approved society, a sum equal to the value, calculated in the prescribed manner, of the contributions which, apart from this section, would have been payable in respect of him during the time he was in the institution.

(2) Every such inmate as aforesaid shall, if he was an insured person, before entering the institution, be suspended from benefits whilst he is such an inmate, and if he was at such time a member of an approved society and has been an inmate of the institution for a period exceeding six months the time during which he is in the institution shall be disregarded for the purpose of reckoning arrears.

Special Provision as to Persons becoming Certificated Teachers

51.—Where a person who has been employed to teach in a public ele-

mentary school ceases to be employed within the meaning of this part of this Act by reason of becoming a teacher to whom the Elementary School Teachers (Superannuation) Act, 1898, applies, and does not become a voluntary contributor, there shall be paid to the Board of Education by the approved society of which he is a member, or, if he is not a member of an approved society, out of the amount standing to his credit in the Post Office fund, a sum equal to the value calculated in the prescribed manner of the contributions paid by or in respect of him under this part of this Act since he first began to teach in a public elementary school, or if the amount standing to his credit is less than that sum then the whole amount so standing to his credit; and the sum so paid to the Board of Education shall be placed by them to his credit in the Deferred Annuity Fund in accordance with the rules for the time being applicable thereto.

Application to Other Persons in the Service of the Crown

52.—(1) This part of this Act shall apply to persons employed by or under the Crown, other than those with respect to whom special provision is made by this part of this Act, in like manner as if the employer were a private person:

Provided that in the case of a person employed in the private service of the Crown, the head of the department of the Royal Household in which he is employed shall be deemed to be his employer.

(2) The provisions of this Act relating to reduced insurance in cases where the employer is liable to pay wages during sickness shall extend in respect

of persons employed by or under the Crown to cases where two-thirds only of the full remuneration are payable during periods, or parts of periods, of disease or disablement if such remuneration is so payable for not less than three months in any year, and those provisions shall apply accordingly as if two-thirds of the full remuneration were substituted for the full remuneration, and as if three months were substituted for six weeks as the maximum amount of time during any year such remuneration is payable.

Financial Provisions.

National Health Insurance Fund

53.—(1) All sums received in respect of contributions under this part of this Act and all sums paid out of moneys provided by Parliament under this part of this Act in respect of the benefits thereunder and the expenses of administration of such benefits shall be paid into a fund, to be called the National Health Insurance Fund, under the control and management of the Insurance Commissioners, and the sums required to meet expenditure properly incurred by approved societies and local Health Committees for the purposes of the benefits administered by them and the administration of such benefits shall be paid out of that fund.

(2) The sums payable to the said fund out of moneys provided by Parliament shall be paid in such manner and at such times as the Treasury may determine.

(3) The Insurance Commissioners shall ascertain periodically what sums standing in the National Health Insurance Fund to the credit of the several societies and of the

Post Office fund and of the Navy and Army insurance fund are available for investment and the amount so ascertained shall, so far as not required under the provisions of this part of this Act to be paid over to societies for investment, or to be retained for investment on their behalf, or for the discharge of liabilities of societies, be carried to a separate account, called the Investment Account, and shall be paid over to the National Debt Commissioners and by them invested in accordance with regulations made by the Treasury in any securities which are for the time being authorised by Parliament as investments for savings banks funds, but those Commissioners shall in making the investment give preference to stock or bonds issued under the provisions of the Acts relating to borrowing for raising capital for the purposes of the local loans funds where the purposes for which such capital is required is the making of advances for the purposes of the Housing of the Working Classes Acts, 1890 to 1909:

Provided that nothing in this provision shall prevent the Insurance Commissioners paying over to the National Debt Commissioners for temporary investment, pending the ascertainment of the amount available for investment as aforesaid, any sums in the National Health Insurance Fund not required to meet current liabilities.

(4) There shall be credited to the Post Office fund and to the Navy and Army insurance fund interest at the prescribed rate per annum on the sums from time to time standing to the credit of those funds in the investment account.

(5) The accounts of the National Health Insurance Fund shall be audited in such manner as the Treasury may direct.

(6) The National Debt Commissioners shall present to Parliament annually an account of the securities in which moneys forming part of the said fund are for the time being invested.

Reserve Values

54.—(1) The Insurance Commissioners shall cause tables to be prepared showing, in cases in which such provision is necessary, the capital sums (in this part of the Act referred to as "reserve values") which it is necessary to provide in respect of members entering into insurance at ages over the age of sixteen to meet the estimated loss (if any) arising through the acceptance by an approved society of such persons as members upon the terms and conditions as regard contributions and benefits prescribed by this Act.

(2) On a person over the age of sixteen joining an approved society for the purposes of this part of this Act, there shall be credited to the society the reserve value (if any) appropriate to such person in accordance with such tables.

The sums so credited to a society in respect of reserve values shall carry interest at the rate of three per centum per annum.

(3) Out of each weekly contribution paid by or in respect of an insured person who is a member of an approved society other than a voluntary contributor who entered into insurance within six months after the commencement of this Act and at the date of that entry was of the age of forty-five years or upwards there shall be retained by the Insurance Commissioners the sum of one penny and five-ninths (or in the case of women one penny half-penny), and the amounts so retained

shall, together with any other moneys available for the purpose, be applied in manner provided by this Act towards discharging the liabilities of the Insurance Commissioners to approved societies in respect of the reserve values created by this section.

(4) The Insurance Commissioners shall periodically apportion amongst the several societies, including the Army and Navy Insurance Fund, the sums retained by them and the sums, if any, otherwise available for the discharge of such liabilities as aforesaid in proportion to the amount of reserve values for the time being credited to the several societies, and shall credit to each society the amount so apportioned, and any balance of the sums so credited to a society, after providing for interest on the reserve values for the time being credited to the society, shall be written off the amount of the reserve values so credited.

(5) If any person is convicted of the offence of knowingly making any false statement as to his age in any declaration made for the purpose of obtaining a reserve value to be credited to an approved society in respect of him, the reserve value shall be cancelled, and the member of the society in respect of whom it was credited shall be treated as if he had entered into insurance after the expiration of one year from the commencement of this Act.

Transactions between the Insurance Commissioners and Societies

55.—(1) The Insurance Commissioners shall, subject to the approval of the Treasury, make regulations with respect to crediting and debiting to the several societies sums received and paid by the Insurance Commissioners

on behalf of or to societies and as to the payments to be made by and to the Commissioners to and by societies, and those regulations shall, amongst other things—

- (a) provide for crediting to each society the contributions paid by or in respect of the members of the society after deducting the amounts retained thereout for discharging the liabilities of the Insurance Commissioners in respect of reserve values :
- (b) require the Insurance Commissioners, on carrying any sum to the credit of an approved society in the investment account, to pay over to the society for investment, or, at the request of the society, to retain for investment on behalf of the society, four-sevenths, or, so far as the sums are attributable to women, one-half, of the amount so credited to the society ;
- (c) provide for crediting to each society interest at the prescribed rate per annum on the sums for the time being standing to the credit of the society in the investment account ;
- (d) provide for the discharge of debit balances in such manner as the Insurance Commissioners determine, either by the reduction of the reserve values credited to the society or out of the proceeds of the realisation of securities held by the society or by the Commissioners on behalf of the society, and out of the sums standing to the credit of the society in the investment account proportionately :

Provided that, in the case of any society which gives notice to that

effect to the Insurance Commissioners, no part of the sums carried to credit of the society in the investment account shall be paid over to the society or retained by the Commissioners for investment on its behalf, but the whole amount shall remain to the credit of the society in the investment account, and in such case the regulations made under the foregoing provisions shall apply to the society subject to the prescribed modifications.

(2) Every approved society shall invest any sums paid to the society for investment, and shall for the purpose have power to invest in any securities in which trustees are for the time being by law empowered to invest trust funds, or in any stocks, mortgages, or other securities issued by any local authority within the meaning of the Local Loans Act, 1875, and charged on any rates levied by or on the order or precept of such authority, or in any other securities for the time being approved by the Insurance Commissioners.

(3) Where, at the request of a society, the Insurance Commissioners instead of paying over any sum to the society retain such sum for investment on behalf of the society, they shall invest such sum in accordance with the directions of the society in any securities in which the society might have invested it had it been paid over to the society, and shall from time to time vary such investments in accordance with the like directions, and shall pay over to the society all sums received by way of interest or dividend on the investments held by them on behalf of the society.

(4) Every approved society shall apply the sums received by way of interest or dividend on investments held by the society or by the Insurance

Commissioners on behalf of the society towards the cost of the benefits under this part of this Act of the members of the society and the cost of the administration of those benefits, or otherwise, as the Insurance Commissioners may prescribe.

Insurance Commissioners: Advisory Committee.

Constitution of Insurance Commissioners, Appointment of Inspectors, etc.

56.—(1) As soon as may be after the passing of this Act there shall be constituted for the purposes of this part of this Act Commissioners (to be called the Insurance Commissioners), with a central office in London, and with such branch offices as the Treasury may think fit, and the Commissioners shall be appointed by the Treasury, and of the Commissioners so appointed one at least shall be a duly qualified medical practitioner who has had personal experience of general practice.

(2) The Insurance Commissioners may sue and be sued, and may for all purposes be described by that name, and shall have an official seal which shall be officially and judicially noticed, and such seal shall be authenticated by any Commissioner or the secretary to the Commissioners, or some person authorised by the Commissioners to act on behalf of the secretary.

(3) The Insurance Commissioners may appoint such officers, inspectors, referees, and servants, for the purposes of this part of this Act as the Commissioners, subject to the approval of the Treasury as to number, may determine, and there shall be paid out of moneys provided by Parliament to the Commissioners and to such officers, inspectors, referees, and servants, such salaries or

remuneration as the Treasury may determine; and any expenses incurred by the Treasury (including the remuneration of valuers and auditors appointed by the Treasury) or the Commissioners in carrying this part of this Act into effect, to such extent as the Treasury may sanction, shall be defrayed out of moneys provided by Parliament.

(4) Every document purporting to be an order or other instrument issued by the Insurance Commissioners and to be sealed with the seal of the Commissioners authenticated in manner provided by this section, or to be signed by the Secretary to the Commissioners or any person authorised by the Commissioners to act on behalf of the secretary, shall be received in evidence and be deemed to be such order or instrument without further proof, unless the contrary is shown.

(5) The Insurance Commissioners may empower any such inspector to exercise in respect of any approved society or any branch of an approved society all or any of the powers given by section seventy-six of the Friendly Societies Act, 1896, to an inspector appointed thereunder:

Provided, that any complaint or report as to any such branch as aforesaid made by an inspector under this subsection shall be communicated to the central body or other central authority of the society.

Appointment of Advisory Committee

57.—The Insurance Commissioners shall as soon as may be after the passing of this Act appoint an Advisory Committee for the purpose of giving the Insurance Commissioners advice and assistance in connection with the making and altering of regulations under this part of this Act, consisting

of representatives of associations of employers and approved societies, of duly qualified medical practitioners who have personal experience of general practice, and of such other persons as the Commissioners may appoint, of whom two at least shall be women.

Local Health Committees.

Appointment of Local Health Committees

58.—(1) A local Health Committee shall be constituted for every county and county borough.

(2) Every such committee shall consist of such number of members as the Insurance Commissioners, having regard to the circumstances of each case, determine, but in no case less than forty, or more than eighty of whom—

(a) three-fifths shall be appointed in such manner as may be prescribed by regulations of the Insurance Commissioners so as to secure representation of the insured persons resident in the county or county borough who are members of approved societies, and who are deposit contributors in proportion, as nearly as may be, to their respective numbers;

(b) one-fifth shall be appointed by the council of the county or county borough;

(c) two members shall be elected in manner provided by regulations made by the Insurance Commissioners, either by any association of duly qualified medical practitioners resident in the county or county borough which may have been formed for that purpose under such regulations, or, if no such association has

been formed, by such practitioners;

(d) one member or, if the total number of the committee is sixty or upwards, two members, or if the total number of the committee is eighty, three members, shall be duly qualified medical practitioners appointed by council of the county or county borough;

(e) the remaining members shall be appointed by the Insurance Commissioners:

Provided that—

(i) The regulations with respect to the appointment of members to represent insured persons shall provide for conferring on the approved societies which have members resident in the county or county borough the power of appointing the representatives of such members, and, where an association of the deposit contributors resident in the county or county borough has been formed under such regulations as aforesaid, for conferring on such association the power of appointing the representatives of the deposit contributors;

(ii) Of the members appointed by the council of the county or county borough two at least shall be women, and of the members appointed by the Insurance Commissioners one at least shall be a duly qualified medical practitioner and two at least shall be women.

(3) The Insurance Commissioners may, where any part of the cost of medical benefit or sanatorium benefit is defrayed by the council of the county

or county borough, increase the representation of the council and make a corresponding diminution in the representation of the insured persons.

(4) The Insurance Commissioners may make regulations as to the appointment, quorum, term of office, and rotation of members and proceedings generally (including the appointment of sub-committees consisting wholly or partly of members of the committee) of the committee, and the employment of officers and the provision of offices by the committee, including the use by the committee, with or without payment, of any offices of a local authority, but subject to the consent of such authority, and any such regulations may provide for the constitution of district committees, and for apportioning amongst the several district committees any of the powers and duties of the local Health Committee and regulating the relations of district committees to the local Health Committee and to one another:

Provided that the regulations so made shall require the local Health Committee of every county (except in cases where, owing to special circumstances, the Commissioners consider it unnecessary) within six months after the commencement of this Act to prepare after consultation with the county council and submit for approval to the Commissioners a scheme for the appointment of district committees for the county and prescribing the area to be assigned to each such committee, and in particular the scheme shall provide for the appointment of a district committee for each borough (including the City of London and a metropolitan borough) within the county having a population of not less than ten thousand, and for each urban district within the county with a population of twenty

thousand, but if the local Health Committee, or, on appeal, the Insurance Commissioners consider it expedient in the case of any such borough or urban district any adjoining areas may be grouped with such borough or urban district, for the purpose of the appointment of a district committee.

(5) Any local Health Committee may, and shall if so required by the Insurance Commissioners, combine with any one or more other local Health Committees for all or any of the purposes of this part of this Act, and where they so combine, the provisions of this part of this Act shall apply with such necessary adaptations as may be prescribed.

Powers and Duties of Local Health Committees

59.—(1) The local Health Committee of a county or county borough shall, in addition to the other powers and duties imposed or conferred on it by this part of this Act, have the following powers and duties:—

- (a) It shall make such reports as to the health of insured persons within the county or county borough as the Insurance Commissioners, after consultation with the Local Government Board, may prescribe, and shall furnish to them such statistical and other returns as they may require, and may make to them such other reports on the health of such persons and the conditions affecting the same, and may make such suggestions with regard thereto as it may think fit, and the Insurance Commissioners shall forward to the councils of the counties, boroughs, and urban and rural

districts, which appear to them to be affected by or interested in any such reports, returns, or suggestions, copies of such reports, returns, and suggestions, and the reports and returns so made shall include such reports and returns as will enable an analysis and classification to be made of the persons who are deposit contributors;

- (b) It shall make such provision for the giving of lectures and the publication of information on questions relating to health as it thinks necessary or desirable;
- (c) It shall keep proper books and accounts in the prescribed form and shall, when required, submit such accounts to audit by auditors appointed by the Treasury.

(2) For the purpose of assisting local Health Committees in the exercise and performance of their powers and duties under this part of this Act, and with a view to promoting co-operation between such committees and the councils of counties, boroughs, and urban and rural districts, any medical officer of health may, at the request of a local Health Committee and with the consent of the council by whom he is appointed, attend meetings of the committee and give such advice and assistance as is in his power.

(3) For the purposes of this section the council of a borough includes the mayor, aldermen, and commons of the City of London in common council assembled, and the council of a metropolitan borough.

Income

60.—(1) All sums available for sanatorium benefit in a county or

county borough, and all sums payable in respect of the members of approved societies and deposit contributors resident in the county or county borough for the purposes of medical benefit and administrative expenses in any year, shall be paid or credited to the local Health Committee at the commencement of that year.

(2) There shall also be paid to the local Health Committee in every year by each approved society, having members who are insured persons resident in the county or county borough, in respect of each such member, the sum of one penny towards the administrative expenses of the Committee:

Provided that if the special circumstances of any county are such that the Insurance Commissioners consider that the travelling expenses of the members of the committee should be repaid to them by the committee, the Insurance Commissioners may authorise such repayment, and in such case may increase the said sum of one penny to such sum, not exceeding twopence, as they may determine.

(3) It shall be lawful for any local authority, out of any fund or rate out of which the expenses of the authority are payable, to subscribe such sums as it may think fit towards the general purposes of the local Health Committee.

Local Medical Committees

61.—Where a local medical committee has been formed for any county or county borough or for any area for which a district committee has been formed and the Insurance Commissioners are satisfied that such committee is representative of the duly qualified medical practitioners resident in the county or county borough

or such area as aforesaid they shall recognise such committee, and where a local medical committee has been so recognised it shall, subject to regulations made by the Insurance Commissioners, be consulted by the local Health Committee or district committee as the case may be on all general questions affecting the administration of medical benefit, including the arrangements made with medical practitioners giving attendance and treatment to insured persons, and shall perform such other duties, and shall exercise such powers as may be determined by the Insurance Commissioners.

Excessive Sickness.

Power to Approved Societies and Local Health Committees to Demand Inquiries into Causes of Excessive Sickness, etc.

62.—(1) Where it is alleged by the Insurance Commissioners or by any approved society or local Health Committee that the sickness which has taken place among any insured persons being, in the case where the allegation is made by a society or committee, persons for the administration of whose sickness and disablement benefits the society or committee is responsible, is excessive, and that such excess is due to the conditions or nature of employment of such persons, or to bad housing or insanitary conditions in any locality, or to an insufficient or contaminated water supply, or to the neglect on the part of any person or authority to observe or enforce the provisions of any Act relating to the health of workers in factories, workshops, mines, quarries, or other industries, or relating to public health,

or the housing of the working classes, or any regulations made under any such Act, or to observe or enforce any public health precautions, the Commissioners or the society or committee making such allegation may send to the person or authority alleged to be in default a claim for the payment of the amount of any extra expenditure alleged to have been incurred by reason of such cause as aforesaid, and if the Commissioners, society, or committee and such person or authority fail to arrive at any agreement on the subject may apply to the Secretary of State or the Local Government Board, as the case may require, for an inquiry, and thereupon the Secretary of State or Local Government Board may appoint a competent person to hold an inquiry.

(2) If upon such inquiry being held it is proved to the satisfaction of the persons holding the inquiry that the amount of such sickness has

(i) during a period of not less than three years before the date of the inquiry; or

(ii) if there has been an outbreak of any epidemic, endemic or infectious disease, during any less period;

been in excess of the average expectation of sickness by more than 10 per cent., and that such excess was in whole or in part due to any such cause as aforesaid, the amount of any extra expenditure found by the person holding the inquiry to have been incurred under this part of this Act by any societies or committees where the allegation is made by the Insurance Commissioners, or if the allegation is made by a society or committee by the society or committee in question by reason of such cause shall be ordered by him to be made good in accordance with the following provisions:—

- (a) Where the excess or such part thereof as aforesaid is due to the conditions or nature of the employment or to any neglect on the part of any employer to observe or enforce any such Act or regulation as aforesaid, it shall be made good by the employer :
- (b) Where such excess or such part thereof as aforesaid is due to bad housing or insanitary conditions in the locality, or to any neglect on the part of any local authority to observe or enforce any such Act or regulation or such precautions as aforesaid, it shall be made good by such local authority as appears to the person holding the inquiry to have been in default, or if due to the insanitary condition of any particular premises shall be made good either by such authority or by the owner, lessee, or occupier of the premises who is proved to the satisfaction of the person holding the inquiry to be responsible :
- (c) Where the excess or such part thereof as aforesaid is due to an insufficient or contaminated water supply, it shall be made good by the local authority or company by which the water is supplied, or which having imposed upon it the duty of affording a water supply has refused or neglected to do so, unless the local authority or company prove that such insufficiency or contamination was not due to any default on the part of the authority, company, or person, but arose from circumstances over which it had no control.
- (3) Where any such inquiry as afore-

said is held in respect of bad housing or insanitary conditions in any locality, it shall be lawful for the local authority to serve notice upon the owner, lessee, or occupier of any premises which are the subject-matter of the inquiry, and where it is proved that such a notice has been served and that any such extra expense as aforesaid, or any part thereof, has been caused by the act or default of such owner or occupier, the person holding the inquiry may order the owner, lessee, or occupier to repay to the local authority the amount of the extra expenditure or part thereof which has been so caused.

(4) For the purpose of this section the average expectation of sickness shall be calculated in accordance with the tables prepared by the Insurance Commissioners for the purpose of valuations under this part of this Act, but any excessive sickness attributable to any disease or disablement which is due to any disease or injury in respect of which damages or compensation are payable under the Employers' Liability Act, 1880, or the Workmen's Compensation Act, 1906, or at common law, shall not be taken into account.

(5) The Insurance Commissioners shall make regulations as to the procedure on inquiries under this section, and a person holding an inquiry under this section shall have all such powers as an inspector of the Local Government Board has for the purposes of an inquiry under the Public Health Acts, and shall have power to order how and by what parties costs, including such expenses as the Secretary of State or Local Government Board may certify to have been incurred by them, are to be paid, and an order made by such person under this section may by leave of the High Court

be enforced in the same manner as a judgment or order of the Court to the same effect :

Provided that a society or committee shall not be ordered to pay the costs of the other party to the inquiry if the person holding the inquiry certifies that the demand for an inquiry was reasonable under the circumstances, and when he so certifies the Treasury may repay to the society or committee the whole or any part of the costs incurred by it.

(6) Without prejudice to any other method of recovery, any sum ordered under this section to be paid by a local authority may, in accordance with the regulations of the Local Government Board with the approval of the Treasury, be paid out of the Local Taxation Account and deducted from any sums payable either directly or indirectly out of that account to the local authority.

(7) For the purposes of this section any expenditure on any benefit administered by a local Health Committee shall be deemed to be expenditure of that Committee, but any sums ordered to be paid to any such Committee under this section to meet extra expenditure on sickness benefit or disablement benefit shall be dealt with for the benefit of deposit contributors in accordance with regulations made by the Insurance Commissioners.

(8) Where under this section any sum is paid to the Insurance Commissioners, the Insurance Commissioners shall apply the same in discharge of any expenses incurred by the Commissioners under this section, and shall distribute the balance amongst the societies and committees which appear to the Commissioners to have incurred extra expense on account of the excessive sickness in

such proportions as the Commissioners think just.

(9) Where an association of deposit contributors resident in any county or county borough has been formed under regulations made by the Insurance Commissioners, the local Health Committee for the county or county borough shall, if so required by the association, take proceedings under this section on behalf and at the expense of the association.

Supplementary Provisions.

Erection of Sanatoria, etc.

63.—(1) If under any other Act of the present session any sum is made available for the purposes of the provision of sanatoria and other institutions for the treatment of tuberculosis or such other diseases as the Local Government Board with the approval of the Treasury may appoint, such sum shall be distributed by the Local Government Board with the consent of the Treasury in making grants for those purposes, and the Treasury before giving their consent shall consult with the Insurance Commissioners :

Provided that such sum shall be apportioned between England, Wales, Scotland, and Ireland in proportion to their respective populations ascertained in accordance with the returns of the census taken in the year nineteen hundred and eleven.

(2) If any such grant is made to a county council, the Local Government Board may authorise the county council to provide any such institution, and where so authorised the county council shall have power to erect such buildings, and to manage and maintain the

institution, and for that purpose to enter into agreements and make arrangements with local Health Committees and other authorities and persons, and to do all such things as may be necessary for the purposes aforesaid, and any expenses of the county council, so far as not defrayed out of the grant, shall be defrayed out of the county fund as expenses for general county purposes or, if the order of the Local Government Board so directs, as expenses for special county purposes charged on such part of the county as may be provided by the order.

(3) For the purpose of facilitating co-operation amongst county councils, county borough councils, and other local authorities (not being Poor Law authorities) for the provision of such sanatoria and other institutions as aforesaid, the Local Government Board may by order make such provisions as appear to them necessary or expedient by the constitution of joint committees, joint boards, or otherwise, for the joint exercise by such councils and authorities of their powers in relation thereto, and any such order may provide how, in what proportions, and out of what funds or rates the expenses of providing such institutions, so far as they are not defrayed out of grants under this section, are to be defrayed, and may contain such consequential, incidental, and supplemental provisions as may appear necessary for the purposes of the order, and an order so made shall be binding and conclusive in respect of the matters to which it relates.

(4) A local Health Committee may, with the consent of the Insurance Commissioners, enter into agreements with any person or authority (other than a Poor Law authority) that, in consideration of such person or authority, providing treatment in a sanatorium

or other institution or otherwise for persons recommended by the committee for sanatorium benefit, the committee will contribute out of the funds available for sanatorium benefit towards the maintenance of the institution or provision of such treatment such annual or other payment, and, subject to such conditions and for such period as may be agreed, and any such agreement shall be binding on the committee and their successors, and any sums payable by the committee thereunder may be paid by the Insurance Commissioners and deducted from the sums payable to the committee for the purposes of sanatorium benefit.

Power to Insurance Commissioners to make Regulations, etc.

64.—The Insurance Commissioners may make regulations for any of the purposes for which regulations may be made under this part of this Act or the Schedules therein referred to, and for prescribing anything which under this part of this Act or any such schedules is to be prescribed, and generally for carrying this part of this Act into effect, and any regulations so made shall be laid before both Houses of Parliament as soon as may be after they are made, and shall have effect as if enacted in this Act:

Provided that if an Address is presented to His Majesty by either House of Parliament within the next subsequent twenty-one days on which that House has sat next after any such regulation is laid before it praying that the regulation may be annulled, His Majesty in Council may annul the regulation, and it shall thenceforth be void, but without prejudice to the validity of anything previously done thereunder.

Determination of Questions by Insurance Commissioners

65.—If any question arises—

- (a) as to whether a person is employed within the meaning of this part of this Act or as to whether a person is entitled to become a voluntary contributor; or
- (b) as to the rate of contributions payable by or in respect of any insured person; or
- (c) as to the rates of contributions payable in respect of an employed contributor by the employer and the contributor respectively;

the question shall be determined by the Insurance Commissioners, in accordance with regulations made by them for the purpose. Provided that—

- (i) if any person feels aggrieved by the decision of the Insurance Commissioners on any question arising under paragraph (a), he may appeal therefrom to the county court, with a further right of appeal upon any question of law to such judge of the High Court as may be selected for the purpose by the Lord Chancellor and the decision of that judge shall be final;
- (ii) the regulations of the Insurance Commissioners may provide for questions under paragraph (b) being determined, in the case of any person who is or is about to become a member of an approved society, by the society.

Disputes

66.—(1) Subject to the provisions of the foregoing section, every dispute between—

- (a) An approved society or a branch

thereof and an insured person who is a member of such society or branch or any person claiming through him;

- (b) An approved society or branch thereof, and any person who has ceased to be a member for the purposes of this part of this Act of such society or branch, or any person claiming through him;
- (c) An approved society and any branch thereof;
- (d) Any two or more branches of an approved society,

relating to anything done or omitted by such persons, society, or branch (as the case may be) under this part of this Act, or any regulation made thereunder, shall be decided in accordance with the rules of the society, but any party to such dispute may in such cases and in such manner as may be prescribed appeal from such decision to the Insurance Commissioners.

(2) Every dispute between an insured person and the local Health Committee, relating to anything done or omitted by such contributor or the local Health Committee under this part of this Act, or any regulation made hereunder, shall be decided in the prescribed manner by the Insurance Commissioners.

(3) The Insurance Commissioners may authorise referees appointed by them to decide any appeal or dispute submitted to the Insurance Commissioners under this section.

(4) The Insurance Commissioners may make regulations as to the procedure on any such appeal or dispute, and such regulations may apply to any of the provisions of the Arbitration Act, 1889, but, except so far as it may be so applied, the Arbitration Act, 1889, shall not apply to proceedings under this section, and any deci-

sion given by the Insurance Commissioners or a referee under this section shall be final and conclusive.

Protection against Distress and Execution in Certain Cases

67.—(1) Where the medical practitioner attending on any insured person in receipt of sickness benefit certifies that the levying of any distress or execution upon any goods or chattels belonging to such insured person and being on premises occupied by him, or the taking of any proceedings in ejectment or for the recovery of any rent or to enforce any judgment in ejectment against such person, would endanger his life, and such certificate has been sent to the local Health Committee and has been recorded in manner hereinafter provided, it shall not be lawful during any period named in the certificate for any person to levy any such distress or execution or to take any such proceedings or to enforce any such judgment against the insured person :

Provided that, if any person desirous of levying such distress or execution or taking such proceedings or enforcing such judgment disputes the accuracy of the certificate, he may apply to the registrar of the county court, who, if he is of opinion that the certificate should be cancelled or modified, may make an order cancelling or modifying it, and no appeal shall lie against any such order or a refusal to make any such order.

(2) A certificate granted for the purpose of this section shall continue in force for one week or such less period as may be named in the certificate, but may be renewed from time to time for any period not exceeding one week, up to but not beyond the expiration of

three months from the date of the grant of the original certificate, but no such renewal shall have effect unless sent to the local Health Committee and recorded as aforesaid :

Provided that the protection conferred by this section shall not extend beyond the expiration of one month from such date if on demand being made by the person desirous of levying such distress or execution, or taking such proceedings, or enforcing such judgment proper security is not given for payment of rent thereafter to become due from the insured person or the amount of the judgment debt, as the case may be, and any dispute as to the sufficiency of the security shall be determined by the registrar of the county court, whose decision shall be final and not subject to appeal.

(3) If any person knowingly levies or attempts to levy any such distress or execution or takes any such proceedings or enforces or attempts to enforce any such judgment in contravention of this section, he shall be liable on summary conviction to a fine not exceeding fifty pounds.

(4) A certificate or renewal thereof granted under this section shall forthwith be sent to the local Health Committee, and the Committee shall, unless it has reason to suspect its genuineness, record it in a special register without fee, and such register shall at all reasonable times be open to inspection; and where so recorded its genuineness shall not be questioned in any proceedings against a sheriff or other officer for failure to levy any distress or execute any warrant.

(5) Where the time within which a warrant may be executed is limited any period during which the warrant cannot be executed by reason of the provisions of this section shall be disre-

garded in computing the time within which the warrant may be executed.

Offences

68.—(1) If for the purpose of obtaining any benefit or payment or the crediting of a reserve value under this part of this Act, either for himself or for any other person, any person knowingly makes any false statement or false representation, he shall be liable on summary conviction to imprisonment for a term not exceeding three months, with or without hard labour.

(2) If any employer has failed to pay any contributions which, under this part of this Act, he is liable to pay in respect of an employed contributor, or if any such employer or insured person, or any other person is guilty of any other contravention of, or non-compliance with, any of the requirements of this part of this Act, or the regulations made thereunder in respect of which no special penalty is provided, he shall for each offence be liable on summary conviction to a fine not exceeding ten pounds, and where the offence is failure or neglect on the part of the employer to make any such contributions, to pay to the Insurance Commissioners a sum equal to the amount of the contributions which he has so failed or neglected to pay, which sum when paid shall be treated as a payment in satisfaction of such contributions:

Provided that no person shall be liable to any penalty in respect of any matter if he has acted in conformity with any decision in respect thereto by the Insurance Commissioners, or, if the matter is one which the local Health Committee is competent to decide, in conformity with its decision.

Civil Proceedings against Employer for Neglecting to Pay Contributions

69.—(1) Where an employer has failed or neglected to pay any contributions which under this part of this Act he is liable to pay in respect of a person being a member of an approved society in his employment, and by reason thereof that person has been deprived in whole or in part of his right to any benefits which would otherwise have been payable to him, he shall be entitled to take proceedings against the employer for the value of the right of which he has been so deprived, and in any such proceedings the employer may be ordered to pay to the Insurance Commissioners a sum equal to the value so ascertained, which sum when paid shall be carried to the credit of the society of which such person is a member, and thereupon such person shall thenceforth be entitled to receive from the society benefits at the same rate as he would have been entitled to had the contributions been properly paid, together with the difference between the amount of the benefits (if any) he has actually received and the benefits he would have received had the contributions been properly paid.

(2) Proceedings may be taken under either this or the last preceding section notwithstanding that proceedings have also been taken under the other section in respect of the same failure or neglect to pay contributions.

Repayment of Benefits Improperly Paid

70.—If it is found at any time that a person has been in receipt of any payment or benefit under this part of this Act without being lawfully entitled thereto he, or in the case of his death his personal representatives, shall be

liable to repay to the Insurance Commissioners the amount of such payment or benefit, and any such amount may be recovered as a debt due to the Crown and when so recovered shall be carried to the credit of the society of which such person was a member, or if he was not a member of any approved society, of the Post Office fund.

Provisions as to Application of Existing Funds of Friendly Societies

71.—(1) Every registered friendly society which provides benefits similar to any of those conferred by this part of this Act shall submit to the Registrar of Friendly Societies a scheme for continuing, abolishing, reducing, or altering such benefits as respects members who become insured persons and for continuing, abolishing, or reducing the contributions of such members, so, however, that the combined effect of the alteration of the benefits and contributions shall not prejudicially affect the solvency of the society, and, if the scheme shows on an actuarial valuation that, owing to the alterations in the benefits and contributions effected by the scheme, any part of the existing funds of the society is set free as not being required to meet the liabilities of the society, the scheme shall provide for the application of the part of the funds so set free in any one or more of the following ways:—

- (a) towards the cost of the provision of other or increased benefits payable by the society independently of this part of this Act to existing members whether insured persons or not;
- (b) in reduction of the contributions payable by such members in re-

spect of the benefits payable by the society independently of this part of this Act;

- (c) towards the payment or repayment of contributions payable under this part of this Act by such of its existing members as are entitled and elect to receive benefits under this part of this Act through the society.

(2) This section shall apply to branches of registered societies in like manner as to societies: Provided that a society with branches may, if it so desires (subject always to the exercise of any right of a branch, expressly conferred by the rules of the society, to dispose of any of its funds for the benefit solely of the members of the branch), submit a scheme applicable to all its branches and it shall be competent for the society to provide by its scheme for the application of the whole or any part of any sums so set free towards the discharge of any deficiencies in any of its branches which may be found to exist on such actuarial valuation as aforesaid.

(3) Any scheme adopted by a society or branch of a society in accordance with its rules and when confirmed by the Registrar of Friendly Societies shall be deemed to be incorporated in the registered rules of the society or branch and may be amended accordingly, so, however, that no amendment shall be inconsistent with the provisions of this section.

(4) This section shall apply to seamen, marines, and soldiers, from whose pay deductions are made under this part of this Act as if they were insured persons, and for the purposes of this section "existing" means existing at the passing of this Act.

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

Provisions as to Existing Employees' Provident Funds

72.—(1) Where at the passing of this Act a superannuation or other provident fund has been established for the benefit of the persons employed by one or more employers the provisions of the last foregoing section shall apply with the necessary adaptations, and with this modification that where under the Act, deed, or other instrument establishing the fund or otherwise any sum is payable by the employer towards benefits secured by the Act or deed, and those benefits include benefits similar to any of those conferred by this part of this Act, the scheme may provide for allowing the employer to deduct from any contributions payable by him as aforesaid towards benefits of a nature similar to those under this part of this Act an amount not exceeding the amount of the employer's contributions payable by him under this part of this Act.

(2) Where the fund is one out of which pensions or superannuation allowances are payable, and it is proved to the satisfaction of the Insurance Commissioners that the rearrangements required in consequence of this part of this Act will, upon a valuation under the existing rules of the fund, affect prejudicially the sum available for the payment of pensions or superannuation allowances, the Insurance Commissioners may grant a certificate authorising the value of the prospective extension of benefits under this part of this Act when the reserve values have been written off as hereinbefore provided, to be brought into account in the valuation of the assets available for the discharge of the liabilities of the fund in respect of pensions and superannuation allowances.

Provisions as to Minors who are Members of Approved Societies

73.—Any member of an approved society who is a minor may execute all instruments and give all acquittances necessary to be executed or given under the rules of such society, but shall not be a member of the committee, or a trustee, manager, or treasurer of such society or any branch thereof.

Power for Societies to Register under Friendly Societies Act, 1896.

74.—Any society for the purpose of carrying on business under this Act, either alone or together with any purpose mentioned in section eight, subsection (1), of the Friendly Societies Act, 1896, may, after the passing of this Act, be registered as a friendly society under the Friendly Societies Act, 1896, notwithstanding that the contributions under this Act are not voluntary.

Acts of Parliament to apply to Approved Societies and Sections.

75.—(1) Except in so far as may be inconsistent with this part of this Act, any business transacted under this part of this Act by any approved society shall be treated as part of the ordinary business transacted by societies of the class to which that society belongs, and any enactment applying to the society in relation to the transaction of such ordinary business shall apply accordingly in relation to the business transacted by the society under this part of this Act.

(2) This section shall apply to an approved society which is a separate section of another body, subject to the necessary adaptation.

Procedure for making Special Orders

76.—(1) Sections eighty and eighty-one of the Factory and Workshop Act, 1901, relating to the making of regulations under that Act, as set out and adapted in the Tenth Schedule to this Act, shall apply to special orders made under this part of this Act and the schedules therein referred to.

(2) Before a special order comes into force it shall be laid before both Houses of Parliament for a period of not less than thirty days during the session of Parliament, and if either of those Houses before the expiration of those thirty days presents an address to His Majesty against the order or any part thereof, no further proceedings shall be taken thereon, without prejudice to the making of any new order.

Powers of the Local Government Board

77.—(1) The Local Government Board may, for the purposes of their powers and duties under this part of this Act, hold such local inquiries and investigations as they may think fit, and the Board and their inspectors shall have for the purposes of such an inquiry the same powers as they respectively have for the purposes of an inquiry under the Public Health Acts, and the expenses incurred by the Board in respect of such inquiries and other proceedings under this part of this Act (including the salary of any inspector or officer of the Board engaged in the inquiry or proceedings, not exceeding three guineas a day) shall be paid by such authorities and persons and out of such funds and rates as the Board may by order direct, and the Board may certify the amount of the expenses so incurred, and any sum so certified and directed by the Board to be paid by the

authority or person shall be a debt from that authority or person to the Crown: Provided that this provision shall not apply to inquiries with respect to responsibility for excessive sickness.

(2) Any approval given by the Local Government Board under this part of this Act may be given for such term, and subject to such conditions as the Board may think fit, and the Board shall have power to withdraw any approval which they have given.

(3) The Local Government Board may make it a condition of any approval to be given, or grant of money to be made under this part of this Act, that the Board shall have such powers of inspection as may be agreed.

Power to Remove Difficulties

78.—If any difficulty arises with respect to the constitution of local Health Committees, or the advisory committee, or otherwise in bringing into operation this part of this Act, the Insurance Commissioners, with the consent of the Treasury, may by order make any appointment and do anything which appears to them necessary or expedient for the establishment of such committees and for bringing this part of this Act into operation, and any such order may modify the provisions of this Act so far as may appear necessary or expedient for carrying the order into effect:

Provided that the Insurance Commissioners shall not exercise the powers conferred by this section after the first day of January, nineteen hundred and fourteen.

Interpretation

79.—For the purposes of this part of this Act unless the context otherwise requires—

The expression "branch," in relation to a society, shall not include any branch of the society which is not itself separately registered;

The expression "disease or disablement" means such disease or disablement as would entitle an insured person to sickness or disablement benefit;

The expression "dependants," in relation to any person, includes such persons as the approved society or local Health Committee shall ascertain to be wholly or in part dependent upon his earnings;

A person whose normal occupation is employment within the meaning of this part of this Act shall for the purpose of reckoning the number and rate of contributions be deemed to continue to be an employed contributor notwithstanding that he is temporarily unemployed, but if such period of unemployment extends beyond twelve months, he shall not continue to be an employed contributor unless the approved society of which he is a member or, if he is not a member of such a society, the local Health Committee is satisfied that his unemployment is due to inability to obtain employment, and is not due to any change in his normal occupation;

The suspension of a member of an approved society from benefits under this part of this Act shall not be deemed to deprive the member of his membership; "membership of an approved society" means membership for the purposes of this part of this Act;

The expression "county" means administrative county;

The Scilly Isles shall be deemed to be a county and the council of those Isles the council of a county, but the local Health Committee for the Scilly Isles shall be constituted in such manner as the Insurance Commissioners prescribe

The expression "valuer" means an actuary possessing such qualifications as may be prescribed;

Monmouthshire shall be deemed to form part of Wales;

A person after attaining the age of sixteen or any other specified age shall not be treated as being over that age until his next subsequent birthday.

Application to Scotland

80.—This part of this Act in its application to Scotland shall be subject to the following modifications:—

- (1) For the purpose of carrying this part of this Act into effect in Scotland there shall be constituted, as soon as may be after the passing of this Act, Commissioners for Scotland (to be called the Scottish Insurance Commissioners) with a central office in Edinburgh, and with such branch offices in Scotland as the Treasury may think fit, and the Scottish Insurance Commissioners of whom one at least shall be a duly qualified medical practitioner shall be appointed by the Treasury, and may appoint such officers, inspectors, referees, and servants for the purposes aforesaid as the Scottish Insurance Commissioners, subject to the approval

of the Treasury, may determine, and the provisions of this part of this Act with respect to the payment of the salaries and remuneration of the Insurance Commissioners, and the officers, inspectors, referees, and servants appointed by them, and with respect to the payment of the expenses incurred by the Treasury or the Insurance Commissioners in carrying this part of this Act into effect shall, with the necessary modifications, apply to the payment of the salaries and remuneration of the Scottish Insurance Commissioners and the officers, inspectors, referees, and servants appointed by them and to the payment of expenses incurred by the Treasury or the Scottish Insurance Commissioners in carrying this part of this Act into effect in Scotland, and for the purpose aforesaid the Scottish Insurance Commissioners, and the officers, inspectors, referees, and servants appointed by them shall respectively have all the like powers and duties as are by the foregoing provisions of this Act conferred and imposed on the Insurance Commissioners and the officers, inspectors, referees, and servants appointed by them, and references in those provisions to the Insurance Commissioners shall be construed as references to the Scottish Insurance Commissioners;

- (2) All sums received from contributions under this part of this Act in respect of insured persons resident in Scotland, and all sums paid out of

moneys provided by Parliament in respect of benefits under this part of this Act to such persons, and the expenses of administration of such benefits shall be paid into a fund to be called the Scottish National Health Insurance Fund, under the control and management of the Scottish Insurance Commissioners, and the sums required to meet expenditure properly incurred by approved societies and local Health Committees for the purposes of such benefits, and the administration of such benefits shall be paid out of that fund, and the foregoing provisions of this Act, with respect to the National Health Insurance Fund, shall, with the necessary modifications, apply to the Scottish National Health Insurance Fund accordingly;

- (3) The expression "Local Government Board" means the Local Government Board for Scotland (in this section referred to as the Board): Provided that as regards the making of regulations respecting sums payable out of the Local Taxation (Scotland) Account the said expression means the Secretary for Scotland; the expression "Local Taxation Account" means the Local Taxation (Scotland) Account; and the expression "inspector of the Local Government Board" includes a person acting under section seven or section eight of the Public Health (Scotland) Act, 1897;
- (4) The expression "county borough" means a burgh or police burgh within the meaning of the Local Government (Scot-

land) Act, 1889 (in this section referred to as the Act of 1889), containing within the police boundaries thereof according to the census of nineteen hundred and eleven a population of twenty thousand or upwards, and includes the burgh of Dumfries and the police burgh of Maxwelltown, as if they were a single burgh, and all other burghs and police burghs shall, for the purposes of this part of this Act, be held to be within the county, and unless already represented on the county council shall, for the purposes of this part of this Act, be represented thereon as may be determined by the Secretary for Scotland: Provided that references to the council of a county borough shall, in the case of Dumfries and Maxwelltown, be construed as references to a joint committee of the town councils thereof which shall from time to time be appointed subject to the provisions of section seventy-six of the Act of 1889:

- (5) Except in this section, references to a county and the county council thereof shall, as regards—

(a) the counties of Kinross and Clackmannan; and

(b) the counties of Elgin and Nairn;

be construed in each case as references respectively to a combination of the two recited counties and to a joint committee of the county councils thereof which shall from time to time be appointed subject to the provisions of section seventy-six of the Act of 1889:

- (6) No person shall be qualified for appointment as member of a local Health Committee by a county or town council unless he is a member of a local authority within the county under the Public Health (Scotland) Act, 1897, or of the town council, as the case may be; but this requirement shall not apply to women if women so qualified are not available;
- (7) Before submitting for approval a scheme prescribing areas to be assigned to district committees the local Health Committee of a county shall consult with the county council, or any committee thereof appointed for the purpose, and shall consider any representation received from them;
- (8) Where, owing to sparseness of population, difficulties of communication, or other special circumstances, they consider it desirable, a local Health Committee shall have power, with the consent of the Scottish Insurance Commissioners, to modify or suspend any benefits for the administration of which they are responsible; but where such modification or suspension takes place provision shall be made by the committee, with the like consent, for the increase of other benefits or the grant of one or more additional benefits to an amount equivalent to the value of the modification or suspension;
- (9)—(a) If it appears to any county council that, having regard to the number of employed contributors resident in the county who are not members of any

society approved under the foregoing provisions of this Act, it is desirable that steps should be taken for the establishment under the council of an approved society for the county (in this section referred to as a county society) the council may at any time before the expiration of one year from the commencement of this Act submit to the Insurance Commissioners a scheme for the establishment of a county society;

(b) The scheme may provide for—

(i) the representation of the council on the committee of management of the society;

(ii) the appointment of officers and sub-committees;

(iii) the delegation of powers to sub-committees;

(iv) the giving of security by means of a charge upon the general purposes rate or otherwise;

(v) the restriction of membership to insured persons resident in the county not being members of any other approved society;

(vi) the reduction of benefits below the minimum rates fixed by this part of this Act; and

(vii) such other matters as may appear necessary, and in particular such further modifications of the provisions of this part of this Act with respect to approved societies as may be required for the purpose of adapting those provisions to the case of a county society;

(c) Where such a scheme has been approved by the Insurance Com-

missioners, the provisions of the scheme shall have effect notwithstanding anything to the contrary in this part of this Act; and, subject to those provisions, the county society shall be an approved society for all the purposes of this part of this Act;

(d) A county council desirous of submitting a scheme under this section may at any time after the passing of this Act take such steps as appear necessary with a view to ascertaining what insured persons resident in the county are eligible and willing to become members of the proposed county society, and generally for the formation of the society;

(e) A person appointed in terms of section fifty-nine of this Act to hold an inquiry shall report to the authority appointing him, and any further action following on such inquiry which, in accordance with the provisions of that section, is to be or may be taken by the person making the inquiry, shall not be taken by him, but may be taken by that authority after consideration of the report, and that section shall be read and construed accordingly;

(10) Expenses incurred by a county council under this part of this Act shall be defrayed out of the general purposes rate; provided that, notwithstanding anything contained in the Act of 1889, the ratepayers of a police burgh shall not be assessed by the county council for any such expenses unless the police burgh is, for the purposes of this part of this Act, held to be within

the county; and provided further that with respect to every burgh within the meaning of the Act of 1889, which is, for the purposes of this Act, held to be within the county subsection three and subsection four of section sixty, and section sixty-six, of the Act of 1889, shall, so far as applicable, have effect as if such expenses were expenditure therein mentioned;

- (11) Expenses incurred by a town council under this part of this Act (whether under requisition from the county council or otherwise) shall be defrayed out of the public health general assessment, but shall not be reckoned in any calculation as to the statutory limit of that assessment; and references to the borough fund or borough rate shall be construed accordingly;
- (12) The expression "borough" and the expression "urban district" mean burgh or police burgh within the meaning of the Act of 1889, and the expressions "rural district" and "council of a rural district," unless inconsistent with the context, mean respectively a district of a county within the meaning of the said Act and the district committee thereof: Provided that the population limit prescribed for boroughs and urban districts in the subsection of this Act relating to the appointment of district committees for these areas shall not apply;
- (13) The expression "Lord Chief Justice," in reference to questions or disputes arising between the Insurance Office and a society whose head office or

principal place of business is in Scotland, means the Lord President of the Court of Session;

- (14) The expression "county court" means the sheriff court; and in lieu of an appeal from the county court upon any question of law there shall be substituted an appeal from the sheriff upon any question of law in terms of sub-section (17) (b) of the Second Schedule to the Workmen's Compensation Act, 1906; provided that the decision of either division of the Court of Session on such appeal shall be final;
- (15) The expression "workhouse" means poorhouse; "coverture" means marriage; "levy any distress or execution" means use any diligence; "ejectment" means removing; "amount of judgment debt" means amount decerned for; "registrar of the county court" means court exercising jurisdiction in the proceedings; "public elementary school" means public school; "Public Health Acts" means the Public Health (Scotland) Acts, 1897 and 1907; and "High Court" means Court of Session;
- (16) Unless inconsistent with the context, references to the Elementary School Teachers' Superannuation Act, 1898, to the deferred annuity fund under that Act, and to the Board of Education, shall be construed, respectively, as references to section fourteen of the Education (Scotland) Act, 1908, and a scheme thereunder, to the Scottish Teachers' Superannuation Fund, and to the Scotch Education Department.

Application to Ireland

81.—This part of this Act, in its application to Ireland, shall be subject to the following modifications:—

(1) For the purpose of carrying this part of this Act into effect in Ireland there shall be constituted, as soon as may be after the passing of this Act, Commissioners for Ireland (to be called the Irish Insurance Commissioners) with a central office in Dublin, and with such branch offices in Ireland as the Treasury may think fit, and the Irish Insurance Commissioners of whom one at least shall be a duly qualified medical practitioner, shall be appointed by the Treasury, and may appoint such officers, inspectors, referees, and servants for the purposes aforesaid as the Irish Insurance Commissioners, subject to the approval of the Treasury, may determine, and the provisions of this part of this Act with respect to the payment of the salaries and remuneration of the Insurance Commissioners and the officers, inspectors, referees, and servants appointed by them, and with respect to the payment of the expenses incurred by the Treasury or the Insurance Commissioners in carrying this part of this Act into effect shall, with the necessary modifications, apply to the payment of the salaries and remuneration of the Irish Insurance Commissioners and the officers, inspectors, referees, and servants appointed by them and to the payment of expenses incurred by the Treasury or the

Irish Insurance Commissioners in carrying this part of this Act into effect in Ireland, and for the purpose aforesaid the Irish Insurance Commissioners and the officers, inspectors, referees, and servants appointed by them shall respectively have all the like powers and duties as are by the provisions of this Act conferred and imposed on the Insurance Commissioners and the officers, inspectors, referees, and servants appointed by them, and references in those provisions to the Insurance Commissioners shall be construed as references to the Irish Insurance Commissioners;

(2) All sums received from contributions under this part of this Act in respect of insured persons resident in Ireland and all sums paid out of moneys provided by Parliament in respect of benefits under this part of this Act to such persons, and the expenses of administration of such benefits shall be paid into a fund to be called the Irish National Health Insurance Fund under the control and management of the Irish Insurance Commissioners, and the sums required to meet expenditure properly incurred by approved societies and local Health Committees for the purposes of such benefits, and the administration of such benefits shall be paid out of that fund and the foregoing provisions of this Act with respect to the National Health Insurance Fund shall with the necessary modifications apply to the Irish National Health Insurance Fund accordingly;

- (3) The provisions of this part of this Act conferring a right to exemption shall extend to any person employed in harvesting or other agricultural work who proves—

(a) that he is an Irish migratory labourer, that is to say, a person who, having a permanent home at some place in Ireland, has temporarily re-moved to some other place in Ireland or to Great Britain for the purpose of obtaining such employment; and

(b) that he ordinarily resides at such permanent home for not less than twenty-six weeks in the year and is not employed within the meaning of this part of this Act whilst so resident;

and any contributions paid in Great Britain by the employer of a person holding a certificate of exemption by virtue of this provision shall be transferred to the Irish Insurance Commissioners for the purpose of being carried to such account and being dealt with in such manner as may be prescribed by the regulations made in that behalf by the Irish Insurance Commissioners;

- (4) Employment in Ireland as an outworker, where the wages or other remuneration derived from the employment are not the principal means of livelihood of the person employed, shall be deemed to be included amongst the excepted employments specified in Part II. of the First Schedule to this Act;

- (5) The reference to the Lord Chancellor shall be construed as a

reference to the Lord Chancellor of Ireland;

The reference to the Lord Chief Justice shall, as respects disputes or questions arising between the Irish Insurance Commissioners and any approved society having its head office or principal place of business in Ireland, be construed as a reference to the Lord Chief Justice of Ireland;

The reference to the Local Government Board as regards the making of regulations with respect to payments out of the local taxation account shall be construed as a reference to the Lord Lieutenant and other references to the Local Government Board shall be construed as references to the Local Government Board for Ireland, and the reference to the Local Taxation Account shall be construed as a reference to the Local Taxation (Ireland) Account;

- (6) A reference to the Housing of the Working Classes (Ireland) Acts, 1890 to 1908, shall be substituted for the reference to the Housing of the Working Classes Acts, 1890 to 1909, and a reference to the Public Health (Ireland) Acts, 1878 to 1907, shall be substituted for the reference to the Public Health Acts and a reference to the rate or fund applicable to the purposes of the Public Health (Ireland) Acts, 1878 to 1907, shall be substituted for any reference to the borough rate or borough fund;

- (7) (a) If it appears to any county council that, having regard to

the number of employed contributors resident in the county who are not members of any society approved under the foregoing provisions of this Act it is desirable that steps should be taken by the council for the establishment of an approved society for the county under the council (in this section referred to as a county society), the council may at any time before the expiration of one year from the commencement of this Act submit to the Irish Insurance Commissioners a scheme for the establishment of a county society;

(b) The scheme may provide for—

(i) the representation of the council on the committee of management of the society;

(ii) the appointment of officers subject to the approval of the council;

(iii) the delegation of powers to committees;

(iv) the giving of security by means of a charge upon the county fund or otherwise;

(v) the restriction of membership to insured persons resident in the county not being members of any other approved society;

(vi) the reduction of benefits below the minimum rates fixed by this part of this Act; and

(vii) such other matters as may appear necessary and in particular such further modifications of the provisions of this part of this Act with respect to approved societies as may be required for the purpose of adapting those provisions to the case of a county society;

(c) Where such a scheme has been approved by the Irish Insurance Commissioners, the provisions of the scheme shall have effect notwithstanding anything to the contrary in this part of this Act; and, subject to those provisions, the county society shall be an approved society for all the purposes of this part of this Act;

(d) A county council desirous of submitting a scheme under this section may at any time after the passing of this Act take such steps as appear necessary with a view to ascertaining what insured persons resident in the county are eligible and willing to become members of the proposed county society, and generally for the formation of the society;

(8) The provisions with respect to the appointment of local Health Committees shall have effect subject to the following modifications, namely:—

The number of members of a local Health Committee shall be twenty-four, and of that number—

(a) twelve shall be appointed in such manner as may be prescribed by regulations of the Irish Insurance Commissioners so as to secure representation of the insured persons resident in the county or county borough who are members of approved societies, and who are deposit contributors in proportion as nearly as may be to their respective numbers, and the regulations so made shall provide for conferring on the approved societies which have

members resident in the county or county borough the power of appointing representatives of such members, and where an association of deposit contributors resident in the county or county borough has been formed under such regulations as aforesaid for conferring on such association the power of appointing the representatives of the deposit contributors;

(b) eight (of whom at least one shall be a member of a local sanitary authority and at least two shall be women) shall be appointed by the council of the county or county borough; and

(c) four (of whom at least two shall be duly qualified medical practitioners) shall be appointed by the Irish Insurance Commissioners;

Provided that the Irish Insurance Commissioners may, where any part of the cost of sanatorium benefit is defrayed by the council of the county or county borough, increase the representation of the council and make a corresponding diminution in the representation of the insured persons;

- (9) An insured person in Ireland shall not be entitled to medical benefit under this part of this Act, and the provisions with respect to medical benefit shall not apply:

Provided that medical benefit for an insured person being a member of an approved society shall be deemed to be included amongst the additional benefits specified in Part II. of the

Fourth Schedule to this Act and that such medical benefit when provided shall be administered by the local Health Committee in accordance with the provisions of this part of this Act unless the Irish Insurance Commissioners otherwise direct;

- (10) As respects employed contributors in Ireland, the employed rate shall be the rate specified in Part II. of the Second Schedule to this Act, and the contributions by the contributors and contributions by the employers shall be at the rates specified in Part II. instead of the rates specified in Part I. of that schedule, and there shall be credited to the society of which any employed contributor in Ireland is a member or, if he is a deposit contributor, to his account in the Post Office fund, the difference between the amount of contributions actually paid by or in respect of him at the rate specified in Part II. of the Second Schedule to this Act and the amount which would have been paid if those contributions had been at the rate specified in Part I. of that schedule, and the amount of that difference shall be treated as having been expended on benefits and the proper proportion thereof shall accordingly be paid out of moneys provided by Parliament;
- (11) The foregoing provisions of this section as to the crediting of differences shall apply in the case of voluntary contributors resident in Ireland, with the modification that where the voluntary rate is not the same as the employed rate the dif-

ference to be credited shall be the difference between the amount of contributions actually paid at the voluntary rate and the amount which would have been paid if the contributor had been a voluntary contributor resident in Great Britain :

Provided that in the case of a married woman resident in Ireland becoming a voluntary contributor at reduced rates of benefit under the special provisions with respect to married women, the rate of contributions payable by her shall be one penny halfpenny a week instead of three pence a week, and the difference to be credited shall be one penny halfpenny a week accordingly ;

(12) In ascertaining the voluntary rate applicable to voluntary contributors in Ireland in cases where that rate is not the same as the employed rate, regard shall be had both to the provisions of this section as to the crediting of differences and to the proportion of benefits to be paid out of the contributions payable by or in respect of such contributors ;

(13) Rules of an approved society or local Health Committee under this part of this Act may provide for the inspection of medical relief registers by officers of the society or committee at all reasonable times and for the furnishing to the society or committee of such medical certificates as may be necessary for the purposes of the administration of the benefits administered by the society or committee and for the payment by the society

or committee to duly qualified medical practitioners of such remuneration in respect of the furnishing of those certificates as the Irish Insurance Commissioners may sanction, and all payments so made by the society or committee shall be treated as expenses of administering the benefits aforesaid ;

(14) If a grant is made to a county council or county borough council out of any sum made available under any other Act of the present session for the purposes of the provision of sanatoria and other institutions for the treatment of tuberculosis or such other diseases as the Local Government Board may with the approval of the Treasury appoint, the council may, subject to the sanction of the Local Government Board, exercise for all or any of those purposes the powers given to them by Part II. of the Tuberculosis Prevention (Ireland) Act, 1908, in like manner as if those purposes were purposes authorised by that part of that Act, and any expenses of the council so far as not defrayed out of the grant shall be defrayed in manner provided by that part of that Act ;

(15) For the purposes of proceedings in Ireland under the provisions of this part of this Act relative to disputes regulations of the Insurance Commissioners may apply all or any of the provisions of the Common Law Procedure (Ireland) Act, 1856, with respect to arbitration ;

(16) The special provisions with respect to the reduction of contributions in cases where the

employer is liable to pay wages during sickness shall have effect, subject to the modification that where the rate of contributions payable by the employed contributor is one halfpenny a week the weekly contributions payable by the employer shall be reduced by one penny halfpenny (or, if the employed contributor is a woman, one penny), and the weekly contributions payable by the employed contributor shall be reduced by one halfpenny;

- (17) As respects insured persons in Ireland "six-elevenths" shall be substituted for "four-sevenths" and (in the case of women) "four-ninths" shall be substituted for "one-half";
- (18) For the reference to the registrar of the county court there shall be substituted a reference to a magistrate appointed under the Constabulary (Ireland) Act, 1836.

Establishment of Commissioners for Wales

82.—(1) For the purpose of carrying this part of this Act into effect in Wales there shall be constituted, as soon as may be after the passing of this Act, Commissioners for Wales (to be called the Welsh Insurance Commissioners) with a central office in such town in Wales as the Treasury may determine, and with such branch offices in Wales as the Treasury may think fit, and the Welsh Insurance Commissioners of whom one at least shall be a duly qualified medical practitioner, shall be appointed by the Treasury, and may appoint such officers, inspectors, referees, and servants for the purposes aforesaid as the Welsh Insurance Com-

missioners, subject to the approval of the Treasury, may determine, and the provisions of this part of this Act with respect to the payment of the salaries and remuneration of the Insurance Commissioners, and the officers, inspectors, referees, and servants appointed by them, and with respect to the payment of the expenses incurred by the Treasury or the Insurance Commissioners in carrying this part of this Act into effect shall, with the necessary modifications, apply to the payment of the salaries and remuneration of the Welsh Insurance Commissioners and the officers, inspectors, referees, and servants appointed by them, and to the payment of expenses incurred by the Treasury or the Welsh Insurance Commissioners in carrying this part of this Act into effect in Wales, and for the purpose aforesaid the Welsh Insurance Commissioners and the officers, inspectors, referees, and servants appointed by them shall respectively have all the like powers and duties as are by the provisions of this Act conferred and imposed on the Insurance Commissioners and the officers, inspectors, referees, and servants appointed by them, and references in those provisions to the Insurance Commissioners shall be construed as references to the Welsh Insurance Commissioners.

(2) All sums received from contributions under this part of this Act in respect of insured persons resident in Wales, and all sums paid out of moneys provided by Parliament in respect of benefits under this part of this Act to such persons, and the expenses of administration of such benefits shall be paid into a fund to be called the Welsh National Health Insurance Fund, under the control and management of the Welsh Insurance

Commissioners, and the sums required to meet expenditure properly incurred by approved societies and local Health Committees for the purposes of such benefits, and the administration of such benefits shall be paid out of that fund, and the foregoing provisions of this Act, with respect to the National Health Insurance Fund, shall, with the necessary modifications, apply to the Welsh National Health Insurance Fund accordingly.

(3) The powers of the Local Government Board with respect to the distribution of any sum available for the purpose of the provision of sanatoria and other institutions shall, as respects the part thereof apportioned to Wales, be exercised by the Welsh Insurance Commissioners.

(4) If before or within twelve months after the commencement of this Act there is established for Wales by royal charter an association for the purpose of providing sanatoria and other institutions for the treatment and prevention of tuberculosis or such other diseases as the Local Government Board, with the approval of the Treasury, may appoint, the Welsh Insurance Commissioners in making and the Treasury in approving grants from any such sum as is in the last preceding subsection mentioned shall have regard to the provision of such institutions which may have been made, or may be proposed to be made, by the association.

Joint Committee of Commissioners

83.—(1) There shall be constituted as soon as may be after the passing of this Act, in accordance with regulations to be made by the Treasury, a joint committee of the several bodies of Commissioners appointed for the purposes of this part of this Act, consist-

ing of such members of each such body selected in such manner as may be provided by the regulations and of a chairman and other members (not exceeding two in number) to be appointed by the Treasury, and the chairman shall not by reason of his office be incapable of being elected to or voting in the Commons House of Parliament.

(2) The joint committee may make such financial adjustments as may be necessary between the several funds, under the control and management of the several bodies of Commissioners, and shall exercise and perform such powers and duties of the several bodies of Commissioners under this part of this Act as may be provided by such regulations.

(3) Amongst the powers so exercisable by the joint committee shall be included a power of making regulations as to the valuation of societies and branches which have amongst their members persons resident in England, Scotland, Ireland, and Wales, or any two or any three of such parts of the United Kingdom, and the regulations so made shall require that, for the purposes of the provisions of this part of this Act relating to valuations and transfers, the members resident in each such part shall be treated as if they formed a separate society or branch.

(4) Regulations made by the Treasury under this section shall be laid before Parliament as soon as may be after they are made, but if an Address is presented to His Majesty by either House of Parliament within the next subsequent twenty-one days on which that House has sat next after any such regulation is laid before it, praying that the regulation may be annulled, His Majesty in Council may annul the

regulation and it shall thenceforth be void, but without prejudice to the validity of anything previously done thereunder.

PART II.

UNEMPLOYMENT INSURANCE.

Right of Workmen in Insured Trades to Unemployment Benefit

84.—Every workman who, having been employed in a trade mentioned in the Sixth Schedule to this Act (in this Act referred to as "an insured trade"), is unemployed, and in whose case the conditions laid down by this part of this Act (in this Act referred to as "statutory conditions") are fulfilled, shall be entitled, subject to the provisions of this part of this Act, to receive payments (in this Act referred to as "unemployment benefit") at weekly or other prescribed intervals at such rates and for such periods as are authorised by or under the Seventh Schedule to this Act, so long as those conditions continue to be fulfilled, and so long as he is not disqualified under this Act for the receipt of unemployment benefit:

Provided that unemployment benefit shall not be paid in respect of any period of unemployment which occurs during the six months following the commencement of this Act.

Contributions by Workmen, Employers, and the Treasury

85.—(1) The sums required for the payment of unemployment benefit under this Act shall be derived partly from contributions by workmen in the insured trades and partly from contri-

butions by employers of such workmen and partly from moneys provided by Parliament.

(2) Subject to the provisions of this part of this Act, every workman employed within the United Kingdom in an insured trade, and every employer of any such workman, shall be liable to pay contributions at the rates specified in the Eighth Schedule to this Act.

(3) Except where the regulations under this part of this Act otherwise prescribe, the employer shall, in the first instance, be liable to pay both the contribution payable by himself, and also on behalf of and to the exclusion of the workman, the contribution payable by such workman, and subject to such regulations shall be entitled notwithstanding the provisions of any Act or any contract to the contrary, to recover from the workman by deductions from the workman's wages or from any other payment due from him to the workman the amount of the contributions so paid by him on behalf of the workman.

(4) Notwithstanding any contract to the contrary, the employer shall not be entitled to deduct from the wages of, or other payment due to the workman, or otherwise recover from the workman by any legal process the contributions payable by the employer himself.

(5) Subject to the provisions of this part of this Act, the Board of Trade may make regulations providing for any matters incidental to the payment and collection of contributions payable under this part of this Act, and in particular for—

(a) payment of contributions by means of adhesive or other stamps affixed to or impressed upon books or cards, and for regulating the manner, times,

and conditions in, at, and under which such stamps are to be affixed and impressed;

- (b) the issue, sale, custody, or delivery up of books or cards and the replacement of books or cards which have been lost, destroyed, or defaced.

(6) A contribution shall be made in each year out of moneys provided by Parliament equal to one-third of the total contributions received from employers and workmen during that year, and the sums to be contributed in any year shall be paid in such manner and at such times as the Treasury may determine.

Statutory Conditions for Receipt of Unemployment Benefit

86.—The statutory conditions for the receipt of unemployment benefit by any workman are—

- (1) that he proves that he has been employed as a workman in an insured trade in each of not less than twenty-six separate calendar weeks in the preceding five years;
- (2) that he has made application for unemployment benefit in the prescribed manner, and proves that since the date of the application he has been continuously unemployed;
- (3) that he is capable of work but unable to obtain suitable employment;
- (4) that he has not exhausted his right to unemployment benefit under this part of this Act:

Provided that a workman shall not be deemed to have failed to fulfil the statutory conditions by reason only that he has declined—

- (a) an offer of employment in a

situation vacant in consequence of a stoppage of work due to a trade dispute; or

- (b) an offer of employment in the district where he was last ordinarily employed at a rate of wage lower, or on conditions less favourable, than those which he habitually obtained in his usual employment in that district, or would have obtained had he continued to be so employed; or
- (c) an offer of employment in any other district at a rate of wage lower or on conditions less favourable than those generally observed in such district by agreement between associations of employers and of workmen, or, failing any such agreement, than those generally recognised in such districts by good employers.

Disqualifications for Unemployment Benefit

87.—(1) A workman who has lost employment by reason of a stoppage of work which is due to a trade dispute at the factory, workshop, or other premises at which he was employed shall be disqualified for receiving unemployment benefit so long as the stoppage of work continues, except in a case where he has, during the stoppage of work, become *bonâ fide* employed elsewhere in an insured trade.

Where separate branches of work which are commonly carried on as separate businesses in separate premises are in any case carried on in separate departments on the same premises, each of those departments shall, for the purposes of this pro-

vision, be deemed to be a separate factory or workshop or separate premises, as the case may be.

(2) A workman who loses employment through misconduct or who voluntarily leaves his employment without just cause shall be disqualified for receiving unemployment benefit for a period of six weeks from the date when he so lost employment.

(3) A workman shall be disqualified for receiving unemployment benefit whilst he is an inmate of any prison or any workhouse or other institution supported wholly or partly out of public funds, and whilst he is resident temporarily or permanently outside the United Kingdom.

Determination of Claims

88.—(1) All claims for unemployment benefit under this part of this Act, and all questions whether the statutory conditions are fulfilled in the case of any workman claiming such benefit, or whether those conditions continue to be fulfilled in the case of a workman in receipt of such benefit, or whether a workman is disqualified for receiving or continuing to receive such benefit, or otherwise arising in connection with such claims, shall be determined by one of the officers appointed under this part of this Act for determining such claims for benefit (in this Act referred to as "insurance officers"):

Provided that—

(a) in any case where unemployment benefit is refused or is stopped, or where the amount of the benefit allowed is not in accordance with the claim, the workman may require the insurance officer to report the matter to a court of referees constituted in ac-

cordance with this part of this Act, and the referees after considering the circumstances may make to the insurance officer such recommendations on the case as they may think proper, and the insurance officer shall, unless he disagrees, give effect to those recommendations. If the insurance officer disagrees with any such recommendation he shall, if so requested by the referees, refer the recommendation, with his reasons for disagreement, to an umpire appointed under this part of this Act, whose decision shall be final and conclusive;

(b) the insurance officer in any case in which he considers it expedient to do so may, instead of himself determining the claim or question, refer it to a court of referees, who shall in such case determine the question, and the decision of the court shall be final and conclusive.

(2) Nothing in this section shall be construed as preventing an insurance officer or umpire, or a court of referees, on new facts being brought to his or their knowledge, revising a decision or recommendation given in any particular case, but where any such revision is made, the revised decision or recommendation shall have effect as if it had been an original decision or recommendation, and the foregoing provisions of this section shall apply accordingly, without prejudice to the retention of any benefit which may have been received under the decision or recommendation which has been revised.

(3) The Arbitration Act, 1889, shall not apply to proceedings under this section except so far as it may be applied by regulations under this part of this Act.

(4) For the purposes of proceedings under this section in Ireland regulations may apply all or any of the provisions of the Common Law Procedure (Ireland) Act, 1856, with respect to arbitration.

Appointment of Umpire, Insurance Officers, Inspectors, etc.

89.—(1) For the purposes of this part of this Act an umpire may be appointed by His Majesty and insurance officers shall be appointed by the Board of Trade, subject to the consent of the Treasury as to number, and the insurance officers shall be appointed to act for such areas as the Board direct.

(2) The Board of Trade may appoint such other officers, inspectors, and servants for the purposes of this part of this Act as the Board may, with the sanction of the Treasury, determine, and there shall be paid out of moneys provided by Parliament to the umpire and insurance officers and to such other officers, inspectors, and servants such salaries or remuneration as the Treasury may determine; and any expenses incurred by the Board of Trade in carrying this part of this Act into effect to such amount as may be sanctioned by the Treasury shall be defrayed out of moneys provided by Parliament:

Provided that such sum as the Treasury may direct, not exceeding one-tenth of the receipts, other than advances by the Treasury, paid into the unemployment fund on income account shall, in accordance with regulations made by the Treasury, be applied as

an appropriation in aid of money provided by Parliament for the purpose of such salaries, remuneration, and expenses.

Courts of Referees

90.—(1) A court of referees for the purposes of this part of this Act shall consist of one or more members chosen to represent employers, with an equal number of members chosen to represent workmen, and a chairman appointed by the Board of Trade.

(2) Panels of persons chosen to represent employers and workmen respectively shall be constituted by the Board of Trade for such districts and such trades or groups of trades as the Board may think fit, and the members of a court of referees to be chosen to represent employers and workmen shall be selected from those panels in the prescribed manner.

(3) Subject as aforesaid, the constitution of courts of referees shall be determined by regulations made by the Board of Trade.

(4) The regulations of the Board of Trade may further provide for the reference to referees chosen from the panels constituted under this section, for consideration and advice, of questions bearing upon the administration of this part of this Act, and for the holding of meetings of referees for the purpose.

(5) The Board of Trade may pay such remuneration to the chairman and other members of a court of referees and such travelling and other allowances (including compensation for loss of time) to persons required to attend before any such court, and such other expenses in connection with any referees, as the Board, with the sanction of the Treasury, determine, and any

such payments shall be treated as expenses incurred by the Board of Trade in carrying this part of this Act into effect.

Regulations

91.—(1) The Board of Trade may make regulations for any of the purposes for which regulations may be made under this part of this Act and the schedules therein referred to and for prescribing anything which under this part of this Act or any such schedules is to be prescribed and—

- (a) for permitting workmen who are employed under the same employer partly in an insured trade and partly not in an insured trade to be treated with the consent of the employer as if they were wholly employed in an insured trade; and
- (b) for giving employers and workmen and the Board of Trade an opportunity of obtaining a decision by the umpire appointed under this part of this Act on any question whether contributions under this part of this Act are payable in respect of any workman or class of workmen, and for securing that a workman, in whose case contributions have been paid in accordance with any such decision, shall, as respects any unemployment benefit payable in respect of those contributions, be treated as a workman employed in an insured trade, and that employers and workmen shall be protected from proceedings and penalties in cases where, in accordance with any such decision, they have paid or refrained from paying contributions; and

- (c) for prescribing the evidence to be required as to the fulfilment of the conditions and qualifications for receiving or continuing to receive unemployment benefit, and for that purpose requiring the attendance of workmen at such offices or places and at such times as may be required; and
- (d) for prescribing the manner in which claims for unemployment benefit may be made and the procedure to be followed on the consideration and examination of claims and questions to be considered and determined by the insurance officers, courts of referees, and umpire, and the mode in which any question may be raised as to the continuance, in the case of a workman in receipt of unemployment benefit, of such benefit, and for making provision with respect to the appointment of a deputy umpire in the case of the unavoidable absence or incapacity of the umpire; and
- (e) with respect to the payment of contributions and benefits during any period intervening between any application for the decision of any question or any claim for benefit, and the final determination of the question or claim; and
- (f) for providing that where any workmen are employed in or for the purposes of the business of any person, but are not actually employed by that person, that person may be treated for the purposes of this part of this Act as their employer instead of their actual employer, and for allowing that person to

deduct from any payments made by him to the actual employer any sums paid by him as contributions on behalf of the workmen, and for allowing the actual employer to recover the like sums from the workmen; and generally for carrying this part of this Act into effect, and any regulations so made shall have effect as if enacted in this Act.

Any regulations made under this section for giving an opportunity of obtaining a decision of the umpire may be brought into operation as soon as may be after the passing of this Act.

(2) The regulations may, with the concurrence of the Postmaster-General, provide for enabling claimants of unemployment benefit to make their claims for unemployment benefit under this Act through the Post Office, and for the payment of unemployment benefit through the Post Office.

(3) All regulations made under this section shall be laid before each House of Parliament as soon as may be after they are made, and if an address is presented to His Majesty by either House of Parliament within the next subsequent forty days on which that House has sat next after any such regulation is laid before it, praying that the regulation may be annulled, it shall thenceforth be void, but without prejudice to the validity of anything previously done thereunder, or to the making of any new regulation.

Unemployment Fund

92.—(1) For the purposes of this part of this Act there shall be established under the control and management of the Board of Trade a fund called the unemployment fund, into which shall

be paid all contributions payable under this part of this Act by employers and workmen and out of moneys provided by Parliament, and out of which shall be paid all claims for unemployment benefit and any other payments which under this part of this Act are payable out of the fund.

(2) The accounts of the unemployment fund shall be audited in such manner as the Treasury may direct.

(3) Any moneys forming part of the unemployment fund may from time to time be paid over to the National Debt Commissioners and by them invested in accordance with regulations made by the Treasury in any securities which are for the time being authorised by Parliament as investments for savings banks moneys.

(4) The National Debt Commissioners shall present to Parliament annually an account of the securities in which moneys forming part of the said fund are for the time being invested.

Treasury Advances

93.—(1) The Treasury may out of the Consolidated Fund or the growing produce thereof advance on the security of the unemployment fund any sums required for the purpose of discharging the liabilities of that fund under this part of this Act: Provided that the total amount of advances outstanding at any time shall not exceed three million pounds.

(2) If whilst any part of any such advance is outstanding it appears to the Treasury that the unemployment fund is insolvent, the Board of Trade shall, if the Treasury so direct, by order, make such temporary modifications in any of the rates of contribution, or the rates or periods of unemployment benefit, and during such

period, as the Board of Trade think fit, and as will on the whole, in the opinion of the Treasury, be sufficient to secure the solvency of the unemployment fund :

Provided that no order made under this subsection shall reduce the weekly rate of unemployment benefit below the sum of five shillings, or shall increase the rates of contribution from employers or workmen by more than one penny per workman per week, or increase those rates unequally as between employers and workmen, and no such order shall remain in force more than three months after all the advances and interest thereon have been repaid, or come into force until one month after it is made.

(3) An order under this section shall not be made so as to be in force at any time while any previous order made under this section is in force.

(4) On any such order being made the Board of Trade shall cause the order, together with a special report as to the reasons for making the order, to be laid before Parliament.

(5) The Treasury may for the purpose of providing for the issue of sums out of the Consolidated Fund under this section, or for the repayment to that fund of all or any part of the sums so issued, or for paying off any security issued under this section, so far as that payment is not otherwise provided for, borrow money by means of the issue of Exchequer bonds or Treasury bills, and all sums so borrowed shall be paid into the Exchequer.

(6) The principal of and interest on any Exchequer bonds issued under this section shall be charged on and payable out of the Consolidated Fund of the United Kingdom or the growing produce thereof.

(7) Notwithstanding anything in any

other Act, money in the hands of the National Debt Commissioners for the reduction of the National Debt shall not be applied to purchasing, reducing, or paying off any Exchequer bonds or Treasury bills issued under this section.

Refund of Part of Contributions Paid by Employer in the case of Workmen Continuously employed

94.—The Board of Trade shall, on the application of any employer made within one month after the termination of any calendar year, or other prescribed period of twelve months, refund to such employer out of the unemployment fund a sum equal to one-third of the contributions (exclusive of any contributions refunded to him under any other provisions of this part of this Act) paid by him on his own behalf during that period in respect of any workman who has been continuously in his service through the period, and in respect of whom not less than forty-five contributions have been paid during the period.

Repayment of Part of Contributions by Workmen in Certain Cases

95.—(1) If it is shown to the satisfaction of the Board of Trade by any workman or his personal representatives that the workman has paid contributions in accordance with the provisions of this part of this Act in respect of five hundred weeks or upwards, and that the workman has reached the age of sixty, or before his death had reached the age of sixty, the workman or his representatives shall be entitled to be repaid the amount, if any, by which the total amount of such contributions have exceeded the total

amount received by him out of the unemployment fund under this Act, together with compound interest at the rate of two and a half per cent. per annum calculated in the prescribed manner.

(2) A repayment to a workman under this section shall not affect his liability to pay contributions under this part of this Act, and, if after any such repayment he becomes entitled to unemployment benefit, he shall be treated as having paid in respect of the period for which the repayment has been made the number of full contributions which is most nearly equal to five-eighths of the number of contributions actually paid during that period.

Refund of Contributions Paid in respect of Workmen Working Short Time

96.—(1) If any employer satisfies the Board of Trade that during any period of depression in his business workmen employed by him have been systematically working short time, and that during such period he has paid contributions under this part of this Act on behalf of such workmen, as well as on his own behalf, without recovering such contributions from such workmen either by way of deductions from wages or otherwise, there shall be refunded to him out of the unemployment fund in accordance with regulations made by the Board of Trade the contributions so paid by him in respect of those workmen (including those paid on behalf of the workmen as well as those paid on his own behalf), for the period or such part thereof as in the circumstances may seem just:

Provided that, except in a case where the working of short time has been effected by stopping the work for some day in the week which has been usually

recognised as a working day of at least four hours in the trade and district, no such refund shall be made in respect of any workmen for any week in which the hours of work have exceeded five-sixths of the number usually recognised as constituting a full week's work at that time in the trade and district.

(2) Any employer who desires to take advantage of this section may make an application to the Board of Trade with a view to obtaining their ruling as to the circumstances under which, and the means by which, he proposes to effect a reduction of working hours, and the Board of Trade may, if they think fit, on the necessary information being supplied, give their ruling as to whether the circumstances are such, and the proposed means of reducing working hours are such, as to satisfy the requirements of this section.

Saving for Occasional Employment in Rural Neighbourhoods

97.—Where a workman is employed in a district which is rural in its character, and the workman usually follows in that district some occupation other than an insured trade, and is employed in an insured trade occasionally only, contributions under this part of this Act shall not be payable in respect of the workman, except in cases where the employer and the workman agree that contributions shall be payable notwithstanding this provision.

Payment of Contributions in case of Reservists or Territorials during Training

98.—Where a man of the Naval Reserve, the Army Reserve, or the Territorial Force, is being trained and is in

receipt of pay out of the moneys provided by Parliament for Navy or Army services, and immediately before the training was employed in an insured trade, he shall, for the purposes of this part of this Act, be deemed, whilst so training, to be in the employment of the Crown in an insured trade.

Provisions with respect to Workmen Engaged through Labour Exchanges

99.—(1) The Board of Trade may in such cases, and on such conditions as the Board may prescribe, make an arrangement with any employer liable to pay contributions under this Act whereby in respect of workmen engaged by him through a Labour Exchange, or in his employ at the date of such arrangement, the performance of all or any of the duties required under any part of this Act to be performed by the employer in respect of those workmen, whether on his own behalf or on behalf of the workmen, shall be undertaken on behalf of the employer by the Labour Exchange, and periods of employment, whether of the same workmen or different workmen, may for the purposes of the employer's contributions under this part of this Act, but not for the purposes of a refund of any part of the employer's contributions, be treated as a continuous employment of a single workman.

(2) Where any such arrangement has been made, all the periods of employment during which a workman engaged through a Labour Exchange is employed by one or more employers with whom such an arrangement has been made, may, subject to regulations made by the Board of Trade, on the application of the workman, be treated for the purposes of his contributions under this part of this Act as a con-

tinuous period of employment under one employer, and those regulations may provide for the refund of part of his contributions under this part of this Act accordingly.

Subsidiary Provisions

100.—(1) If the repeated failure of any insured workman to obtain or retain employment appears to the insurance officer to be wholly or partly due to defects in skill or knowledge, the insurance officer may, if he thinks fit, for the purpose of testing the skill or knowledge of the workman, offer to arrange for the attendance of the workman at a suitable institution for technical instruction, and may, out of the unemployment fund, pay all or any of the expenses incidental to such attendance.

If the workman fails or refuses either to avail himself of the offer, or to produce satisfactory evidence of his competence, or if as a result of the test the insurance officer considers that the skill or knowledge of the workman is defective, and that there is no reasonable prospect of such defects being remedied, such facts shall be taken into consideration in determining what is suitable employment for the workman.

If in any case as a result of the test the insurance officer considers that the skill or knowledge of the workman is defective, but that there is a reasonable prospect of the defects being remedied by technical instruction, the insurance officer may, subject to any directions given by the Board of Trade, pay out of the unemployment fund all or any of the expenses incidental to the provision of the instruction, if he is of opinion

that the charge on the unemployment fund in respect of the workman is likely to be decreased by the provision of the instruction.

(2) The regulations of the Board of Trade made under this part of this Act shall provide for the return to a workman who is not a workman in an insured trade and to his employer of any contributions paid by them respectively under the belief that the workman was a workman in an insured trade, subject, in the case of the workman's contributions, to the deduction of any amount received by him in respect of unemployment benefit under a similar belief.

(3) Where under regulations made by the Board of Trade any sum has been paid out of the unemployment fund by way of reward for the return of a book or card which has been lost, the person responsible for the custody of the book or card at the time of its loss shall be liable to repay the sum so paid, not exceeding one shilling, in respect of any one occasion.

Offences and Proceedings for Recovery of Contributions, etc.

101.—(1) If for the purpose of obtaining any benefit or payment under this part of this Act, either for himself or for any other person, or for the purpose of avoiding any payment to be made by himself under this part of this Act, or enabling any other person to avoid any such payment, any person knowingly makes any false statement or false representation, he shall be liable on summary conviction to imprisonment for a term not exceeding three months, with or without hard labour.

(2) If any employer or workman has failed to pay any contributions which

he is liable under this part of this Act to pay, or if any employer or workman or any other person refuses or neglects to comply with any of the requirements of this part of this Act, or the regulations made thereunder, he shall for each offence be liable on summary conviction to a fine not exceeding ten pounds, and also, where the offence is failure or neglect to make any contribution under this part of this Act, to pay to the unemployment fund a sum equal to three times the amount which he has refused or neglected to pay (not exceeding five pounds), which sum, when paid, shall be treated as a payment in satisfaction of the contributions which he has so refused or neglected to pay.

(3) Proceedings under the foregoing provisions of this section shall not be instituted except by, or with the consent of the Board of Trade, and may be commenced at any time within three months of the date at which the offence comes to the knowledge of the Board of Trade.

(4) Nothing in this section shall be construed as preventing the Board of Trade from recovering any sums due to the unemployment fund by means of civil proceedings, and all such sums shall be recoverable in such proceedings as debts due to the Crown.

(5) If it is found at any time that a person has been in receipt of unemployment benefit under this part of this Act whilst the statutory conditions were not fulfilled in his case or whilst he was disqualified for receiving unemployment benefit, he shall be liable to repay to the unemployment fund any sums paid to him in respect of unemployment benefit whilst the statutory conditions were not fulfilled or whilst he was disqualified for receiving the benefit, and the amount

of such sums may be recovered as a debt due to the Crown.

(6) In any proceedings under this section, or in any proceedings involving any question as to the payment of contributions under this part of this Act, or for the recovery of any sums due to the unemployment fund, the decision of the umpire appointed under this part of this Act on any question arising, whether the trade in which the workman is or has been employed is an insured trade or not shall be conclusive for the purpose of these proceedings, and if no such decision has been obtained and the decision of the question is necessary for the determination of the proceedings the question shall be referred, in accordance with the regulations made under this part of this Act, to the umpire for the purpose of obtaining such a decision.

Periodical Revision of Rates of Contribution

102.—If at any time after the expiration of seven years from the commencement of this Act it appears to the Board of Trade that the unemployment fund is insufficient or more than sufficient to discharge the liabilities imposed upon the fund under this part of this Act, or that the rates of contribution are excessive or deficient as respects any particular insured trade, or any particular branch of any such trade, the Board may, with the sanction of the Treasury, by special order made in manner hereinafter provided, revise the rates of contribution of employers and workmen under this part of this Act, and any such order may, if the Board think fit, prescribe different rates of contribution for different insured trades or branches thereof, and where any such order is made the rates prescribed by the order shall as from such date as

may be specified in the order be substituted as respects trades or branches thereof to which it relates for the rates prescribed by this Act:

Provided that where such a revision has been made no further revision under this section shall be made before the expiration of seven years from the last revision, and that no order under this section shall increase the rates of contribution from employers or workmen by more than one penny per workman per week above the rates specified in the Eighth Schedule to this Act, or shall vary such rates unequally as between employers and workmen.

Power to Extend to Other Trades

103.—If it appears to the Board that it is desirable to extend the provisions of this part of this Act to workmen in any trade other than an insured trade, or to vary the definition of "workman" with respect to the age of the persons included therein, either generally or for any particular insured trade, or any particular branch of any such trade, the Board may, with the consent of the Treasury, make, in manner hereinafter provided, a special order extending this part of this Act to such workmen or so varying the definition of "workman," as the case may be, either without modification or subject to such modifications of rates of contribution or rates or periods of benefit as may be contained in the order, and on any such order being made, this part of this Act shall, subject to the modifications (if any) contained in the order, apply as if the trade mentioned in the order were an insured trade, or as if the definition of "workman" were varied in accordance with the order, as the case may be, and as if the rates of contribution and the rates and periods of benefit

mentioned in the order were the rates of contribution and the rates and periods of benefit provided by this part of this Act in respect of such trade:

Provided that no such order shall be made if the person holding the inquiry in relation to the order reports that the order should not be made, or if the order would, in the opinion of the Treasury, increase the contribution to the unemployment fund out of moneys provided by Parliament to a sum exceeding one million pounds a year before the expiration of three years from the making of the order, and that the rates of contribution mentioned in the order shall not exceed the rates specified in the Eighth Schedule to this Act, and shall be imposed equally as between employers and workmen.

Exclusion of Subsidiary Occupations

104.—The Board of Trade may, if in any case they consider that it is desirable, by special order exclude from the occupations which are to be deemed employment in an insured trade for the purpose of this part of the Act—

- (a) Any occupation which appears to them to be common to insured and uninsured trades alike, and ancillary only to the purposes of an insured trade; and
 - (b) Any occupation which appears to them to be an occupation in a business which, though concerned with the making of parts or the preparation of materials for use in connection with an insured trade, is mainly carried on as a separate business or in connection with trades other than insured trades;
- and on any such order being made the occupation to which the order relates

shall not be treated as employment in an insured trade for the purposes of this part of this Act.

Any special order made under this section may be made so as to cover one or more occupations.

Procedure for making Special Orders

105.—(1) Sections eighty and eighty-one of the Factory and Workshop Act, 1901, relating to the making of regulations under that Act, as set out and adapted in the Ninth Schedule to this Act, shall apply to special orders made under this part of this Act.

(2) Before a special order (other than a special order excluding any occupation from the occupations which are to be deemed employment in an insured trade) comes into force it shall be laid before each House of Parliament for a period of not less than thirty days during which the House is sitting, and if either of those Houses before the expiration of those thirty days presents an address to His Majesty against the order or any part thereof, no further proceedings shall be taken thereon, without prejudice to the making of any new order.

(3) The provisions of this part of this Act as to the laying of regulations before Parliament and the presentation of an address thereon shall apply to any special order excluding any occupation from the occupations which are to be deemed employment in an insured trade.

Arrangements with Associations of Workmen in Insured Trade making Payments to Members whilst Unemployed

106.—(1) The Board of Trade may, on the application of any association of workmen the rules of which provide for

payments to its members, being workmen in an insured trade, or any class thereof, whilst unemployed, make an arrangement with such association that, in lieu of paying unemployment benefit under this part of this Act to workmen who prove that they are members of the association, there shall be repaid periodically to the association out of the unemployment fund such sum as appears to be, as nearly as may be, equivalent to the aggregate amount which such workmen would have received during that period by way of unemployment benefit under this part of this Act if no such arrangement had been made, but in no case exceeding three-fourths of the amount of the payments made during that period by the association to such workmen as aforesaid whilst unemployed.

(2) The council or other governing body of any association of workmen which has made such an arrangement as aforesaid shall be entitled to treat the contributions due from any of its members to the unemployment fund under this part of this Act, or any part thereof, as if such contributions formed part of the subscriptions payable by those members to the association, and, notwithstanding anything in the rules of the association to the contrary, may reduce the rates of subscription of those members accordingly.

(3) For the purpose of determining whether a workman has exhausted his right to unemployment benefit under this part of this Act, the amount of any sum which, but for this section, would have been paid to him by way of unemployment benefit shall be deemed to have been so paid.

(4) The Board of Trade may make regulations for giving effect to this section, and for referring to the umpire appointed under this part of this Act

any question which may arise under this section.

(5) The fact that persons other than workmen can be members of an association shall not prevent the association being treated as an association of workmen for the purposes of this section, if the association is substantially an association of workmen.

Repayments to Associations who make payments to Persons, whether Workmen in Insured Trade or not, whilst Unemployed

107.—(1) The Board of Trade may, with the consent of the Treasury, and on such conditions and either annually or at such other intervals as the Board may prescribe, repay out of moneys provided by Parliament to any association of persons not trading for profit the rules of which provide for payments to persons whilst unemployed, whether workmen in an insured trade or not, such part (in no case exceeding one-sixth) as they think fit, of the aggregate amount which the association has expended on such payments during the preceding year or other prescribed period, exclusive of the sum (if any) repaid to the association in respect of such period in pursuance of an arrangement under the last foregoing section, and exclusive in the case of payments which exceed twelve shillings a week of so much of those payments as exceeds that sum.

(2) No repayment shall be made under this section in respect of any period before the expiration of six months from the commencement of this Act.

(3) The Board of Trade may make regulations for giving effect to this section, and for determining the mode in which questions arising under this section shall be settled.

Interpretation and Application

108.—(1) For the purposes of this part of this Act—

The expression “workman” means any person of the age of sixteen or upwards employed wholly or mainly by way of manual labour, who has entered into or works under a contract of service with an employer, whether the contract is expressed or implied, is oral or in writing, and in relation to a person whilst unemployed means a person who, when employed, fulfilled the conditions aforesaid, but does not include an indentured apprentice;

Contributions made by an employer on behalf of a workman shall be deemed to be contributions by the workman;

Two periods of unemployment of not less than two days each, separated by a period of not more than two days, during which the workman has not been employed for more than twenty-four hours, or two periods of unemployment of not less than one week each, separated by an interval of not more than six weeks, shall be treated as a continuous period of unemployment, and the expression “continuously unemployed” shall have a corresponding meaning;

Temporary work provided by a central body or distress committee under the Unemployed Workmen Act, 1905, or towards the provision of which any such central body or distress committee has contri-

buted under that Act, shall not be deemed to be employment in an insured trade.

A workman shall not be deemed to be unemployed whilst he is following any remunerative occupation in an insured trade, or whilst he is following any other occupation from which he derives any remuneration or profit greater than that which he would derive from the receipt of unemployment benefit under this part of this Act.

A workman shall not for the purposes of contributions be deemed to be employed in any period in respect of which he receives no remuneration from his employer notwithstanding that he continues during such period in his employment.

The expression “trade dispute” means any dispute between employers and workmen, or between workmen and workmen, which is connected with the employment or non-employment, or the terms of employment, or with the conditions of labour, of any persons, whether workmen in the employment of the employer with whom the dispute arises or not.

(2) In determining any question as to whether any trade in which a workman is or has been employed is an insured trade or not, regard shall be had to the nature of the work in which the workman is engaged rather than to the business of the employer by whom he is employed.

(3) This part of this Act shall apply to workmen employed by or under the Crown to whom this Act would apply

if the employer were a private person, except to such of those workmen as are serving in an established capacity in the permanent service of the Crown, subject, however, to such modifications as may be made therein by Order in Council for the purpose of adapting the provisions of this part of this Act to the case of such workmen.

(4) If the Board of Trade are satisfied that any class of workmen are, having regard to their claim to pension or to the other terms of their service, in as permanent a position as that of persons serving in an established capacity in the permanent service of the Crown, the Board of Trade may exempt that class of persons from the provisions of this part of this Act, and any persons so exempt shall not be deemed to be workmen.

PART III.

GENERAL.

Provisions as to Stamps

109.—Stamps required for the purposes of this Act shall be prepared and issued in such manner as the Commissioners of Inland Revenue with the consent of the Treasury may direct, and the said Commissioners may by regulations in accordance with the provisions of Part I. of this Act relating to regulations by the Insurance Commissioners provide for applying, with the necessary adaptations, as respects such stamps, all or any of the provisions (including penal provisions) of the Stamp Duties Management Act, 1891, as amended by any subsequent Act, and section sixty-five of the Post Office Act, 1908, and may with the

consent of the Postmaster-General provide for the sale of such stamps through the Post Office.

Outdoor Relief

110.—In granting outdoor relief to a person in receipt of or entitled to receive any benefit under this Act, a Board of Guardians in England shall not take into consideration any such benefit, except so far as such benefit exceeds five shillings a week.

Priority of Claims for Contributions due by Bankrupt Employers

111.—(1) There shall be included among the debts which, under section one of the Preferential Payments in Bankruptcy Act, 1888, and section two hundred and nine of the Companies (Consolidation) Act, 1908, are, in the distribution of the property of a bankrupt and in the distribution of the assets of a company being wound up, to be paid in priority to all other debts, all contributions payable under this Act by the bankrupt or the company in respect of employed contributors or workmen in an insured trade during the four months before the date of the receiving order, or as the case may be, the commencement of the winding up, or the Winding-up Order, and those Acts shall have effect accordingly, and formal proof of the debts to which priority is given under this section shall not be required except in cases where it may otherwise be provided by rules made under the Bankruptcy Act, 1883, or the Companies (Consolidation) Act, 1908.

(2) In the case of the winding up of a company within the meaning of the Stannaries Act, 1887, such contributions as aforesaid shall, if payable in

respect of a miner, have the like priority as is conferred on wages of miners by section nine of that Act, and that section shall have effect accordingly.

(3) This section shall not apply where a company is wound up voluntarily merely for the purposes of reconstruction or of amalgamation with another company.

(4) In the application of this section to Scotland a reference to section three of the Bankruptcy (Scotland) Act, 1875, shall be substituted for the reference to section one of the Preferential Payments in Bankruptcy Act, 1888.

(5) In the application of this section to Ireland a reference to section four of the Preferential Payments in Bankruptcy (Ireland) Act, 1889, shall be substituted for the reference to section one of the Preferential Payments in Bankruptcy Act, 1888; and a reference to general orders made under the first-mentioned Act shall be substituted for the reference to rules made under the Bankruptcy Act, 1883; and any reference to a bankrupt shall include a reference to an arranging debtor; and the reference to the receiving order shall be construed as a reference to the order of adjudication in the case of a bankrupt, or to the filing of the petition for arrangement in the case of an arranging debtor.

Benefits to be Inalienable

112.—Every assignment of, or charge on, and every agreement to assign or charge, any of the benefits conferred by this Act shall be void and on the bankruptcy of any person entitled to any such benefit, the benefit shall not pass to any trustee or other person acting on behalf of his creditors.

Powers of Inspectors

113.—(1) An inspector appointed under this Act shall, for the purposes of the execution of this Act have power to do all or any of the following things, namely :—

- (a) to enter at all reasonable times any premises or place other than a private dwelling-house not being a workshop where he has reasonable grounds for supposing that any employed contributors or workmen in an insured trade are employed;
- (b) to make such examination and inquiry as may be necessary for ascertaining whether the provisions of this Act are complied with in any such premises or place;
- (c) to examine, either alone or in the presence of any other person, as he thinks fit, with respect to any matters under this Act, every person whom he finds in any such premises or place, or whom he has reasonable cause to believe to be or to have been an employed contributor or workman in an insured trade, and to require every such person to be so examined, and to sign a declaration of the truth of the matters in respect of which he is so examined;
- (d) to exercise such other powers as may be necessary for carrying this Act into effect.

(2) The occupier of any such premises or place and any other person employing any employed contributor or workman in an insured trade, and the servants and agents of any such occupier or other person, and any employed contributor or workman in an insured trade shall furnish to any in-

spector all such information and shall produce for inspection all such registers, books, cards, and other documents as the inspector may reasonably require.

(3) If any person wilfully delays or obstructs an inspector in the exercise of any power under this section or fails to give such information or to produce such documents as aforesaid, or conceals or prevents or attempts to conceal or prevent any person from appearing before or being examined by an inspector, he shall be liable on summary conviction to a fine not exceeding five pounds :

Provided that no one shall be required under this section to answer any question or give any evidence tending to incriminate himself.

(4) Where any such premises or place are liable to be inspected by inspectors or other officers, or are under the control, of some other Government department, the Insurance Commissioners or Board of Trade may make arrangements with that other Government department for any of the powers and duties of inspectors under this section being carried out by inspectors or other officers of such other Government department, and where such an arrangement is made such inspectors and officers shall have all the powers of an inspector under this section.

(5) Every inspector shall be furnished with the prescribed certificate of his appointment, and on applying for admission to any premises for the purposes of this Act shall, if so required, produce the said certificate to the occupier.

Provisions as to Birth Certificates

114.—Where for the purposes of this Act the age of any person is required to be proved by the production of a certificate of birth any person shall, on presenting a written requisition in such form and containing such particulars as may be from time to time prescribed by the Local Government Board for England, Scotland, or Ireland, as the case may be, and on payment of a fee of six pence, be entitled to obtain a certified copy of the entry of the birth of that person in the births register, under the hand of the registrar having the custody thereof, and forms for such requisition shall on request be supplied without any charge by every registrar of births and deaths and by every superintendent registrar.

Short Title and Commencement

115.—This Act may be cited as the National Insurance Act, 1911, and shall, save as otherwise expressly provided by this Act, come into operation on the fifteenth day of July nineteen hundred and twelve :

Provided that His Majesty in Council may, should necessity arise, substitute some subsequent date or dates not being later than the first day of January nineteen hundred and thirteen as respects the provisions of this Act relating to health insurance, and not being later than the first day of October nineteen hundred and twelve as respects the provisions of this Act relating to unemployment insurance.

SCHEDULES

FIRST SCHEDULE.

PART I.

EMPLOYMENTS WITHIN THE MEANING OF PART I. OF THIS ACT RELATING TO HEALTH INSURANCE.

(a) Employment in the United Kingdom under any contract of service or apprenticeship, written or oral, whether expressed or implied, and whether the employed person is paid by the employer or some other person, and whether under one or more employers, and whether paid by time or by the piece or partly by time and partly by the piece, or, except in the case of a contract of apprenticeship, without any money payment.

(b) Employment under such a contract as aforesaid as master or a member of the crew of any ship registered in the United Kingdom or of any other British ship or vessel of which the owner, or, if there is more than one owner, the managing owner or manager, resides or has his principal place of business in the United Kingdom.

(c) Employment as an outworker (that is to say, a person to whom articles or materials are given out to be made up, cleaned, washed, altered, ornamented, finished, or repaired, or adapted for sale in his own home or on other premises not under the control or management of the person who gave out the articles or materials for

the purposes of the trade or business of the last-mentioned person), unless excluded by a special order made by the Insurance Commissioners, and any such order may exclude outworkers engaged in work of any class, or outworkers of any class or description specified in the order, or may defer the commencement of this Act as respects all outworkers, and the person who gave out the articles or materials shall in relation to the person to whom he gave them out be deemed to be the employer.

(d) Employment in the United Kingdom in plying for hire with any vehicle or vessel the use of which is obtained from the owner thereof under any contract of bailment (or in Scotland any contract of letting to hire) in consideration of the payment of a fixed sum or a share in the earnings or otherwise, in which case the owner shall for the purposes of Part I. of this Act be deemed to be the employer.

PART II.

EXCEPTIONS.

(a) Employment in the naval or military service of the Crown, including service in Officers Training Corps, but excluding service in the Naval Reserves, the Army Reserve, and the Territorial Force except when called out on actual service or on permanent service or on embodiment.

(b) Employment under the Crown or any local or other public authority where the Insurance Commissioners certify that the terms of the employment are such as to secure provision in respect of sickness and disablement on the whole not less favourable than the corresponding benefits conferred by Part I. of this Act.

(c) Employment as a clerk or other salaried official in the service of a railway or other statutory company, or of a joint committee of two or more such companies, where the Insurance Commissioners certify that the terms of employment, including his rights in such superannuation fund as is hereinafter mentioned, are such as to secure provision in respect of sickness and disablement, on the whole, not less favourable than the corresponding benefits conferred by Part I. of this Act, and the person so employed is entitled to rights in a superannuation fund established by Act of Parliament for the benefit of persons in such employment, or in Ireland is entitled to rights in any such superannuation fund or in any railway superannuation fund which may be approved by the Insurance Commissioners.

(d) Employment as a teacher to whom the Elementary School Teachers Superannuation Act, 1898, or a scheme under section fourteen of the Education (Scotland) Act, 1908, or the National School Teachers (Ireland) Act, 1879, applies, or in the event of any similar enactment being hereafter passed as respects teachers or any class of teachers (other than teachers in public elementary schools) as a teacher to whom such enactment applies.

(e) Employment as an agent paid by commission or fees or a share in the profits, or partly in one and partly in another such ways, where the person

so employed is mainly dependent for his livelihood on his earnings from some other occupation, or where he is ordinarily employed as such agent by more than one employer, and his employment under no one of such employers is that on which he is mainly dependent for his livelihood.

(f) Employment in respect of which no wages or other money payment is made where the employer is the occupier of an agricultural holding and the employed person is employed thereon, or where the person employed is the child of, or is maintained by, the employer.

(g) Employment otherwise than by way of manual labour and at a rate of remuneration exceeding in value one hundred and sixty pounds a year, or in cases where such employment involves part-time service only at a rate of remuneration which, in the opinion of the Insurance Commissioners, is equivalent to a rate of remuneration exceeding one hundred and sixty pounds a year for whole-time service.

(h) Employment of a casual nature otherwise than for the purposes of the employer's trade or business, and otherwise than for the purposes of any game or recreation where the persons employed are engaged or paid through a club, and in such case the club shall be deemed to be the employer.

(i) Employment of any class which may be specified in a special order as being of such a nature that it is ordinarily adopted as subsidiary employment only and not as the principal means of livelihood.

(j) Employment as an outworker where the person so employed is the wife of an insured person and is not wholly or mainly dependent for her livelihood on her earnings in such employment.

(k) Employment as a member of the crew of a fishing vessel where the members of such crew are remunerated by shares in the profits or the gross earnings of the working of such vessel in accordance with any custom or practice prevailing at any port if a special order is made for the purpose by the Insurance Commissioners, and the particular custom or practice prevailing at the port is one to which the order applies.

(l) Employment in the service of the husband or wife of the employed person.

SECOND SCHEDULE.

RATES OF CONTRIBUTION UNDER PART I. OF THIS ACT RELATING TO HEALTH INSURANCE.

PART I.

Employed Rate.

| | | |
|--------------------|-----|-------------|
| In the case of men | ... | 7d. a week. |
| " " women | ... | 6d. " |

Contributions by Employers and Employed Contributors.

| | | |
|-------------------|---------|-------------|
| To be paid by the | { Men | 4d. a week. |
| Contributor ... | { Women | 3d. " |
| To be paid by the | | |
| Employer ... | ... | 3d. " |

In the case of employed contributors of either sex of the age of 21 or upwards whose remuneration does not include the provision of board and lodging by their employer, and the rate of whose remuneration does not exceed 2s. 6d. a working day, the following shall be the rates of contribution :—

Where the rate of remuneration does not exceed 1s. 6d. a working day—

| | | |
|-------------------|-------------|---------|
| | | A week. |
| To be paid by the | { For men | 6d. |
| Employer ... | { For women | 5d. |
| To be paid out of | | |
| moneys provided | | |
| by Parliament ... | ... | 1d. |

Where the rate of remuneration exceeds 1s. 6d., but does not exceed 2s. a working day—

| | | |
|--------------------|-------------|---------|
| | | A week. |
| To be paid by the | { For men | 5d. |
| employer ... | { For women | 4d. |
| To be paid by the | | |
| contributor ... | ... | 1d. |
| To be paid out of | | |
| moneys provided by | | |
| Parliament ... | ... | 1d. |

Where the rate of remuneration exceeds 2s., but does not exceed 2s. 6d. a working day—

| | | |
|-------------------|-------------|---------|
| | | A week. |
| To be paid by the | { For men | 4d. |
| employer ... | { For women | 3d. |
| To be paid by the | | |
| contributor ... | ... | 3d. |

PART II.

Employed Rate in Ireland.

| | | |
|--------------------|-----|-------------|
| In the case of men | ... | 5½d. a week |
| " " women | ... | 4½d. " |

Contributions by Employers and Employed Contributors.

| | | |
|-------------------|---------|---------|
| | | A week. |
| To be paid by the | { Men | ... |
| contributor ... | { Women | ... |
| To be paid by the | | |
| employer ... | ... | 2½d. |

In the case of employed contributors of either sex of the age of 21 or upwards whose remuneration does not include the provision of board and lodging by their employer, and the rate of whose remuneration does not exceed

2s. 6d. a working day, the following shall be the rates of contribution:—

Where the rate of remuneration does not exceed 1s. 6d. a working day—

| | A week | | | | |
|---|--|---------|------|-----------|------|
| To be paid by the employer ... | <table> <tr> <td>For men</td><td>4½d.</td></tr> <tr> <td>For women</td><td>3½d.</td></tr> </table> | For men | 4½d. | For women | 3½d. |
| For men | 4½d. | | | | |
| For women | 3½d. | | | | |
| To be paid out of moneys provided by Parliament ... | 1d. | | | | |

Where the rate of remuneration exceeds 1s. 6d. but does not exceed 2s. a working day—

| | A week. | | | | |
|--|--|---------|-----|-----------|-----|
| To be paid by the employer ... | <table> <tr> <td>For men</td><td>4d.</td></tr> <tr> <td>For women</td><td>3d.</td></tr> </table> | For men | 4d. | For women | 3d. |
| For men | 4d. | | | | |
| For women | 3d. | | | | |
| To be paid by the contributor ... | ½d. | | | | |
| To be paid out of moneys provided by Parliament... | 1d. | | | | |

Where the rate of remuneration exceeds 2s. but does not exceed 2s. 6d. a working day—

| | A week. | | | | |
|-----------------------------------|--|---------|------|-----------|------|
| To be paid by the employer ... | <table> <tr> <td>For men</td><td>3½d.</td></tr> <tr> <td>For women</td><td>2½d.</td></tr> </table> | For men | 3½d. | For women | 2½d. |
| For men | 3½d. | | | | |
| For women | 2½d. | | | | |
| To be paid by the contributor ... | 2d. | | | | |

THIRD SCHEDULE.

RULES AS TO PAYMENT AND RECOVERY OF CONTRIBUTIONS PAID BY EMPLOYERS ON BEHALF OF EMPLOYED CONTRIBUTORS UNDER PART I. OF THIS ACT RELATING TO HEALTH INSURANCE.

(1) A weekly contribution shall be payable for each calendar week during the whole or any part of which an employed contributor has been employed by an employer: Provided that where one weekly contribution has

been paid in respect of an employed contributor in any such week no further contribution shall be payable in respect of him in the same week, and that where no remuneration has been received and no services rendered by an employed contributor during any such week, or where no services have been rendered by an employed contributor during any such week and the employed contributor has been in receipt of sickness or disablement benefit during the whole or any part of that week, the employer shall not be liable to pay any contribution either on his own behalf or on behalf of the contributor in respect of that week.

(2) The employer shall, except as hereinafter provided, be entitled to recover from the employed contributor the amount of any contributions paid by him on behalf of the employed contributor.

(3) Except where the employed contributor does not receive any wages or other pecuniary remuneration from the employer, the amounts so recoverable shall, notwithstanding the provisions of any Act or any contract to the contrary, be recoverable by means of deductions from the wages or other remuneration, and not otherwise; but no such deductions may be made from any wages or remuneration other than such as are paid in respect of the period or part of the period in respect of which the contribution is payable, or in excess of the sum which represents the amount of the contributions for the period (if such period is longer than a week) in respect of which the wages or other remuneration are paid.

(4) Where a contribution paid by the employer on behalf of an employed contributor is recoverable from the contributor but is not recoverable by means of deductions as aforesaid, it shall

(without prejudice to any other means of recovery) be recoverable summarily as a civil debt, but no such contribution shall be recoverable unless proceedings for the purpose are instituted within three months from the date when the contribution was payable.

(5) Where the contributor is employed by more than one employer in any calendar week, the first person employing him in that week or such other employer or employers as may be prescribed shall be deemed to be the employer for the purposes of the provisions of Part I. of this Act relating to the payment of contributions and of this Schedule.

(6) Regulations of the Insurance Commissioners may provide that in any cases or any classes of cases where employed contributors work under the general control and management of some person other than their immediate employer, such as the owner, agent, or manager of a mine or quarry, or the occupier of a factory or workshop, such person shall, for the purposes of the provisions of Part I. of this Act relating to the payment of contributions and of this Schedule, be treated as the employer, and may provide for allowing him to deduct the amount of any contributions (other than employers' contributions) which he may become liable to pay from any sums payable by him to the immediate employer, and for enabling the immediate employer to recover from the employed contributors the like sums and in the like manner as if he were liable to pay the contributions.

(7) Where the contributor is not paid wages or other money payments by his employer or any other person, the employer shall be liable to pay the contributions payable both by himself and the contributor, and shall not be

entitled to recover any part thereof from the contributor.

(8) Notwithstanding any contract to the contrary, the employer shall not be entitled to deduct from the wages of or otherwise to recover from the contributor the employer's contribution.

(9) Any sum deducted by any employer from wages or other remuneration under this Schedule shall be deemed to have been entrusted to him for the purpose of paying the contribution in respect of which it was deducted.

(10) The Insurance Commissioners may by regulations provide that in the case of outworkers the contributions to be paid may be determined by reference to the work actually done, instead of by reference to the weeks in which work is done, and any such regulations may apply to all trades or to any specified classes or branches of trades, and may determine the conditions to be complied with by employers who adopt such a system of payment of contributions.

(11) For the purposes of this Schedule the expression "calendar week" means the period from midnight on one Sunday to midnight on the following Sunday.

FOURTH SCHEDULE.

BENEFITS UNDER PART I. OF THIS ACT RELATING TO HEALTH INSURANCE.

PART I.

Rates of Benefits.

TABLE A.—*Ordinary Rates.*

Sickness benefit : for men the sum of 10s. a week throughout the whole period of twenty-six weeks ; for women the sum of 7s. 6d. a week throughout the whole period of twenty-six weeks.

Disablement benefit: the sum of 5s. a week for men and women alike.

TABLE B.—*Reduced Rates in the case of Unmarried Minors.*

Sickness benefit—for males, the sum of 6s. a week during the first thirteen weeks and the sum of 5s. a week during the second thirteen weeks;

for females, the sum of 5s. a week for the first thirteen weeks and the sum of 4s. a week for the second thirteen weeks.

Disablement Benefit—for females, the sum of 4s. a week.

TABLE C.—*Reduced Rates for Persons over Fifty in certain cases.*

Where the insured person is over 50 and under 60 at the time of becoming an employed contributor—

For men, the sum of 7s. a week throughout the whole period of twenty-six weeks.

For women, the sum of 6s. a week throughout the whole period of twenty-six weeks.

Where the insured person is over 60 at the time of becoming an employed contributor—

For both men and women the sum of 6s. a week for the first thirteen weeks, and 5s. a week during the second thirteen weeks.

TABLE D.—*Rates and Conditions for Married Women.*

Sickness benefit: during the first thirteen weeks, the sum of 5s. a week; during the second thirteen weeks, 3s. a week.

Disablement benefit: the sum of 3s. a week.

Sickness and disablement benefit shall not be payable during the two weeks before and four weeks after confinement, except in respect of a disease or disablement neither directly nor indirectly connected with childbirth.

PART II.

Additional Benefits.

(1) Medical treatment and attendance for any persons dependent upon the labour of a member.

(2) The payment of the whole or any part of the cost of dental treatment.

(3) An increase of sickness benefit or disablement benefit in the case either of all members of the society or of such of them as have any children, or any specified number of children, wholly or in part dependent upon them.

(4) Payment of sickness benefit during the second thirteen weeks of disease or disablement at the same rate as during the first thirteen weeks thereof, or from the first, second, or third day after the commencement of the disease or disablement.

(5) The payment of a disablement allowance to members though not totally incapable of work.

(6) An increase of maternity benefit.

(7) Allowances to a member during convalescence from some disease or disablement in respect of which sickness benefit or disablement benefit has been payable.

(8) The building or leasing of premises suitable for convalescent homes and the maintenance of such homes.

(9) The payment of pensions or superannuation allowances whether by way of addition to old age pensions under the Old Age Pensions Act, 1908, or otherwise.

(10) The payment, subject to the pre-

Notes.

Where the insured person is by virtue of any of the provisions of Part I. of this Act, other than those relating to arrears, entitled to sickness benefit at a rate lower than the full rate, this Table shall have effect as if the entries in the first column were so shifted down that the first entry therein was set opposite the entry in the second column next below the entry specifying the rate of sickness benefit to which the insured person is entitled.

When the rate of sickness benefit during the first thirteen weeks to which the insured person is entitled is by virtue of any of the provisions of this Act, other than those relating to arrears, less than 5s. a week, this Table shall have effect as if such lower rate were therein substituted for the rate of 5s. a week.

SIXTH SCHEDULE.

LIST OF INSURED TRADES FOR THE PURPOSES OF PART II. OF THIS ACT RELATING TO UNEMPLOYMENT INSURANCE.

(1) Building; that is to say, the construction, alteration, repair, decoration, or demolition of buildings, including the manufacture of any fittings of wood of a kind commonly made in builders' workshops or yards.

(2) Construction of works; that is to say, the construction, reconstruction, or alteration of railroads, docks, harbours, canals, embankments, bridges, piers or other works of construction.

(3) Shipbuilding; that is to say, the construction, alteration, repair, or decoration of ships, boats, or other craft by persons not being usually mem-

bers of a ship's crew, including the manufacture of any fittings of wood of a kind commonly made in a shipbuilding yard.

(4) Mechanical engineering, including the manufacture of ordnance and firearms.

(5) Ironfounding, whether included under the foregoing headings or not.

(6) Construction of vehicles; that is to say, the construction, repair, or decoration of vehicles.

(7) Sawmilling, including machine woodwork carried on in connection with any other insured trade or of a kind commonly so carried on.

SEVENTH SCHEDULE.

RATES AND PERIODS OF UNEMPLOYMENT BENEFIT.

In respect of each week following the first week of any period of unemployment, seven shillings, or such other rates as may be prescribed either generally or for any particular trade or any branch thereof:

Provided that, in the case of a workman under the age of eighteen, no unemployment benefit shall be paid while the workman is below the age of seventeen, and while the workman is of the age of seventeen or upwards but below the age of eighteen, unemployment benefit shall only be paid at half the rate at which it would be payable if the workman was above the age of eighteen.

No workman shall receive unemployment benefit for more than fifteen or such other number of weeks as may be prescribed either generally or for any particular trade or branch thereof with-

in any period of twelve months, or in respect of any period less than one day.

No workman shall receive more unemployment benefit than in the proportion of one week's benefit for every five contributions paid by him under this Act.

Provided that for the purpose of the foregoing paragraph—

(a) In the case of a workman who satisfies the Board of Trade that he is over the age of twenty-one and has habitually worked at an insured trade before the commencement of this Act, there shall be deemed to be added to the number of contributions which he has actually paid five contributions for each period of three months or part of such period during which he has so worked before the commencement of this Act, up to a maximum of twenty-five contributions; and

(b) where, owing to the fact that the wages or other remuneration of a workman are paid at intervals greater than a week, or for any other like reason contributions are paid under Part II. of this Act in respect of any workman at intervals greater than a week, that workman shall be entitled to treat each of such contributions as so many contributions as there are weeks in the period for which the contribution has been paid.

Any time during which a workman is under Part II. of this Act disqualified for receiving unemployment benefit shall be excluded in the computation of periods of unemployment under this Schedule.

A period of unemployment shall not be deemed to commence till the work-

man has made application for unemployment benefit in such manner as may be prescribed.

The power conferred by this Schedule on the Board of Trade to prescribe rates and periods of unemployment benefit shall not be exercised so as to increase the rate of benefit above eight shillings per week or reduce it below six shillings per week, or to increase the period of unemployment benefit above fifteen weeks, or to alter the proportion which the period of benefit bears to the number of contributions paid, except by rules confirmed by an order made in accordance with the provisions of Part II. of this Act relating to special orders.

EIGHTH SCHEDULE.

CONTRIBUTIONS FOR THE PURPOSES OF PART II. OF THIS ACT RELATING TO UNEMPLOYMENT INSURANCE.

RATES OF CONTRIBUTION FROM WORKMEN AND EMPLOYERS.

From every workman employed in an insured trade for every week he is so employed - - $2\frac{1}{2}d.$

From every employer by whom one or more workmen are employed in an insured trade, in respect of each workman, for every week he is so employed - $2\frac{1}{2}d.$

Provided that in the case of a workman below the age of eighteen *id.* shall be substituted for $2\frac{1}{2}d.$ as the contribution from the workman and from the employer, but for the purpose of reckoning the number of contributions in

respect of such a workman except as regards the payment of unemployment benefit before he reaches the age of eighteen the *id.* shall be treated as two-fifths of a contribution.

Every such period of employment of less than a week shall for the purposes of this Schedule be treated as if it were employment for a whole week, except that, where the period of employment is two days or less, the contributions both of the employer and of the workman shall be reduced to one penny if the period does not exceed one day and to twopence if it exceeds one day; and in such case in reckoning the number of contributions under Part II. of this Act and the Schedules therein referred to contributions at such reduced rates shall be treated as two-fifths or four-fifths of a contribution as the case may require.

NINTH SCHEDULE.

PROVISIONS OF THE FACTORY AND WORKSHOP ACT, 1901, APPLIED TO SPECIAL ORDERS MADE UNDER PART II. OF THIS ACT RELATING TO UNEMPLOYMENT INSURANCE.

80.—(1) Before the Board of Trade make any special order under this Act, they shall publish, in such manner as they may think best adapted for informing persons affected, notice of the proposal to make the order, and of the place where copies of the draft order may be obtained, and of the time (which shall be not less than twenty-one days) within which any objection made with respect to the draft order by or on behalf of persons affected must be sent to the Board of Trade.

(2) Every objection must be in writing and state—

- (a) the draft order or portions of draft order objected to;
- (b) the specific grounds of objection; and
- (c) the omissions, additions, or modifications asked for.

(3) The Board of Trade shall consider any objection made by or on behalf of any persons appearing to them to be affected which is sent to them within the required time, and they may, if they think fit, amend the draft order, and shall then cause the amended draft to be dealt with in like manner as an original draft.

(4) Where the Board of Trade does not amend or withdraw any draft order to which any objection has been made, then (unless the objection either is withdrawn or appears to them to be frivolous) they shall, before making the order, direct an inquiry to be held in the manner hereinafter provided.

81.—(1) The Board of Trade may appoint a competent and impartial person to hold an inquiry with regard to any draft order, and to report to them thereon.

(2) The inquiry shall be held in public, and any objector and any other person who, in the opinion of the person holding the inquiry, is affected by the draft order, may appear at the inquiry either in person or by counsel, solicitor, or agent.

(3) The witnesses on the inquiry may, if the person holding it thinks fit, be examined on oath.

(4) Subject as aforesaid, the inquiry and all proceedings preliminary and incidental thereto shall be conducted in accordance with rules made by the Board of Trade.

(5) The fee to be paid to the person holding the inquiry shall be such as

the Board of Trade may direct and shall be deemed to be part of the expenses of the Board of Trade in carrying this Act into effect.

TENTH SCHEDULE.

PROVISIONS OF THE FACTORY AND WORKSHOP ACT, 1901, APPLIED TO SPECIAL ORDERS MADE UNDER PART I. OF THIS ACT RELATING TO HEALTH INSURANCE.

80.—(1) Before the Insurance Commissioners make any special order under this Act, they shall publish, in such manner as they may think best adapted for informing persons affected, notice of the proposal to make the order, and of the place where copies of the draft order may be obtained, and of the time (which shall be not less than twenty-one days) within which any objection made with respect to the draft order by or on behalf of persons affected must be sent to the Insurance Commissioners.

(2) Every objection must be in writing and state—

- (a) the draft order or portions of draft order objected to;
- (b) the specific grounds of objection; and
- (c) the omissions, additions, or modifications asked for.

(3) The Insurance Commissioners shall consider any objection made by or on behalf of any persons appearing to them to be affected which is sent to

them within the required time, and they may, if they think fit, amend the draft order, and shall then cause the amended draft to be dealt with in like manner as an original draft.

(4) Where the Insurance Commissioners do not amend or withdraw any draft order to which any objection has been made, then (unless the objection either is withdrawn or appears to them to be frivolous) they shall, before making the order, direct an inquiry to be held in the manner hereinafter provided.

81.—(1) The Insurance Commissioners may appoint a competent person to hold an inquiry with regard to any draft order, and to report to them thereon.

(2) The inquiry shall be held in public, and any objector and any other person who, in the opinion of the person holding the inquiry, is affected by the draft order, may appear at the inquiry either in person or by counsel, solicitor, or agent.

(3) The witnesses on the inquiry may, if the person holding it thinks fit, be examined on oath.

(4) Subject as aforesaid, the inquiry and all proceedings preliminary and incidental thereto shall be conducted in accordance with the rules made by the Insurance Commissioners.

(5) The fee to be paid to the person holding the inquiry shall be such as the Insurance Commissioners may direct and shall be deemed to be part of the expenses of the Insurance Commissioners in carrying this Act into effect.



EXPLANATIONS OF THE BILL. DIFFICULT
POINTS ELUCIDATED



PART IV

EXPLANATIONS OF THE BILL. DIFFICULT POINTS ELUCIDATED

REPLIES TO LETTERS ADDRESSED TO THE CHANCELLOR OF THE EXCHEQUER BEFORE THE BILL WAS FINALLY AMENDED

The Position of Existing Members of Friendly Societies.

2nd September, 1911.

In reply to your letter of the 22nd ultimo, I am desired by the Chancellor of the Exchequer to say that a person who is already contributing to a Friendly Society, and who becomes insured under the National Insurance Bill, will not be required to make double contributions and receive double benefits. It will be possible for his Society to arrange that his contributions under the Bill shall be substituted for the whole or part of his existing contributions, and his benefits under the Bill for the whole or a part of his existing benefits.

Of course, any Society must itself be the judge of the action which it should take on the Bill becoming law. But Mr. Lloyd George has always hoped to make the fullest possible use of existing organisations, and the Bill has been so framed that they will suffer no loss or disadvantage through becoming approved societies. He therefore trusts that every effort will be made to pre-

serve societies, large or small, which are already engaged in the work of insuring against sickness. . . .

I am also to point out that an insured person cannot obtain the full benefit of the National Insurance unless he becomes a member of an approved society, and it will clearly be a convenience to the members of any existing society to arrange for their insurance through that society rather than to seek another.

*The Effect of Clause 55 * (Disposal of Existing Reserves).*

29th July, 1911.

Your letter of the 26th instant raises several important questions, and I am desired by the Chancellor of the Exchequer to reply as follows:—

The effect of the National Insurance Bill will be to give every society a chance of thoroughly reorganising its finances, and the Chancellor will himself be very glad if this opportunity

* Clause 71 of the Bill as amended.

can be so used as to bring societies to complete solvency in every respect.

The effect of Clause 55 which you discuss in your letter, coupled with the rest of the Bill, may be analysed as follows :—

A society's existing reserves, so far as they have been accumulated for sickness insurance on behalf of members who are transferred to the State scheme, will be released and a very large sum of money will in this way be set free.

Under the proposals of the Bill, a society will be able to transfer to the State side of its business all its existing members who become employed contributors or voluntary contributors under the Bill; in other words, practically all its members between 16 and 65 years of age. It should be added that within this group of members there may be a few permanent invalids the state of whose health prevents them satisfying the "employment" test. The number of such cases must be very small, and a society would no doubt have to make special arrangements for them. The majority of the invalids between 16 and 65 would probably be able to satisfy that test and would accordingly be transferred to the State scheme, but they would not draw benefits under that scheme until the waiting periods laid down in the Bill had expired. The sums released under Clause 55 would have to be drawn upon to meet these claims.

Next, take the group of persons between the ages of 65 and 70. Mr. Lloyd George has promised to table an amendment allowing those persons so far as they are employed to receive the employers' 3*d.* and the State's con-

tribution. This concession will bring these people into the category of insured persons and as such they will be entitled to come into the scheme under Clause 55.

Lastly, as regards the persons over 70 years of age, Clause 55 in its present form probably does not benefit them. It is not true, however, that in a fully solvent society these persons are receiving their benefits at the cost of the younger members. Their benefits in such a case are paid to them from their own reserves and their own contributions. This, it is true, is not the case with regard to those societies which are not fully solvent, and Mr. Lloyd George has had before him many letters showing that this difficulty already actually exists at the present moment, and it appears to be the principal difficulty which is raised by your letter.

This difficulty is not caused by the National Insurance Bill, but it becomes a question for consideration whether Clause 55 might not be amended so as to allow societies, if they desire, to apply a part of the reserves released under that clause in respect of members between the ages of 16 and 65 for the relief of such persons, and also of any other persons under the age of 70, who cannot for the reasons already stated be transferred to the State scheme.

Any such application of funds would go far to settle the difficulty once and for all as regards all those persons, and Mr. Lloyd George would be glad to be informed as to the views of the responsible leaders of friendly societies on the question whether Clause 55 should be so amended and widened as to allow the funds released to be applied in whole or in part to this purpose.*

* Clause amended accordingly.

Copy of a Reply to a Correspondent who forwarded a Pamphlet containing several Mis-statements as to the Proposals of the Bill.

4th September, 1911.

I am desired by the Chancellor of the Exchequer to thank you for calling attention to the pamphlet entitled "The National Insurance Bill as it affects you as a member of the Manchester Unity of Oddfellows," a copy of which you forwarded with your letter of the 21st ultimo.

The pamphlet appears mainly to be directed against the principle of compulsory insurance. This principle has been accepted by all parties in the State. The Bill has been framed to establish a minimum of compulsion, without which it would not be possible to carry out its purpose of extending practically to the *entire* working class the beneficial results which the experience of the friendly societies has shown to follow from this system of provision against sickness.

In Mr. Lloyd George's opinion, the suggestion made in the pamphlet that for a workman to have 4d. per week deducted from his wages is to suffer an "indignity," shows an utter narrowness of outlook and want of public spirit. No one regards the system of compulsory education as an indignity, either to those who pay the cost or to those who benefit by it. If the system of compulsory insurance is in the public interest, complaint comes with an ill-grace from those who are willing in any case to pay the contribution asked and to pay more. Moreover the writer of the pamphlet is under considerable misapprehension as to the effect of the Bill.

For instance, he states that in future a member will still be required to pay

the same contribution as in the past for the same benefits, but that 4d. of it will go to provide the benefits under the State scheme. He has entirely failed to realise that the 4d. paid under the Bill secures the compulsorily insured person insurance of the average value of 9d., irrespective of any other payments he may make to the society for other benefits. The society will receive sufficient funds to provide this insurance, according to the calculations made by the actuaries employed by the Government from the actual experience of the Manchester Unity, and if it can provide the ordinary benefits at less than the calculated cost, the whole of the saving will go to the members in additional benefits. It will, therefore, be possible for a society either to give the same benefits as hitherto, with the further benefits included in the National Insurance, for a total contribution substantially less than that now required, or if the total contribution remains unaltered, to give an extension of benefits over and above the existing benefits and the National Insurance benefits so far as not included in the existing benefits. Indeed, if a member who has hitherto paid 7d., continues to pay 3d. in addition to the 4d. deducted from wages, he will receive insurance to a total value, on an average, of no less than 1s. a week. The precise value to an individual member, it should be added, will depend upon his age.

Again, as regards arrears, it is stated that "If you are 13 weeks in arrear you will be suspended from benefit, and if at the end of a calendar year you are still in arrears, your claim to benefit entirely ceases." This as it stands is a grave mis-statement. The limit of arrears is not "thirteen weeks," but "thirteen weeks *per*

annum " over the whole period from entry into insurance. Thus a contributor is allowed 26 weeks in every two years, 52 weeks in every four years, without falling completely out of benefit.

As regards medical benefit: it is not explained in the pamphlet that insured persons will ordinarily be given a clear majority on the local Health Committee, and it is not contemplated that Insurance Commissioners should use their power of varying the proportion to change this. Moreover, the Committee is authorised to continue existing medical arrangements of friendly societies. Mr. Lloyd George is astonished to find it stated in this pamphlet that persons *not insured* under the Bill "will be deprived of medical attendance and medicine," and will have to make their own arrangements with the doctor. He has no idea what excuse the writer of the pamphlet can show for such a grotesque misconstruction of Clause 14 of the Bill as amended. Of course, the powers thereby given to the Insurance Commissioners only extend to persons insured under the Bill.*

Mr. Lloyd George wishes it to be known that he has summoned a small conference of the representatives of friendly societies and the British Medical Association to discuss the question of medical benefits.

As regards investments, I am to inform you that Mr. Lloyd George has undertaken to allow societies to invest the amount represented by the contribution of 4d. a week.

Details of Cost of Benefits.

1st September, 1911.

In reply to your request for information as to the cost of the several

* Clause 15 (2) (e) of the Bill as amended secures to existing members of Friendly Societies aged 65 or upwards at the date of the commencement of the Act medical treatment and attendance, on the same terms as insured persons.

benefits provided under the National Insurance Bill, I am desired by the Chancellor of the Exchequer to inform you as follows:—

To provide the minimum benefit under the State scheme in the case of a man joining at the age of 16, contributions at the following weekly rates are required:—

d.
1'51 for doctor.
'32 for sanatorium.
'92 for administration.
'64 for maternity.
2'16 for sickness.
'78 for disablement.

6'33
'67 margin.

7'00d. Total.

This is the calculation for male persons joining at the age of 16, but, as you are aware, persons of older ages are to obtain the same benefits for the 7d. a week contribution, and so provision has to be made at the outset for wiping out the liability of these older lives. The State contribution is, in the case of men, two-ninths of the actual expenditure as it from time to time arises, and it is the equivalent of a contribution of 2d. a week. This contribution makes it possible in the first 16 years* for the charge in respect of the older lives to be liquidated, and after this period the scale of benefits will be increased for the same contribution.

The Value of the 4d. Contribution.

8th August, 1911.

(a) In reply to your letter of the 5th instant relative to a letter from Mr. A. St. G. Hamersley, M.P., which recently appeared in the Press, I am desired by the Chancellor of the

* 18½ years according to the proposals of the bill as amended.

Exchequer to inform you that in his opinion it is perfectly correct to say that the National Insurance Bill is giving the working man 9d. for 4d. The only qualifications which require to be made in this statement are: (1) that though the persons insured on an average all get just 9d. for 4d., the older get somewhat more and the younger somewhat less; and (2) that some time must elapse before the whole 9d. is received. But it should be clearly understood that 9d., with interest in addition, will ultimately be received by the insured classes for every 4d. paid in.

1st September, 1911.

(b) I fear it is not possible to give a very succinct answer to your inquiry as to the period that must elapse before an insured person gets "9d. for 4d." You are no doubt aware that at the commencement of the scheme persons of all ages are to pay the same contributions and, except for persons under 21 who are unmarried and have no dependants and for persons over 50,* to receive the same benefits. It follows that the old will be more favourably treated than the young, and in order to mitigate this effect Mr. Lloyd George decided not to give from the commencement the full scale of benefits which will ultimately be possible, but to set apart a portion of the contributions to accumulate for a period at the completion of which a fund will have been created equal to the "reserve values" of the persons insured. In the interval (which the actuaries calculated to be about 15½ years under the Bill as introduced)† the persons insured will be enjoying benefits equivalent to those

which could be purchased by a contribution of 7d. starting from age 16. Under this arrangement persons at ages above 16 receive benefits which are worth more than a contribution of 7d., and at the higher ages they are worth more than a contribution of 9d.

But even the youth of 16 is entitled to an insurance worth more than a contribution of 7d., since he has the prospect of increased benefits from the age of about 32 [under Bill as amended 34] onwards, when the period of 15½ [18½] years has expired.

You inquire how much the older and younger contributors respectively receive. I fear a precise answer is impossible. Indeed, insurance is essentially a provision against risks, and the person who gets most out of it is he who suffers most from the evils against which he is insured. Some of the young, in fact, will get more in pounds, shillings, and pence per annum than some of the old, and the calculation of the true actuarial value of the insurance offered to contributors of each age from 16 to 65 would be a very lengthy and laborious undertaking.

Again, as to "what period of time must elapse before the whole 9d. is received," I can do no better than point out that for some of the older contributors the insurance secured as from the beginning of the Act will be worth more than 9d., but that it will not be the case that *everyone* entering the scheme receives insurance worth 9d. until the preliminary period of accumulation is completed. *From the beginning*, however, it is true that the average value of the insurance given is 9d.

Small Societies.

15th August, 1911.

I am desired by the Chancellor of the Exchequer to acknowledge the receipt

* The Bill as amended also provides sickness benefit on a lower scale for insured married women.

† 18½ years under the Bill as amended.

of your letter, and to say that he is not aware of any reason why the introduction of the National Insurance Bill should be regarded as a ground for dissolving an existing friendly society. He has always hoped to make the fullest possible use of existing organisations, and the Bill has been so framed that they will suffer no loss or disadvantage through becoming approved societies under it; and he trusts that every effort will be made to preserve societies (although they are small) which are already engaged in the work of insuring against sickness.

In order to assist small societies which would not have a sufficient number of members to obtain a proper average of risks, Mr. Lloyd George suggested, when he introduced the National Insurance Bill, that small societies should unite in associations for the purpose of the State scheme. In forming or joining an association a society need not sacrifice any part of its existing funds nor of its independence, except as required by the Bill for the purpose of dealing with surpluses and for the joint government of the several associated societies as regards the business of State insurance.

It has, however, been represented to Mr. Lloyd George that some societies may be unwilling or unable to join or form an association of societies, and on the 4th August last he outlined in the House of Commons a proposal which had been made to him for grouping the small societies within the county and county borough areas.* Under this proposal societies would retain complete independence of management, subject to the one condition only of their paying into a county or county borough pool one-half of any surplus realised on the management of the State scheme.

* See clause 38 of the Bill as amended.

(Their existing funds would not, of course, be interfered with.) Societies which had a deficit under the State scheme would be entitled to claim assistance from the county or county borough pool, which would be formed by the half surpluses paid in by the more fortunate societies, and in this way small societies under the State scheme would give each other the great advantage of the mutual support and insurance which is necessary to enable them to take full advantage of the proposals of the Bill.

In outlining the above proposal to the House of Commons, the Chancellor of the Exchequer expressed the hope that the small societies would use the interval afforded by the adjournment for considering whether it would meet their difficulties, and I have, therefore, to request that you will be so good as to consult your members upon it.

Mr. Lloyd George would welcome a statement of the views of the societies which would be affected by the proposal, and he hopes that the representatives of the smaller societies will lay their views before him personally.

Arrears.

18th August, 1911.

(a) In reply to your letter, I am desired by the Chancellor of the Exchequer to send you the following statement, as there seems to be still a great deal of misapprehension as to the position of a person in arrears under the National Insurance Bill.

Arrears are *reckoned on average* from the date of the member's joining. They will not be counted—

- (1) for the first year of the operation of the Act;
- (2) if arising before the age of 16;
- (3) during periods of sickness.

Further, a member is not required to pay his contributions, so far as arrears are counted against him, during periods of unemployment, and if he is in arrear to such an extent as to make it advisable for him to make some contribution he can make this contribution year by year at the time most convenient to himself.

The effect of the Bill may be summarised as follows:—

Suppose a man has been a member for four years, he may be ill the whole time without incurring any arrears; he may be unemployed for 15 weeks in the four years without suffering any reduction of benefits at all; he may be unemployed for 52 weeks in the four years without being suspended from benefits. In the last case, he will receive reduced sick pay, in no case less than 5s., and the other benefits he will receive in full.

Suppose, therefore, a member is unemployed for 17 weeks for every year of his life, *i.e.*, practically one-third of his time, or one year in three, how much, beyond the amounts which he would be paying when employed, would he have to pay to keep himself in benefit on the reduced scale? The answer to this question is 2s. 4d. (2s. if the member is a woman). In the same way, if a member's unemployment does not amount to 13 weeks a year on average, or 52 weeks in four years, he has only to pay 7d. a year to prevent his sick pay from being reduced by 6d. a week.

Mr. Lloyd George accepted an amendment allowing a society to excuse a member the payment of the employer's contribution when he is unemployed—3d. in 7d. for men and 3d. in 6d. for women in most cases.

Mr. Lloyd George also accepted an

amendment allowing medical, maternity, and sanatorium benefits to be continued until a member was 26 weeks in arrear on average.

These are the proposals of the Bill, and it is worth while to compare the position of members under the Bill with the present position of members of societies and with that of persons insured under the only other compulsory National Scheme of Insurance.

Under the present practice of societies, no regard or only a very limited regard is taken of the length of time for which a person has been a member. If he is in arrear for six months, he is suspended from benefits unless he pays up the whole of the arrears; and, in most societies, if he does not pay up in a year—however long he has been a member and however many contributions he has paid—he is excluded from membership. Under the Bill, a man who has paid regularly for twelve years could fall into arrear to the extent of four years without being excluded from benefits.

In Germany, a man may have been paying into the Sickness Insurance Fund regularly all his life and have received no benefit, but if he was taken ill three weeks after any employment of his had ceased, he would get no benefit at all unless he had continued to pay his contributions voluntarily. The Invalidity Scheme is more complicated, but the pension given to persons who make very irregular payments is so small as not to bear comparison with the proposals of the National Insurance Bill.

I am to add that the method of calculating payments under the National Insurance Bill is very simple, as the member's contribution book will show him quite clearly how many payments he has missed in each year.

22nd August, 1911.

(b) I am directed by the Chancellor of the Exchequer to acknowledge receipt of your letter of the 18th inst. regarding the method of reckoning a member's arrears of contributions under Part I. of the National Insurance Bill, and in reply to state that the following copy of the form of a member's contribution book will show how the arrears are dealt with.

letter and to inform you that the question as to whether the payment of the sickness benefit provided under the National Insurance Bill should be restricted to two-thirds of the wages will, under Clause 9 (2) as amended, be a matter for the societies themselves to determine, and they will have full discretion in the matter. (If they make any reduction they are bound to grant some other benefit.)

MEMBER'S CONTRIBUTION BOOK.

| Year. | <i>Payments</i> (i.e., Number of Weekly Contributions paid in respect of the Member). | Illness. | * Non- Payments. | † Average Number of Non-Payments per Annum. | ‡ Rate of Sickness Benefit per Week during first 13 Weeks of Sickness. |
|-------|--|----------|------------------------|--|--|
| | Yearly. | | | | <i>s. d.</i> |
| 1912 | 22 | 0 | (30) | — | — |
| 1913 | 23 | 3 | 26 | 13 | 5 0 |
| 1914 | 49 | 0 | 3 | 9 | 7 0 |
| 1915 | 48 | 4 | 0 | 7 | 8 0 |
| 1916 | 50 | 0 | 2 | 6 | 8 6 |
| 1917 | 52 | 0 | 0 | 5 | 9 0 |
| 1918 | 42 | 10 | 0 | 4 | 9 6 |
| 1919 | 52 | 0 | 0 | 3 | 10 0 |
| 1920 | 0 | 0 | 52 | 9 | 7 0 |
| 1921 | 8 | 0 | 44 | 12 | 5 6 |

* Non-payment in illness is not reckoned in calculating arrears.

† The average is arrived at by adding the non-payments and dividing by the number of years. Thus, for 1921 the total non-payments are 127 for 10 years = 12 and a fraction (which may be disregarded) on average.

‡ The last column showing the benefit comes from the Fifth Schedule of the Bill.

A member can at any time in any year extinguish any arrears that have accumulated during the same and the preceding calendar year by making the necessary payments.

Sickness Benefit Restricted to Two-thirds of Wages.

9th August, 1911.

I am desired by the Chancellor of the Exchequer to acknowledge your

This restriction does not apply in any case to any insurance which a person may effect outside of the State scheme.

Representations as to the position of persons who are insured in all in excess of their wages are under consideration.

Mr. Lloyd George wishes me to add that if a person belongs to more than one society it will be necessary for him to choose the society through which he will receive the benefit of the State insurance.

Workmen's Compensation Cases.

18th August, 1911.

(a) I am desired by the Chancellor of the Exchequer to acknowledge your letter as to the effect of the National Insurance Bill upon claims under the Workmen's Compensation Act, and to say that the Bill proceeds on the principle of insuring against impairment of health in those cases only which are not already provided for; consequently, where a workman is in receipt of a weekly payment under that Act, he will not be entitled to sick pay under the State scheme except such sum (if any) as, with the weekly compensation already provided, is required to make up the amount prescribed by the Bill for sickness or disablement benefit. This does not prevent a workman from insuring himself against accident outside of the National Health Insurance—in particular he will in a large number of instances be able to provide such an insurance with his present society at no additional cost to himself, owing to the saving in his present contributions which the assistance of the employer and the State under the National Health Insurance will enable him to effect.

The contributions under the Bill are calculated on the assumption that sickness benefit is not payable in addition to compensation, and it must be obvious that if the double payment is to be made it can only be done by increasing the contributions generally or restricting other benefits.

26th August, 1911.

(b) It is true that if a workman gets hurt at his employment and is receiving compensation up to 10s. a week he does not get sickness benefit under the

Insurance Bill. If he is getting less than 10s. he gets enough to raise the amount up to 10s. The employer is already charged with the cost of accidents by law. Under the present Bill he is required also to contribute to sickness. If the term "sickness" were construed to include "accidents" a further charge for compensation would be imposed upon the employer. Moreover, if the proposal that workmen should receive full sickness benefit in addition to compensation for accident were adopted, it would prove disastrous both to societies and to their members. At present societies commonly give sickness benefit during accident, but they protect themselves by excluding from insurance men employed in hazardous trades or charging them a higher rate of contribution. Under the proposals of the Bill, they could not charge a higher rate but they would have the power of excluding them. If therefore full sickness benefit were paid in addition to compensation for accident, persons employed in hazardous trades would be driven to form their own societies and the extra risk which those societies would have to bear would render them insolvent from the very commencement.

Interval between Two Periods of Sickness.

2nd September, 1911.

It is not true to say that a man must be well for 12 months before coming on benefit again. He will, of course, draw sickness pay at the rate of 5s. as soon as the period of 13* weeks (for which he is entitled to the 10s. rate) is exhausted. A man cannot continue to draw sick pay at 10s. indefinitely,

* 26 weeks according to the Bill as amended.

nor can he be allowed to stop drawing sick pay for a week or two at the 10s. rate and then come back to the 10s. rate as if he had not previously received benefit. You will find in every society the rule which is adopted as a clause in the National Insurance Bill interposing a period before a member is allowed to draw sickness benefit at the full rate without reckoning in the period, if any, during which he drew it if previously ill. Some societies interpose a period of two years instead of 12 months as proposed in the Bill. Unless the period interposed has gone by, sickness benefit is always paid at a reduced rate.

Mr. Lloyd George wishes me to add that he is advised that the experience of societies shows that an interval of 12 months is desirable, but he has proposed in the Bill that societies as the result of valuation should have power to vary the interval according to their experience.

Young Persons.

25th November, 1911.

In reply to your letter of the 16th inst., I am desired by the Chancellor of the Exchequer to inform you that under the National Insurance Bill as amended in Committee of the House of Commons, all persons under 16 years of age are explicitly excluded from the State Insurance scheme. . . .

The Position of Married Women.

28th August, 1911.

. . . . I am desired by the Chancellor of the Exchequer to say that the position of women under the National Insurance Bill is receiving his consideration.

With regard, however, to the

matters to which you make particular reference, Mr. Lloyd George wishes me to point out that if, before marriage, a woman has been an employed contributor for a period of five years or upwards she will be able on becoming a widow to resume her insurance as a voluntary contributor at the original rate (6d. a week) notwithstanding that she is unable to become an employed contributor within the meaning of the Bill. Moreover, if on becoming a widow she is already rendered unfit to provide her own maintenance by reason of some specific disease, or by bodily or mental disablement, she is at once entitled to sickness and disablement benefits by reference to her previous insurance before marriage; she is entitled to sickness benefit if she has been an employed contributor for 26 weeks, to disablement benefit if she has been an employed contributor for two years.

Mr. Lloyd George desires me also to call your attention to Clause 10 of the Bill which deals with the subject of arrears. Sickness benefit is only suspended when the person is in arrear to a greater extent than 13 contributions a year on the average, and medical and sanatorium benefits are only suspended when the person is in arrear to an amount greater than 26 contributions a year on the average. The effect of this is that a widow who had been in regular employment six years before her marriage would be entitled without any further contribution to sickness benefit at a reduced rate or to disablement benefit at any time within two years of the date of her husband's death, and to medical or sanatorium benefit at any time within six years. This meets the case you quote of widows who become unfit "shortly" after their husband's death.

6th November, 1911.

. . . I am desired by the Chancellor of the Exchequer to say . . . that under the provisions of Clause 34 of the National Insurance Bill as amended, a woman who has been an employed contributor under the Bill, and who marries, may continue in insurance, and will be entitled, if she does not continue to be employed, to become a voluntary contributor, paying the reduced contribution and receiving reduced benefits.

District Nurses.

23rd August, 1911.

In reply to your letter of the 16th instant, I am desired by the Chancellor of the Exchequer to say that the National Insurance Bill will not do away with the necessity of district nurses in villages, and that approved societies and local Health Committees are empowered under Clause 17* of the Bill to make subscriptions and donations for the support of district nurses.

Medical Associations.

4th August, 1911.

With reference to your letter, I am desired by the Chancellor of the Exchequer to draw your attention to the amendment which has been accepted to Clause 14† of the National Insurance Bill, enabling the local Health Committees, which will administer the medical benefits under the Bill, to make arrangements with existing organisations which provide persons with medical attendance and treatment, to continue such attendance and treatment to insured persons under the Bill.

The provisions of the Bill do not of course in any way affect the working of the organisations in the case of persons who do not become insured.

* Clause 20 of the Bill as amended.

† Clause 15 (4) of the Bill as amended.

Dividing Societies.

18th July, 1911.

In reply to your letter of the 13th instant, I have to inform you that dividing societies will *not* be entitled to divide any funds accumulated out of the employer's contribution of 3d., the member's compulsory contribution of 4d., and the State grant of a proportion of the cost of the benefits and administration. Funds which dividing societies have already accumulated, and funds which they may raise by contributions from members additional to the compulsory contribution, are not affected by the provisions of the Bill.

If a dividing society becomes an approved society and subsequently members of the society leave or are expelled, the members take with them to any society they may join their "transfer value," which is defined as meaning the sum representing the present liability of the society from which they are transferred in respect of them. Similar provision is made in case a member becomes a Post Office depositor. It is thus impossible for a dividing society to use money contributed for insurance for the purpose of division among its members.

Friendly Society Management—Contributions and Investments.

30th August, 1911.

. . . . With regard to the several points raised in your letter, Mr. Lloyd George desires me to say that he believes a certain amount of misconception to have arisen as to the position of the societies under the Bill. You say that "the impression is getting abroad that the societies are being reduced to dispensing agencies for the

Government." As a matter of fact, the Bill will really leave the independence of the societies in all essentials unimpaired. It is important to realise that the contributions under the National Health Insurance Bill will by no means be contributions *to the State*, but will be contributions *to the society* just as much as the contributions at present made voluntarily. The difference is only one of machinery. It is only a question of trifling importance whether a member who has to make a contribution to his society hands in a stamped card, or cash, or, say, a postal order for the amount. The stamped card, like the postal order, can be turned into cash in due course on presentation at the Post Office. It is true that the cash can only be applied to the prescribed benefits and administrative expenses, or (under the amendment which Mr. Lloyd George has promised) invested in trustee securities. But, after all, existing societies can only spend the contributions they receive in accordance with their rules. To all intents and purposes the Government will be acting as a banker in these transactions, and the society will be perfectly free to draw upon the sums standing to its credit for the payment of benefits and, so far as its power of investment under the promised amendment extends, for investment.

In the case of a society already established, it will be found that in practice the Government will exercise very little control. It will undertake the business of auditing and valuing, and the society will probably be glad to have an efficient and independent authority at hand to perform these functions. Mr. Lloyd George is confident that the other powers to be given to the Insurance Commissioners, for

the approval of rules, the determination of disputes and other purposes, will not be found to impair the independence of societies in any serious degree. Indeed, the extent of the Government interference contemplated is really not more than is necessarily involved in any proposal for giving State aid to friendly societies, and does not arise merely out of the compulsory character of the scheme.

12th September, 1911.

In reply to your letter, I am desired by the Chancellor of the Exchequer to explain that the contributions of insured persons will be collected by means of stamps on cards, and members of approved societies will pay the stamps into their societies in the same way as many members now pay postal orders. The societies will then, through the agency of the Insurance Commissioners under whatever banking arrangements are found most convenient, collect the value of the stamps paid in, just as the value of a postal order is collected through the Post Office. From the amount so collected and placed to their credit, representing the joint contributions of the employers and of the members (supplemented by the State grant of two-ninths of the cost of benefits and the expenses of management), the societies will draw from time to time whatever amounts they require for the payment of benefits and for the cost of administration.

As regards the balances available for investment, Mr. Lloyd George has promised to put down an amendment making it clear that the part derived from the members' own contributions (as distinct from those of their employers) will be invested by the societies

themselves, provided that a fixed proportion of the whole contribution is invested in the earlier years to meet the liabilities in respect of the older persons taken into insurance, equally as between societies.

It will be clear from this explanation that the statement which you quote that the contributions of the members will not be paid into their societies is quite misleading.

Exemption from Insurance of Persons having other Income.

10th August, 1911.

In reply to your letter of the 4th instant, I am desired by the Chancellor of the Exchequer to inform you that where any person employed within the meaning of the National Insurance Bill proves that he is in receipt of any pension or income of the annual value of £26 or upwards not dependent upon his personal exertions, he will be entitled to a certificate exempting him from liability to become insured under the National Health Insurance Scheme.

Treatment of Consumption.

16th June, 1911.

I am desired by the Chancellor of the Exchequer to acknowledge the receipt of your letter of the 18th ultimo, and to say that the treatment of consumption is not limited by the Bill to treatment in sanatoria.

The Functions of the Local Health Committees.

13th July, 1911.

The new Local Health Committee will not have any administrative functions which conflict at all with the

duties of existing Health Committees. It will be responsible for administering the money which comes to it through the Insurance Fund. If the Local Authority undertakes the responsibility under Clause 14 or even under Clause 15* it would have a good claim for applying for a variation of the proportion of the members with a view to securing a larger share of representation on the Committee (see Clause 43 (4)).†

The new authority will have an invaluable amount of statistics at its disposal which will enable it to locate any "black spots" in any trade or district very quickly. Amendments to the Bill will make it clear that it is the duty of this new Committee to forward these statistics under Clause 44 ‡ to the Local Authority and ask them to hold an inquiry.

The Position of Domestic Servants.

1st December, 1911.

I am desired by the Chancellor of the Exchequer . . . to say that contributions payable by a mistress in respect of a domestic servant will be at the rate of 6d. weekly, and she will be entitled to deduct 3d. out of the servant's wages. The deductions, however, will be made only at the time of payment of wages, so that if, for example, the wages are paid monthly, the deduction will be made once a month. The Insurance Commissioners will make regulations for periodical payments by means of stamps or in any other manner which may prove more convenient, and in drawing up the regulations every effort will be made to suit the convenience of employers and the persons whom they employ.

* Clauses 15 and 16 respectively of the Bill as amended. See also clause 17.

† Clause 58 (3) of the Bill as amended.

‡ Clause 59 of the Bill as amended.

The benefits to which a servant is entitled who is a member of an approved society may take any of the following forms:—

(1) 7s. 6d. a week sickness benefit from her society paid to herself during the first 26 weeks' illness; medical attendance from the doctor of her choice; 5s. a week disablement benefit for illness after the first 26 weeks until she reaches the age of 70; maternity benefit; and sanatorium benefit.

A servant's right to these benefits is not affected by the fact that her mistress cannot dismiss her except at a month's notice (or whatever the period in any particular case may be), and that she provides her with medical attendance and maintenance during sickness; but the National Insurance Bill does not interfere with any private arrangements which a servant may care to make with her mistress in regard to her benefits.

(2) Where it is the custom or practice for a servant to receive full remuneration during periods or part periods of illness in any year, the contribution per week may, on an Order made by the Insurance Commissioners as to a class of employment, be reduced to $4\frac{1}{2}d.$; the mistress in that case deducting $2d.$ a week

(instead of $3d.$) from the servant's wages, and the servant will not be entitled to sickness benefit during the first six weeks of sickness (for which period her employer will then have undertaken liability).

(3) The servant may arrange with her society to forego sickness benefit or part of it, and to utilise the amount so saved towards the provision of a pension or superannuation allowance.

A servant does not fall out of sickness benefit unless she is unemployed for more than 13 weeks in every year and fails to make any payment when she is living at home.

If a servant leaves service and marries and ceases to be employed within the meaning of the Bill, she can either become a voluntary contributor at a reduced rate, receiving reduced benefits, or she may pay no further contributions and receive out of two-thirds of her surrender value 5s. for four weeks on confinement, or payments during any periods of sickness or distress at the discretion of her society. The balance of her surrender value is reserved to enable her to re-enter insurance on the death of her husband.

Her marriage will not interfere with any claim to a pension which she may have established before marriage.

IN DEFENCE OF THE BILL



PART V

IN DEFENCE OF THE BILL

I.—*From a Speech delivered by the RIGHT HON. D. LLOYD GEORGE in Birmingham*
June 10th, 1911

An Affair of Urgent Importance

IT is very good of you on a warm and pleasant June afternoon to come here to discuss an affair of urgent public importance. I have come here this afternoon to talk to you about the national health. Your chairman has already reminded you that a few weeks ago I had the honour of introducing in the House of Commons a measure dealing with proposals for securing the national health, and also proposals for securing the workers of this country against the distress which is incidental to the illness of a breadwinner or to the failure of employment. I have devoted three years of labour, research, consultation, and continuous thought to that proposal. I have been assisted by many able, experienced, and well-informed men, and I am delighted to see two or three of them here on this platform—some of the ablest men in the friendly society world—and I am very pleased in your presence to be able to express my gratitude to them for the great help which they gave me in the preparation of that scheme.

Necessity for Early Passing of the Bill

I hope to see this scheme soon converted into an Act of Parliament. I am told that if it took the

Government three years to prepare it you certainly ought to give the same time for people to examine it. But if it takes three years to build a house it need not take three years to make up your mind whether you will purchase it. It takes time to lay down your foundations, prepare your plans, gather your materials, and put up your structure, but surely you can make up your mind in at least a few months whether the house suits you and whether you want a few alterations. If it takes as much time to make alterations as it took to build the house, it means that the house does not suit you. But since I am to talk about surveying the structure, may I also add that if you want to find out whether a building is adapted to your purpose you should never survey it with a microscope in order to discover the quality of the atoms in the bricks. Examine it as a whole, see whether it fits you, make such alterations as you require, and then live happily ever afterwards. Not that you will never need further repairs. The happy householder is a man who is constantly making alterations in his house, adding here, decorating there, and adorning some other portions of the house. It is part of the happiness of life to do that, and

when you have the National Insurance Bill I have no doubt from time to time you will find that amendment, alteration, and decoration will be required in that as well.

The Unanimous Acceptance of the Main Principles of the Bill

I cannot in the course of this afternoon cover one-tenth of the ground which it is necessary to survey when you are dealing with a gigantic problem of this kind, and if anybody on Monday morning complains that I have omitted something, or that I have overlooked something else, you may depend upon it that I have not done so because I am under any apprehension with regard to any criticism which I have yet heard delivered or directed against the Bill. I must have some regard to the limitations of time, to the limitations of your own patience and of my own strength. Your chairman has said, and said very truly, that the main principles of the Bill have been accepted with perfectly amazing unanimity. In fact, for the first few weeks it was smothered in honey; so much so that it looked suspicious, because I observed that a good many of the eulogiums passed on the Bill said that it was so good that it would be a pity to pass it this year. I really cannot recall anything of the kind since the days when the Duke of Clarence was drowned in a butt of sweet wine. And my Bill runs practically the same risk at the present moment. "An excellent Bill, just what we wanted; hope some day it will be an Act of Parliament, but don't be in a hurry, don't pass it now; let's think about it, let's talk about it, let's do anything except put it on the Statute Book." But I am out for making it an Act of Parliament.

Necessity for a Firm Grip of the Purpose of the Measure

There is a real danger in the unanimity with which the principles of the Bill have been accepted, and I will tell you why—they are not discussed. If you call attention to the objects of the Bill they say, "We accept that." They are taken for granted. If you begin to dwell upon its principles they say, "That is a waste of time—we accept that." They say the measure has been rushed into Committee before it really was allowed to have a second reading. I am not protesting against an examination of the Bill. I invited it when I introduced the Bill. It is important it should be scrutinised to the last detail. But any examination of the detail can be nothing but barren unless you have a firm grip of the purpose and main outlines of the measure; and for that reason I propose here this afternoon to deal with the Bill as a whole, why it was introduced, what are the chief characteristics of it, and what are the remedies we propose in it for the evil we have to contend against.

The Evil We have to Contend Against

What is the evil in this country and in every old country in the world? Side by side with great and most extravagant wealth you have got multitudes of people who cannot consider even a bare subsistence as assured to them. What do I mean by a bare subsistence? I don't mean luxuries; I exclude even comforts. By a bare subsistence I mean that minimum of food, raiment, shelter, and medical care which is essential to keep human life in its tenement of clay at all. For multitudes in every land that is precarious to-day.

To maintain Efficiency

That is not our idea. We aspire to something more. Our object, our goal ought to be enough to maintain efficiency for every man, woman, and child. The individual demands it, the State needs it, humanity cries for it, religion insists upon it. But for millions of the poor a bare subsistence is difficult to win and easy to lose. The illness of the wage earner in hundreds of thousands of households, trade depression, a change of fashions precipitates thousands into destitution, poverty and privation. The wolves of hunger prowl constantly round millions of doors in this land, in this favoured land, and if the illness of the head of the family takes him away from his watch at the doorpost they rush in, and ere relief arrives plant their fangs deep into their victims. There are streets in every great city—I am not excluding Birmingham—where their snarl is ever heard in the ears of the inhabitants. That ought not to be. All their money is spent in food, shelter, raiment, and nothing can be spared for the storeroom when the needs of illness and unemployment come.

The Pawnbroker

I am asked how can they afford fourpence per week. They pay more now. Who to? To the friendly society? No. To the trade union? No. To the pawnbroker. They insure now, but it is the most wasteful method, the most extravagant method, the most heart-rending method. Sickness comes; one little bit of furniture after another—a labour of love—goes. Furniture, clothes, all converted into food and physic. A day's wage to pay for the doctor when there is no one earning it.

"Family Pride is not in the Rent-Book"

You may say, "There is the Poor Law." Ah! let me say this. To the honour of the workers of this country, the last thing they pawn is their pride. There is no greater heroism in history than you find in the humble annals of those who fight through life against odds to maintain their self-respect and independence. They will suffer the last privation before they pin the badge of pauperism over their hearts, and certainly before they will put it on the breasts of their children. Read the records of the friendly societies. We have gentlemen here who can confirm what I say. A struggle is made to keep up contributions so as to avoid the charity of the parish and keep up the honour and pride of the family. Family pride is not in the rent-book. You will find it amongst names that have never yet appeared in Dod, Burke, or Kelly. Many are compelled to surrender. They sustain the siege long, but it often ends in defeat, and if you look at the records of pauperism in this country you will find this: Take places like Leeds, Glasgow—I have not the figures for Birmingham—you will find that half of the outdoor pauperism is due directly to the illness or the breakdown of the breadwinner in the family. Now that is purely an index of the suffering it causes.

"The Yawning Chasm which comes with Unemployment"

Let me give you another fact. In the course of my investigations—I mentioned this in the House of Commons, but I think it is worth repeating—I discovered that most of the wage-earners in this country at one time or another have been members of friendly societies, of trade unions, or of provi-

dent societies of some kind. Why are not they members now? They could not keep it up at sixpence or sevenpence a week, or even fivepence; they could not carry it on. They went for some time accumulating benefit, but they could not carry it across that yawning chasm which comes with unemployment. We have gone out to bridge it for them. If you want to realise for a moment how precarious mere living is in hundreds of thousands of households you have only to think of what happens to that household when the wage-earner is swept away. It is hurled into poverty, destitution, and privation in hundreds and thousands of cases.

The Strengthening of the Walls. . . .

Some of you have travelled in Italy. There on the slopes of the hills you will see comfortable little cottages. They seem secure, planted on a rock. They are there under a blue sky without a frown in it, surrounded by orange and olive groves, swayed by the caressing breezes of a fair land. They seem happy, contented, secure homes. Pass by that neighbourhood in about a year, and look up where the cottages stood, and you will find an ugly gaping rent in the hillside. What has happened? A cloud gathered from the unknown burst over the homesteads, and swept them away into the abyss. The inhabitants are crushed and broken under the ruins of their homes. That is a fair picture of what happens to many a worker's home when the breadwinner is swept away. They are hurled into destitution. I will tell you what we are doing. We propose to strengthen the walls of the cottage against attack. We propose more than that—to divert the flood so that it shall not attack those

walls; and I have not the faintest doubt that when this Bill becomes an Act of Parliament it will avert under the blessing of Providence myriads of ruined homes and broken hearts.

Illness of the Breadwinner

What is the special difficulty we have to meet? Your great citizen Mr. Chamberlain once said that preventable illness was responsible for filling the workhouses. I quite agree. The trouble now is—many a workman has told me—a workman cannot afford to put himself on the sick list? Why? He knows that the moment he feels unfit for work, goes to the doctor, seeks a few days' repose to recruit his strength and to recover his power, there will be none there providing for the household. So the workmen go on, unless there is some provision for them, working in what I think Dr. Bagster Wilson of your city calls, in a very able book which he published, a condition of under-health.

That is thoroughly bad economy. It is thoroughly bad husbandry. Why, if that condition of things applied to horses and cattle the farmers of this country would be insolvent. Take a brewer's horse. How well he is looked after, how well fed, well cared for, well doctored if he does not feel up to the mark! He has got a guardian there specially looking after him. The guardian says, "There is something the matter with this horse to-day; he does not feel well." The shafts of the dray are empty that day. He is kept and doctored until he is right. That is not merely humanity; it is good business. Take a machine. If you neglect a machine a very small defect develops into a big one. It may simply mean that you want to oil the bearings—I hope that is right—to tighten a screw.

But if the machinist says, "I cannot afford to allow this machine to rest for two or three days in order to overhaul it," what happens? That machine has a bad breakdown sooner or later, and it may have to be scrapped. It is good business to overhaul a thing of that kind in time before it develops. How much better is man than a machine? He may be better, but he is not better off, poor fellow.

The Greatest Asset of any Land

I will tell you the trouble—there is no one who has a sense of responsibility to look after him; it is nobody's concern to see that that wonderfully delicate piece of machinery is all right, is fit. A man owns the machine, a man owns the horse; if they break down they are costly to replace. What is wanted in this country, and in many others, is to cultivate in the State a sense of proprietorship over these workers. They are the greatest asset of any land. When you reckon up the national wealth and begin to talk about imports and exports, when you add up our bank balances and the value of our railways, our house property, and our investments, I have never seen a balance-sheet of that kind up to the present that did not omit the greatest asset of all, and that is the men, the women, and the children of the land.

The Soul of the Problem

You have our great Colonial leaders in this country now. We are all delighted to see, to hear, and to welcome them. Go to Canada with an offer in one hand of a million of our able-bodied workmen, in the other hand a hundred millions of our sterling gold.

Do you think they would hesitate for a moment which to accept? It is the men, it is the women they want in order to develop and draw out and increase and improve the wealth and prosperity of their land. After all, work implies skill. We talk about unskilled labour. Let any man who is here accustomed to wield the pen try his hand for a day at the pick. He'll start saying this is unskilled labour; he'll end by being completely disillusioned in half an hour, yea, less. There is the trained suppleness, the discipline of the eye; you accustom the body to it. There is no unskilled business, and all that training covering years, that is wealth, national wealth. And yet we waste it with a recklessness, with an unconcern, with an unintelligence which simply baffles anybody who sits down to consider the problem for five minutes. There is too little heed paid in our industrial organisation to the physical and mental efficiency of the worker. That is the soul of the problem.

The Industry Contributes, not the Employer

The other day I received a communication from the Birmingham Chamber of Commerce. If I may respectfully say it, I have a great respect for the Birmingham Chamber of Commerce. I had a good deal to do with them when I had the honour of presiding over the Board of Trade. They were helpful, they were fair, and therefore I will consider any communication which comes from the Birmingham Chamber of Commerce, and consider it twice, and consider it three times with great care and with great respect. But I will tell you one proposition which they lay down in this communi-

cation by way of protesting against what they call the contribution of the employer. The employer does not contribute; it is the industry that contributes. Take the factory legislation of the last forty or fifty years to improve the conditions of the worker—shortening his hours, giving him better air, more light. I have no doubt there were Chambers of Commerce then who said, "This is a great burden on the employer." They have since discovered that it increased the efficiency of the workman to such an extent that it has benefited both. Take the Employers' Liability Act, for which Mr. Chamberlain was responsible. I was in the House of Commons at the time, and it is one of my proudest recollections that, although I was in opposition to Mr. Chamberlain, as you may have known, I steadily supported that Bill. I gave it the most effective support, because I never said a word when it was passed through the House of Commons. I did not retard its progress by a single minute, and I voted steadily for the Bill throughout the Committee stage. That put an enormous cost on the employer in the first instance, but does anyone imagine that the employer is paying that now? It is all absorbed in the greater efficiency of the worker and in the cost of the business. The Birmingham Chamber of Commerce say, "Your threepence is adding so much to our income tax." It is doing nothing of the kind. It is a fundamental error. They do not put the cost of lubricating their machinery, of repairing their engines against their income tax. If they have a new ventilator under the Factory Act they do not take that out of their income tax. It is one of the errors which it is essential for the continued prosperity and

growth of this country that we should stamp out. All those things contribute to the improvement and effectiveness of the race, and everything that does that is better for employer and employed.

The Best Investment

Yesterday I met a very intelligent agricultural friend of mine, and I said to him, "Would you mind telling me the difference between a horse which is well-cared for and a half-starved horse?" He said he would think about it, and last night he sent a note which is so excellent that I will read it to you. This is the first horse:—"A horse with good wages"—that is, living under the Factory Acts—"is well doctored, well stabled, and then he is always fit for work. He cannot thrive without being well fed. Coat always sleek and fine, full of heart and dash, can stand any amount of work; if young, liable to play pranks." And then he adds a very necessary precaution which is rather significant:—"Being well fed, the horse should be worked and not kept idle." Idleness brings on many troubles; amongst others he mentions sore feet, which is the horse's equivalent for gout. That, I think, does not apply so much to the workers of this country as to those who are well fed without working. What about the half-starved horse? "No energy, cannot stand much work, and weak; liable to break down at any time; liable to any disease; a melancholy creature altogether. Does not pay to keep although only consuming half what he should. A very foolish policy to half feed; better not keep the horse at all." All that is full of wisdom, and all you have to say is, "Do let us treat men as intelligently as we

great horses." Money which is spent on maintaining the health, the vigour, the efficiency of mind and body in our workers is the best investment in the market.

politicians. The only comment I would make is this—When one set of people say you are paying too little and another set of people say you are paying too much, it generally means that you are about right.

Doctors and the Bill

What do we do to meet that? The first thing we do in our Bill is to provide adequate medical treatment for every workman in the kingdom. I am dealing here with a very thorny subject, and I am warned that there are gentlemen of the medical profession present. I know there are gentlemen representing friendly societies. I hope they are not on the same side of the hall. There has been a good deal of discussion as to what they ought to be paid. At the present moment I am not going to enter into that. I had two hours' discussion with the medical men themselves the other day. I don't think there has been anything like it since the days when Daniel went into the lions' den. I was on the dissecting table for two hours. But I can assure you they treated me with the same civility as the lions treated my illustrious predecessor. You must remember this discussion about what they ought to be paid is an old one. I did not create it. I cannot say that I care very much for this wrangle in the sick room. It is unpleasant and may very well become unseemly. All the same it has got to be settled. For the moment I am the buffer state. The doctors say to me, "Six shillings is not enough," and they cuff me on one side of the head. The friendly societies say, "How dare you give as much?" and I get a cuff on the other side of the head. Between them I can only receive the blows with that Christian meekness which characterises

Friendly Societies and the Bill

However, may I say this to my friends of the friendly societies? A badly paid service is a bad service, and there is no business where an adequate fair remuneration is more essential than in the profession of healing. A man ought to enter your sick room with a sense at any rate that he is fairly treated, and I am confident that that difficulty can be overcome. There are unreasonable men in every profession, except that of the law. That does not command the universal acceptance which I should have expected from my knowledge of that profession and of the unselfish character of those who pursue it. But although there are unreasonable men in every profession and men who, if they could take the whole of the 25 millions raised, would still be unsatisfied, the vast majority of people in every trade, in every occupation, in every walk of life, are animated, I think, by a sense of what is fair, reasonable, and practicable, and I am sure when we come to consider the contracts between the medical men and the societies and the health committees, as the case may be, each upon its merits, each having regard to the conditions of medical practice in that neighbourhood (because that is important), and the difficulties, the obstacles, the hardness of the work, I am certain we shall be able to effect a settlement that will satisfy every reasonable man. As I said, most people are really very

reasonable except when they are excited.

What the Bill Means to the Worker

For the worker the Bill means no medical bills in future. And mind you, that is a very serious business. I was told of a working man the other day who earns something under 20s., and who was ill for some time, and confronted when he got well with a bill for £7—not a penny too much from what I know of the circumstances, reasonable having regard to the services rendered; but I am just thinking of the worker's point of view. There he was with a good many arrears to pay. He had had to live in the meantime; he had had to run up other bills; he was a strictly honest man who would pay them all to the last penny, and it was a very serious outlook for him. In future there is a medical service at his disposal. There will be no anxiety during the time of his illness about how he is to pay the man who is coming there. He will not have to elect—and it is a hard election for an honourable man—between starving his family and not paying the man who has rendered him honourable service. In future provision will be made under this Bill for doctoring for every worker, man and woman, throughout the whole of this land.

Consumption

What else? One of the most terrible diseases in this land is consumption. Read its records. You cannot do so without a shudder. Seventy or eighty thousand lives each year are carried away by it. It kills as many people as all the zymotic diseases put together. Worst of all, it kills people in the period of life when they are

attaining the height of efficiency, between 15 and 40. Out of the deaths between those ages in this land one out of three is due to this dread pestilence—one-third—that hideous cavity corroded into the most hopeful, vigorous, valuable part of human life in Britain. It is the greatest burden of any disease. There is no disease that costs nearly as much to the friendly societies. It means, I believe, 58 weeks' sickness, long lingering agony now, without a gleam of hope on the horizon. It is a burden on the rates; it is a burden on the State, and wastes its resources. In London alone it is reckoned that four millions of wages are lost every year through consumption.

A New Prospect for the Worker

As a rule it is the worker who is attacked. As one man said, "It rarely attacks the man who pays income tax." I do not suggest that as a remedy. But you have industries in Birmingham and in the surrounding district which are peculiarly liable to it. Your brass working, some of your iron working. Go to Sheffield—your cutlery, file-making. These trades are peculiarly liable. Now a man clings to his work as long as he can, because he knows if he gives it up there will be no one to provide for his family, so he sticks as long as he can stand it to his work, and then he lingers on through dreary months, charged with pain to himself and peril for his household. What do we do in the Bill? We open a new prospect for that worker. We plant all over Britain cities of refuge to which he can flee from this avenger. We are setting a million and a half aside for the purpose of building sanatoria throughout

the country. There will be a million for maintaining them. The worker will be able to command medical attendance; he will discover the disease in time; he will be taken to these institutions; in a few months the bulk of the cases that are taken in time are cured. He will be restored to his health, restored to his workshop, a fit, capable citizen, instead of being a wreck. That is one thing that we are doing.

The Maternity Allowance

What next? We have a provision for maternity, an allowance of 30s., which I think is one of the most valuable provisions in the Bill, and we are going to see that the money is spent for the purpose for which it is designed, in spite of one or two protests we have had from friendly societies. The money is meant for the mother, to help her in discharging the sacred function of motherhood by proper treatment, fair play, so as to put an end to the disgraceful infantile mortality of this country.

The Allowance during Sickness

What else do we provide? It is no use sending men to sanatoria, it is no use even giving them free doctoring, unless you relieve them from anxiety about their households. So we are making provision for the maintenance of the family during the time a man is under the doctor's hands. When he is fighting his struggle with the angel of death, we look after his children for him. Let him have both hands free to fight with the help of a doctor, and we will pull through in thousands of cases. The allowance we are making is not a sumptuous one

to begin with, but it will grow. It will grow without a single addition or charge upon employer or employed. One of the advantages of our scheme is that it will expand, it will fructify, it will bear more fruit. This is the beginning, and the beginning of a good deal more before we have done. We are not done with fighting poverty and misery in this land yet. There is provision for 10s. a week for the first thirteen weeks, and it is also provided in the Bill that if they like to make provision for twenty-six weeks they can do so.*

An Allowance for the Infirm

What happens to a man if he does not recover at the end of twenty-six weeks? Supposing he has broken down altogether, what happens to him? Then we provide 5s. for him until he recovers, although he be ill for years and years, until he reaches the pension age. Ten shillings a week sick pay is not a sumptuous allowance, but it will enable a workman and his family ever after to pass the workhouse door with their heads erect. Five shillings a week if permanently incapacitated—no, I never said you could keep a family on that, but every man who has lived in workmen's homes—and I have done it—knows what it means to have a steady dependable allowance, even though a small one. The other members of the family will gradually adapt themselves to the circumstances. They will be able to pick a few shillings here and a few shillings there, and there will be always the solid foundation of 5s. a week to build upon.

* The Bill as amended provides for the payment of 10s. a week to men and 7s. 6d. a week to women for the first twenty-six weeks.

Unemployment Allowance

What else do we do? One of the greatest difficulties with friendly societies and trade unions now is that men cannot keep up their payments during times of unemployment. What do we do? We allow a man a large margin of unemployment without charging arrears at all. He can get three weeks' unemployment in every year—and most of us get more than that—without his being forced to pay arrears at the end of it, and if he likes to go on until bad times come, and just put his three weeks in the bank and not spend it every year, he can, say once every four years, when trade is very bad, get twelve weeks without paying anything if he is not earning wages, and at the end of the time we do not compel him to pay up arrears. Now that is quite a new thing in the history of provident dispensation in this country. We are providing a margin of two millions when all these benefits are exhausted for additional benefits. That means you can, after your thirteen weeks at 10s., or twenty-six weeks if you like, provide something for convalescence. If you want to send a workman after he has begun to recover for a week to the seaside just to pick up, you can do so. That is done in some cases in Germany.

Similar rates of payment for all

Then we come to a provision of the scheme that is not thoroughly understood, and unless I am wearying you I will refer to this very important point. There are six million working people in the country who are already members of friendly societies and trade unions and bodies of that kind. There are seven or eight millions who are

not. You know that if you join at friendly societies at 16 or 20 you pay very much less than if you join at 45 or 50. I think if you join at 45 you pay twice as much as you would if you joined at 20. Why? The risks are greater as you get on in life, so they have to charge you more; but if you start at 20 you have only to pay the same rate through life, because you are paying something up the whole time for the evil days that come to us all. Now, what am I doing here? I am going to start everybody as if he were 16 years of age. For this purpose I am going to make everybody young—to renew their youth financially. I start everybody with this scheme at the rate which he would have to pay if he were a young man. That costs money. It means a great deficiency. The man of 45 and of 50 will be a loss. So I have to make provision for wiping out that loss, and that is where the money of the State comes in. The State comes and puts its strong shoulder under that burden and carries it. It will have to carry it for 16½ years, and then it vanishes like the mist on our hills when the sun comes. It all goes; not a penny of that burden is left in the sixteen years and a half.

A future Benefit

What happens then? We shall then release six millions and a quarter a year for the purpose of increasing the benefits to everybody. There are advantages in this scheme for the old. The State sees them limping along with their burden, getting more and more tired and weary as they go along, and the State says, "Let me help you." There are advantages for the young man. He will go on paying, paying,

joining; if he is ill he will get his doctor and his 10s. a week and his sanatorium if he is attacked by consumption; but in sixteen and a half years' time he will come in for an additional harvest. That is his advantage. Young and old come into this scheme. We have got benefits for all, and we have lifted a weight of misery and of wretchedness which was crushing millions of people in this land.

'Friendly Societies' Benefits

"Oh, but," says my friend in the corner there, "what about the man who has already been paying since he was twenty years of age? Are you only to give the same thing to him?" Well, I have a very good Scriptural warrant for that—the man who came in at the eleventh hour. He got the same sickness pay at the eleventh hour. People have asked me, "How is it you can't do it for 66 and 67?" Well, even the parable did not give it to the man who came in at half-past eleven. What am I doing for the friendly society man who is already in? Let me tell my friendly society supporters—I think I can call them that—I do not think they fully realise what has been done for them. There are some of them under the impression that they are going to pay the 4d. in addition to the present contributions. That is not the case. You start under this scheme by paying less than you are paying now. I hope you do not mind, because if you do I am quite prepared to let you go on paying exactly the same and get larger benefits. But more than that, if you have been in a friendly society for 25 years—and the same thing applies, of course, on a smaller scale if you have been for 15 or 20 or even 10 years—you have

always got credit to your account. What happens to that? I release that credit, because I take over the whole burden on the State scheme. What happens to the money? Go to your friendly society and say, "We want additional benefits," and you can get them.

State Benefits

Let me show you. Are there many members of friendly societies here? You are just the gentlemen I want to talk to. Suppose you joined at 20, and you are now 45. The same thing applies if you joined at 16 and you are now 41. You should pay 2s. 2d. a month or 6½d. a week. What do you get for that? You get a doctor and you get 10s. for six months. For the moment you will find that it does not very much matter. I am putting the case at its highest. If you say three months so much the better, but I will take it at six. You get 5s. for the remainder; your next-of-kin will get £10 on your death; you get £5 on the death of your wife. I have taken one of the friendly societies; it may be that in your particular society the benefits are adjusted in a different way, but it all comes to the same thing. Now, you are 45. What will happen to you under the State scheme? You will pay in future not 2s. 2d. a month, but 1s. 4d.—4d. a week. You will pay therefore 10d. a month less than you are paying now. What will you get for it? You will get your death benefits. I am not insuring death, but in order to keep your death benefits in your society you need not pay in future. If you have been in your society for 25 years and have accumulated resources you need not pay more than the 4d. which I am

asking. You will get not 10s. a week, you will get more; that is to say, if your society is completely solvent. Everything depends upon that. If it is not, that is a different matter. But you will get 13s. a week for 26 weeks, and afterwards you will get not 5s. but 6s. 6d. a week. If your society is not absolutely solvent and if its funds are not altogether available you will reduce that amount by perhaps 1s. a week, but you will get more. You will be paying less by 10d. a month, and you will get more than you are getting now. That is the condition you will be in under this scheme.

The State's and Friendly Societies' schemes compared

Is there anybody here insured for 12s. a week? Well, I have something to say to you. You are paying roughly about 2s. 4d. or 2s. 4½d. a month. Well, if you have been paying for about 25 years, what do you pay in future? You will pay your 4d. a week, 1s. 4d. a month; 1s. less a month, but you will get bigger benefits. You ought to get instead of 12s. a week 14s. a week; instead of 6s. for your second period you will get 7s. You will be paying less per month by 1s., and you will be getting larger benefits in future. That is your condition. I worked it up to 15s.; is there anybody insured for 15s.? Well, I have a word to say to you. You are paying now per month 2s. 9d. In future—mind you, on the assumption that you have been in your society for 25 years paying regularly—you will pay 1s. 4d. a month. You will be paying 1s. 5d. a month less. What will you get? You will get 16s. a week, and instead of 7s. 6d. you ought to get 8s. a week, and you will get, of course,

your death benefits if you have accumulated enough reserve, but you need not pay for those, and all you will be paying is 1s. 4d. instead of 2s. 9d.

The minimum State Benefit

Again I warn you, it is all on the assumption that the societies are perfectly solvent, and the funds available, and I can well understand friendly societies saying, "We will be a little cautious at first, we will give a little less." But nothing will prevent your getting for 1s. 4d. a month—the 4d. which I am charging—equal benefits and even greater benefits if you have been in your society a regular contributor for 25 years.

"We are realising credit which you have created."

What happens to the man who has been 20 years, 15 years, ten years in membership? He will also get something, less of course, because his reserve is less, but what I want to point out to you is this—we are realising credit which you have created through your thrift or industry or foresight; we are giving you the full benefit of it, and we are adding something on the top of it.

Local Health Committees

I just want to say this one word. I am glad we are able to do something for those who are sick, for those who are out of work. I regret that I cannot to-day explain that portion, because time will not permit, but the one thing in the scheme which I lay greater stress upon is that we have got provision to prevent disease. We are setting up Local Health Committees, and do not you allow anybody to cajole

bully or misrepresent you in regard to this. They are the most able and hopeful provisions in the

There you have got them as a great agency for prevention. They do not take away the function of any council, municipal, county, or district, they are there to see that those councils are doing their duty. They organise instruction on the principles of health—a most important thing.

Instruction in Health Principles

It is amazing the amount of ignorance that exists about the simplest things of health. Why? You cannot persuade people that it is life for them to have an open window, that air is meant to breathe and not to keep out, that you want a constant renewal of freshness. There will be instruction on the principles of health and of diet, the dangers of excessive drinking—all these things will come in. But we shall also entrust to these committees the function of seeing that the laws of this land with regard to health are enforced.

Lesson in Self-Government

There is nothing more marked in this country, in most countries, than the contrast between the relentlessness and the rigour with which the laws of property are enforced and the slackness and sluggishness with which the laws affecting the health of the people are administered. These health committees, these societies will be administered by the men themselves. It will be a great lesson in self-government. It will be the first time the workers of this country have been really federated for the purpose of administering affairs which are essential to their very happiness and comfort. And the Local

Health Committees will also have representatives.

The Reek of Insanitary Property

The protection of property in this country is the most perfect machine ever devised by the human brain. The guardians of property patrol every street, and if the transgressor eludes their vigilance he is pursued to the ends of the earth. Continents cannot hide him, the waves of the ocean cannot cover his tracks. They would have caught even Peter the Painter had not he been protected by the certificate of character given to him by Mr. Justice Grantham. But compare that with the way in which the Public Health Acts, the Housing Acts are administered in this country. We have had Public Health Acts in this country for years and years, long before I was born, and that is getting a long time ago. We have Housing Acts on the Statute Book. And yet there is no city or town, hardly a village, without the reek of insanitary property.

The First Thing We Ought to Do

I want to see the law protecting property—yes, but I also want to see it protecting the worker's home. I would treat the man who receives rents or ground rents from insanitary dwellings which kill little children—I would treat him as I would the receiver of stolen property. They won't have very much to say in future. Look at the minuteness with which the most insignificant property is protected. Take the game of the land. Why should not life, health, be protected with the same ruthlessness, with the same remorselessness, with the same care? That ought to be our concern if we are going to make this land greater

than it is. If we are going to make it worthy of the splendid Empire of which it is the centre, if we are going to make it worthy of the position in the story of humanity which it ought to achieve, the first thing we ought to do is to cleanse Britain of the foul habitations which spread corruption, disease, and death in our great cities.

Not a Final Solution

I never said this Bill was a final solution. I am not putting it forward as a complete remedy. It is one of a series. We are advancing on the road, but it is an essential part of the journey. I have been now some years in politics, and I have had, I think, as large a share of contention and strife and warfare as any man in British politics to-day. I remember this beautiful building wrecked. This year, this session, I have joined the Red Cross. I am in the ambulance corps. I am engaged to drive a waggon through the twistings and turnings and ruts of the Parliamentary road. There are men who tell me I have overloaded the waggon. I have taken three years to pack it carefully. I cannot spare a single parcel, for the suffering is very great. There are those who say my waggon is half-empty. I say it is as much as I can carry now. There are some who say I am in a great hurry. I am rather in a hurry, for I can hear the moanings of the wounded, and I want to carry relief to them in the alleys, the homes

where they lie stricken. And I you, and through you I ask the lions of good-hearted men and women who constitute the majority of people of this land, I ask you to let me to set aside hindrances, to overcome obstacles, to avoid the pitfalls that beset my difficult path.

Answers to Questions.

Life Insurance Agents

Replying to a number of questions Mr. Lloyd George said that they were not interfering with the business of life insurance agents. There was no provision for death in the measure at present. Some people had criticised them for that, but they had given an undertaking that they would not do so, and they redeemed their pledge. He wished to point out that there was nothing to prevent any society that was dealing in death benefits organising a sickness section if they liked, so that as a matter of fact agents for societies in this country would find that they would be in a much better condition than before the Act.

Dividing Societies

With regard to dividing societies the Chancellor said that if they chose to organise a section of their society under the Bill they had the same right to come in as any other society. What they could not allow was that any part of the provision which was made by the State under the fourpenny, threepenny, and twopenny payments should be divided at Christmas.

From a Speech delivered by the RIGHT HON. D. LLOYD GEORGE in Whitefield's Tabernacle, on Saturday, October 14th, 1911.

Three Causes of Poverty

I plead for fair treatment for a measure which, in my judgment, will do more to hinder or assuage human misery than any Bill carried by the Legislature since the abolition of the Poor Laws. The three principal causes of poverty and destitution in the homes of the industrial population of the country are ill-health, unemployment, and sickness. What does this Bill propose to do for the first two, nay, even for the third? It makes provision for fifteen millions of men and women engaged in industrial occupations in this country to have a provision that will save multitudes from falling into ill-health, that will diminish the pain and perils of sickness for many more, and that will relieve to a very large extent the destitution, the penury, and the privation which follow on the heels of sickness in the homes of the people. In addition to that, it makes a provision against the distress which follows unemployment in two millions and a half of the homes of this country.

The Bill as a Check upon Alcoholism

Now I will assume at the present moment the entire burden of sickness amongst the industrial population falls upon the shoulders of labour. In future more than half of that burden will be shouldered by others. Incidentally, it combats the evils of drink, for there is the provision in the Bill whereby the organisations which have the control of the health provisions of

the measure shall have, as one of their duties, to instruct the people on the evil effects of alcoholism upon the health and upon the constitution.

The Opposition to the Bill

I have only just summarised at the beginning the character of the measure which I have come to say a few words about and to explain further. The Bill at first was received by all sections of the Press and by all parties with enthusiastic acclaim. Even now all parties do what they call "accept the principle of the Bill." I will tell you by and by what they mean. Gradually the clamour of interests was heard. You cannot embark on any reform which is worth undertaking but you come across vested interests somewhere, and there is only one way for a reformer, and that is to fight his way pertinaciously through them. That is the job I have in hand to-day, and will probably be engaged in, not only with this Bill but in other Bills, to the end of my days. And I am here to ask your help. The Bill has been assailed by more misrepresentation than any measure of modern times, and that is saying a good deal, for perhaps you will recollect I put a Budget through.

The "Accepted Principle"—

Whenever I attempt to explain and write a letter or make a speech to point out the advantages of the Bill, they

say, "That is not the point, because we accept the principle. You should dwell on its shortcomings." The principle of the Bill is universally-accepted, and I now know what is meant by that. It means that whenever you accept the principle of a Bill you have no right to refer to its benefits, and you must confine yourself in any allusion you make to it strictly and rigidly to its shortcomings. That is a grotesque method of considering a Bill. There is one rather fatuous journal which went so far as to declare that to refer to the advantages of the Bill was immoral advocacy; so that, if you want to maintain the reputation of being virtuous citizens, if anybody asks you a question about the Bill—what benefits a workman gets under it—you must say, "That is an improper question, and no respectable father of a family can answer it, but since you have asked me a question about the Insurance Bill I will give you a list of the faults which have been discovered in its drafting."

— And its Effect

The effect of that on some minds is this—if by some process I am going to get 4*d.* a week from workmen, 3*d.* a week from employers, 2*d.* a week from the taxpayer—fifteen millions—nobody would get anything. Fifteen millions a year collected, and nobody shall get anything. That is the sort of impression made on my mind by criticisms I have been reading in the public Press.

The Unprovided Workman

Now I am going to tell you exactly what the workman gets and also what he contributes. I will take two

classes of workmen—one the workman who is not a member of a friendly society, and another who is a member of a friendly society, and I will tell you what happens to both. I will start with the man who is not a member of a friendly society. How many men and women are there in this country who have by joining friendly societies made provision for the dark days of sickness? According to Mr. Watson—and he is about the greatest authority in the country—there are not more than four and a half millions. There are fifteen millions—about—of working men and working women, so you have only got provision for sickness made in so far as one-third of these are concerned. I know you have building societies and co-operative societies and savings banks, but very often you will find that the best customers of these are the men who have been paying regularly into friendly societies, and they are trade unionists.

Reasons at the Basis of the Bill

Why are there so many unprovided for? I will give you three reasons which it is important that every man and woman should go into, because they are at the basis of the Insurance Bill.

(1.) Lack of Foresight to Insure During Youth

One is that when a man is young and vigorous, and is earning not merely enough money for his daily needs but has something to spare every week, it is difficult for him to realise that the time will come when not merely his weekly wage will be barely adequate, but when it will be insufficient to provide for the days when he

sick and unemployed. I have got a diagram showing what the average sickness is at different ages, and I tell you it is very interesting. What is very remarkable about it is in the first ten or fifteen years the average sickness is just about the same. I dare say that there are many of you in this meeting who have gone to thirty or forty years of age without ever consulting a doctor—and that is the experience of a good many people.

Higher Rates When Aged

When suddenly you find how illness leaps up. Well, now, it is difficult to persuade men in those days of averages of sickness that the days of the high average are coming, and that every reasonable man, every thoughtful man, will make some preparation for them. You cannot persuade human nature to look a year ahead without some difficulty, but to get them to look ten, twenty, thirty, and forty years—why, I say, it is one of the greatest triumphs of organisation that the friendly societies and the trade unions between them have persuaded five millions of people in this country to look ahead so far. Well, when they begin to realise the mistake they made in not joining young it is too late, because the friendly societies by that time have gone up. You join young, your rate is low. Join old, your rate is high. You are so much nearer the rainy season. It is too late then, and the man who is earning a weekly wage and has to provide for a wife and growing family cannot afford to pay a higher rate for joining a friendly society than the other workman who joined when he was ten or seventeen.

(3.) Difficulty of Keeping up Subscription

Now what is the third reason?—and that is the greatest reason of all. The difficulty of keeping it up. Unemployment comes. He has got to pay regularly to his friendly society; and I want you to bear that in mind. He has got to pay regularly to his friendly society. He cannot. He tries to keep that up. He breaks down. He is out of work for a month, two, three, and at the end of it he has other arrears to think of. He has run up a bill at the grocer's; he has run up a bill for the necessities of life for himself and his children; there is rent owing. He has got arrears to meet. He has got to liquidate those first before he pays up the arrears of his friendly society. There are millions of people in this country who have been in friendly societies and have broken down.

Insecurity of Certain Friendly Societies

Sometimes—too often—drink is responsible. What is the other reason? Men have joined friendly societies which have become bankrupt. Look at the reports of the Registrar of Friendly Societies in this kingdom year by year, and you find societies have been wound up during the year. Here is a list; 1909 is the last return; 155 societies dissolved. Look at the assets. They have practically nothing. They have come to the end of their tether. In a single valuation—quinquennial valuation—155 societies had to be wound up. Hundreds and thousands of members have paid all their lives. There is an old friend of a friend of mine who is present on this platform. He had been paying all his life in a friendly society and just when old age was overcoming him and he could not go on working and was looking forward

to getting his few shillings a week from his friendly society he received notice that it was wound up. He had to go to the workhouse.

10,000,000 Workers Unprovided For

Don't mistake what I am saying. There are friendly societies in this country that I have no hesitation or doubt about are strong and powerful, that can meet all their liabilities, and are taking steps now to strengthen their position. I am only wanting to give you a reason why there are so many people in this country who are unprovided for by friendly societies. For one reason and another there are ten millions of working men and working women unprovided for.

The Case of the Man Who is Unprovided For

Let us follow the career of that man who is unprovided for. Take any wage you like. I think the average wage in this country is about 24s., and that is the highest average in Europe—and much too low at that. What happens to that man? He has no friendly society. He is a married man with a family. Let us follow him. He feels out of sorts. He is ill. He does not care to consult a doctor, because if he consults a doctor he will have to pay the doctor, he will have to pay for the medicine which he prescribes, and perhaps half a day's wage goes in those two operations. He generally buys something at the chemist's. He goes on and gets worse. Why? He cannot afford to leave off. He has got a wife and family to think of, and he hangs on and hangs on as long as he can—

“For men must work
And women must weep,
And there's little to earn
And many to keep.”

The Disaster of Illness

The result is that the illness which might have been cured in a few days becomes a serious one. What happens to him then? He does not go to the parish doctor. He very often in some districts cannot do it without entering the institution, and a workman, to whose honour be it said, does not like to wear the pauper's garb. And so another doctor is called in. A bill is run. What about food? The last few shillings of the household are spent upon food for the necessities of life. Then the credit of the household is exhausted. If a man has been paying regularly to his tradesman no decent tradesman ever cuts him off because he is ill. But still there is a limit. And after all, tradesmen have lost a good deal of money by that operation.

The “Poor Man's Banker” Steps In

What is the next step? It is the step too familiar in many of our great cities. Articles are pledged with which is called the “poor man's banker” the wife has to dispose of articles—either of adornment or of furniture—one after the other they are disposed of just in order to rescue the little household from the grip of hunger and to help her mate to fight the grim enemy. There are two things that may happen—two alternatives. If the battle is lost the wife faces the world with nothing but heavy debts and a sore heart. If the man pulls through he has arrears of rent, he has arrears of tradesmen's bills, he has a heavy doctor's bill, and I shall give you some illustrations of that before I am done. And he generally returns to work too soon. There are hundreds of thousands of people in this country who never through life overtake the debt.

erred during illness. They just drag
g through the swamp, with heavy
s, unable to get back to the firm
a road—right to the end.

Consumption

is a matter of fact, ill-health is ac-
countable for a gigantic mass of
ury, misery, and pauperism in this
ntry. Look at the pauper returns.
ealth has been first among the
ses of pauperism in the land. Let
ake another contingency of a man
a no provision. He has a bad
gh; it troubles him night and day.
is wasting; his strength is waning;
clings on to his work because he
not afford to fight for his life. At
he has to go to a doctor. The
tor examines him and finds that he
been attacked by one of the most
rible diseases in the world—a
ease which carries away 70,000
ple every year in this country, and
isease which always attacks people
the vigour and strength of their
rgies. Consumption kills the
ng, the vigorous, the people who
ght to have the hope of life in front
them. Most of these casualties are
etween 15 and 40.

Disease of which the Poor Man Can- not be Cured

What has the doctor to say to him?
is is the first thing I want to get in
ur minds. The moment of his ex-
amination the doctor knows what is
the matter with him, but he cannot
commend the one treatment that will
ve his life. Why? Because he
ows the poor fellow cannot afford it.
is no use telling a workman that he
st go for three or four months to a
atorium. How is he to get there?
ere are very few of them in this

country; for all classes there are only a
few thousand beds. Therefore the
doctor knows that whatever he does
within the limit of the man's power, his
patient is doomed, and all he can do
is to prescribe some medicine to him,
which will just for a short time, per-
haps, arrest the evil, but the end is
inevitable.

The Case of the Man in Chronic Ill- Health

Let us take another case—a man
who breaks down prematurely alto-
gether. There are many in this coun-
try and in every country—the man who
gets into a state of chronic ill-health
and cannot get on with his work. Un-
less he has some provision made for
him there is nothing for him but the
workhouse or the charity of the
parish.

The Case of the Woman in Childbirth

Those are three cases. And there is
the case of childbirth, where in so
many hundreds of thousands of cases
women in this country cannot receive
proper nursing, nourishment, and care
in the discharge of this sacred function
of motherhood. What ought to be
done—not merely for her sake, for the
sake of the child, for the sake of the
father, for the sake of this land which
depends upon these poor little children?
Give the little one a fair start in the
obstacle race which he has got to run
through life, hard enough, difficult
enough, full of pitfalls—give the little
chap a good start at any rate.

The Bill provides Free Medical Attend- ance

I have just presented to you in rough
outline the sort of contingencies a man
may have to face who is utterly un-
provided for. And there are ten

millions of them in this country. What happens to him under the Bill? The first thing that happens to him under the Bill is that he can command free medical attendance. If he is ill or feels there is something the matter with him, he need not wait until he becomes seriously ill because he cannot afford to pay the two shillings or half-a-crown, or whatever may happen to be the charge in that particular district. He has his society doctor to go to.

Freedom in Choice of Doctor

Another thing established under this Bill is this—he can have a doctor of his own choice. He is not obliged to go to Dr. A because there happens to be a majority in the club who prefer A to B. He puts his confidence in B, who has pulled him through before, or he has pulled through somebody he liked better than himself, or he says, "This is a man I trust in." And faith is nine points of all healings—spiritual, mental, physical. So we say to him, "Go to the doctor you believe in." The very sight of some doctors makes you ill, and if you have been harried as much by them as I have been you would find it very difficult for any doctor to pull you through. On the other hand, at the mere sight of some men—well, you feel better the moment they come into the room. That is the doctor for you, and under the Insurance Bill you can get him. Yes, but what a fine thing it is to get the doctor you want and get somebody else to pay for him. That is the Government Insurance Bill.

Prevention better than Cure

That is the first thing that happens. He can go to the doctor he pleases, and every doctor who chooses can go on to the panel. So there is not merely free choice for patient, but for the doctor

as well. So we are going to make this really a free country. Very well; he goes to the doctor, and the doctor examines him. He probably may find that the man has come to him just in time, because there will not now be the same reluctance to go to the doctor in time, seeing you can send the bill elsewhere. The doctor may give something that just staves off a serious illness. That is why the Bill will avert illness in hundreds and thousands of cases that might have developed into something grave, and, after all, it is far better to avert it than to cure it.

Sickness Benefits

Supposing he fails to cure it the first time. He says: "You had better go home, and go to bed." "But," says the workman, "there will be the big bill you will run up against me." "Not a penny," the doctor will say. "But what happens to my wife and family?" "You will get," the doctor replies, "during the whole time you are ill—you will get 10s. a week for thirteen weeks from the first day onwards." "But supposing it lasts longer?" "If it lasts the rest of your natural life you will get what the old-age pensioners get for the rest of your days."

The Rent Paid, at any Rate

Supposing you break down at 35 or 40, and become a helpless invalid, you will get your old-age pension to the end of your days and free medical attendance. Not much, you may say. It is better than nothing, and that is all he had before. Five shillings a week for a man for the rest of his days. What is that? Well, I will tell you what that does. When the woman turns to be the bread-winner and the children are beginning to help, the five

illings a week pays the rent at any rate. And what she earns and the children earn may go for sustenance. It is something to get the rent out of the way.

1/- a Week only a Beginning

More than that, the ten shillings a week is to be a beginning. We have not a balance of two millions in hand, and a well-managed society can bring that up to 12s. 6d. a week. What does that mean? I do not say it does everything, but it helps during a time of stress and strain, and at any rate when a man gets well, instead of having to see arrears of rent—because that could be paid at any rate out of the ten shillings a week—he has then got less to pay than he had before, and he has had the best doctor for him on the panel to cure him.

Case from Blackburn

A man wrote me the other day from Blackburn; the statement was verified by a lawyer, who gave his name. And this is what he said about a Blackburn man in a cotton mill there. He was a man earning 21s. to 22s. a week. He had a most protracted family illness—himself, his wife—and he had two boys of 26 and 24 years of age who seem to have broken down in health altogether, and to have been unemployed for some years. They had had five doctors, one after the other, in the house. The total bills came to £87 16s. for a man who was earning 21s. to 22s. a week. He was paying by weekly or fortnightly instalments, and here is the statement which the old man himself sent me:—“I owe nothing,” he said, “only £3 12s., and my doctor’s bills, £87 16s., and have paid regularly. I

have had to stay off work two weeks being ill and not having help.” One doctor had put him in the county court. The debt and costs were £6 17s. The doctor did not press very hard when he got into court—that ought to be said for him. There was an order for the old man to pay 2s. a month—6d. a week for one doctor’s bill. Why, for 4d. a week he could have had a doctor free, 10s. a week during his illness, 5s. a week if the illness lasted three months, and he would have had more than that. The two boys would also have had free doctors, and each of them 10s. a week, so that during the time they were ill the house would have received £1 10s. a week and a free doctor. That is what would have happened under the Bill.

The Example of Germany

I will show you another effect of this Bill. I hope I am not wearying you, because I want you to follow the Bill and judge it by what it is, and not by what is said about it. I ought to say this. I am prepared to stand by any statement which I make, and I ask you afterwards to view the Bill itself as amended in the House of Commons, and find out whether any statement which I make is not strictly accurate—find it out for yourselves. Here is another effect of the Insurance Bill. There are men in this country—and there are a good many of them—who have saved a little money, and put it in savings banks, building societies, and other institutions. They are saving up for the time when they cannot work and earn money. But they don’t want that money to be dissipated by the small hindrances that happen to a man before he begins finally to break up. Well, now, let me show you what has

happened in Germany from the effect of insurance. There was a document published the other day, a very able report from one of the ablest Consuls of the British Empire, Sir Francis Oppenheimer, British Consul at Frankfurt. That document has been partially quoted in the papers. They quoted one passage that they thought would damage the Insurance Bill, a passage which states that the employers in Germany were growling. That is the only quotation they gave. They do not say what they might have found if they had only gone on a few lines—that the employers and the workmen in Germany pay more than twice as much as we call upon them to pay under the Insurance Bill here. What more does this document say? And this is most important. It points out that the effect of the insurance scheme in Germany is that it has put an end to the withdrawal of money from the savings bank, because people are able to tide over their illnesses with the allowance of five, six, seven, eight, and ten shillings which they get from the insurance fund, and the free doctoring.

The Effects of the Sickness Benefits

Consider what the effect of that is. Men put money by for a rainy day, but many a sum of money put by for a rainy day has been dissipated by summer showers before the winter season draws nigh. And the one effect of insurance in those cases is that a man is able to keep his little money in the bank and not withdraw it until the real time of heavy trouble comes. He goes to his insurance fund, gets his ten shillings a week, goes to the doctor and gets that paid out of the insurance, and it is quite unnecessary for him to

send his wife to the bank to withdraw his little savings from that quarter.

The Case of the Consumptive under the Bill

Let me tell you what happens to the consumptive worker—and there are in this country at the present moment between two and three hundred thousand people suffering from this fell disease. A man goes to the doctor; he is examined. The doctor discovers at once that he is attacked by tuberculosis, and he says to him: "You must knock off work at once. You must go to a sanatorium." The workman says to him: "You are mocking me. How can I go to a sanatorium? I cannot pay." He cannot pay to go to a great building in the country where he gets the best nursing, the best doctoring, the best food for his case, open air, lives practically in a sort of consumptive hotel, a first-class hotel, for three or four months. So the poor man who is earning 20s. or 24s. a week is told: "You have to go for four months to a first-class hotel." He will say: "You are mocking me. How can I go?" And the doctor will say: "Haven't you heard? The Government are finding a million and a half by the Insurance Bill to build sanatoria throughout the country. They are raising a million of money more out of the Insurance Fund to keep it up. They have also a provision in that Bill, by which, if that is not enough, they will find half of the balance." And then the workman will say: "What happens to my wife and children?" There again the doctor will say—very reluctantly I have no doubt—"In that Insurance Bill of that inhuman monster the Chancellor of the Exchequer, you will find a provision of ten shillings a week to keep the wife and family from

starvation during the time you are getting cured."

Sanatoria for Children as well as Adults

At the end of three or four months he comes back cured. In the early stages the vast majority of people who are sent to these institutions come back cured. More than that. He is trained to fight the evil for the future. He comes back a trained soldier to repel the deadly tubercle that invades his home. He knows now how to keep his little children free from it, the wife and the family; he knows how to fight it and drive it out. That is what this Insurance Bill does. But it does more than that. We have got an amendment in now—and I am glad the House of Commons is prepared to support the Government, for they have the command of the finance—by which not merely can a man himself go to these sanatoria, but his wife and his children. And there you are. A little chap who under the old system would have languished away amid the torturing anxiety of his parents, a source of peril and infection to all those who love him best—what happens to him now? In three months he comes back a plump, chubby, rosy-cheeked little fellow, leaping with life and energy and joy among his comrades; and he has to thank the Insurance Bill for that. I ask you here, frankly, have you read in any of the newspapers which criticise the Bill anything that would give you any notion that this is what it would do?

The Maternity Benefit

Let us go further. I have already pointed out to you that if a man breaks down permanently he gets 5s., which is an old-age pension, for the rest of his days. But not only that. I re-

ferred to the case of maternity and child-birth. A million children are born every year in this country under conditions which do not conduce to the welfare of these little children, which are disastrous for the future of the race, and which are cruelty inflicted on the mother. What happens? Every wife of an insured person at child-birth gets 30s. from the Insurance Fund to provide nursing, nourishment, care, somebody to look after her household. It will make a gigantic difference, not merely to the poor woman, but to the child as well. Working women who are insured persons themselves—and there are many of them—and who are the wives of insured persons, will not merely get the 30s. of the husband, but the 30s. that comes from their own insurance. So that they will get £3. Why? Because you want to offer every inducement to them not to go too soon back to their work.

A Contributory Scheme

How is all this to be paid for? You cannot do it for nothing. We have said from the start that we proposed that the scheme should be a contributory scheme, that all classes should contribute to it, as all classes will benefit by it, because it is not merely the workmen who will benefit by it. The community will benefit by it. Industries will benefit by it. The workman is a more efficient man when his vitality is not depressed by anxiety and worry, and when he is not in a condition of chronic under-health, a very good phrase for hundreds of thousands of persons at the present moment. It will cost 9d. per week per person. The benefits for a woman are less. She gets 7s. 6d. per week instead of 10s., but gets 5s. during the whole of the time after that, and other benefits in

the same way. The workman pays 4*d.* Fourpence the workman pays, the employer pays 3*d.*, the State pays 2*d.* Thus for 4*d.* a week the workman gets 9*d.*

Finance of the Scheme

I see that a pamphlet has been circulated which seeks to prove that they are not getting 9*d.* for 4*d.*—that they are only getting 8½*d.* Well, really, I would rather trust an actuary than a writer who seems to be ashamed of his own name, since he writes anonymously. But at any rate if anybody comes to me and offers me 8½*d.* a week for 4*d.* I will take it, and give him the halfpenny as discount. I should consider that I had made a very good bargain. But it is 9*d.*—as a matter of fact it is more, because the whole expense of the State provision will be paid by the State itself. I want you to get this into your minds—no State officials under this Act will receive a penny out of that 9*d.* All that will be “added unto you.” It is a little better than that. We have made provision for those who are earning small wages. We see they cannot pay 4*d.*, and we say that those who are earning between 15*s.* and 12*s.*—and there are a good many agricultural labourers in this country to-day who are—will have to pay not 4*d.* but 3*d.*; from 12*s.* down to 9*s.* not 4*d.* but 2*d.*; those earning 9*s.* and under will only pay 1*d.* I think, on the whole, after great consideration, although there is a good deal to be said for the principle of everybody contributing, still those who are only earning 9*s.* a week can ill spare even a penny, and I think you will find, the State will undertake the whole of it. What does that mean? Those under 9*s.* are mostly women.

Those under 12*s.* are mainly women, though there are a good many men, and there are a good many men amongst those between 12*s.* and 15*s.* I have already told you that there is not a penny for State officials in this work. It provides all those benefits, and there will be two millions to spare. Why have we provided these two millions to spare? Why not distribute them? I will tell you why—we want to give a margin to those societies to induce them to manage economically and successfully, and those who do it can declare bigger benefits. We offer them a very wide choice as to the benefits they give. They may say, We will give better sick benefits each week, or they can say, We will roll it up for a man to receive it altogether when he is seventy. At the end of sixteen years there will be another six millions to spare. Why? Because we are insuring people at all ages as if they were young—a man of 50 is a boy of sixteen in the Insurance Bill. We propose that that should be wiped out in sixteen years or sixteen and a half years. At the end of that time there will be six millions more to distribute in increased benefits amongst those who are insured.

Case of Friendly Society Members

That is the scheme so far as it affects those who are not members of friendly societies. What about the friendly society members? Really, the misrepresentations about friendly societies are so many, so diverse, so dark, that they are perfectly bewildering. I am not at all surprised that any friendly society member is frightened out of his wits by this carnival of distortion, this disgraceful attempt to mislead friendly society members, and to make them

unhappy about the poor savings that with great sacrifice they have made every week for years.

good many years when it is practically insolvent.

Societies will be Better Off under the Bill

Let me say this here, and I ask them to produce any actuary who knows—I make the statement now to every member of the friendly societies—not merely is there no need for anxiety, but he will be better off under the Bill than he was before.

The Present Position of the Societies

What is the position of friendly societies now? Have you read the very able speech delivered by Mr. Moffrey? I think it was at the conference in Edinburgh as President of the National Conference of Friendly Societies. He gave in that address a very clear account of the position of friendly societies during the last few years and at the present moment, and he points this out—that during the last few years the friendly societies were making no progress; that they were at a standstill so far as members were concerned. Why? He gives that reason, too. He points this out—that societies had been promising benefits which the contributions would not justify. During the last few years they have been pulling themselves together. They have reduced the benefits in some cases and increased subscriptions in others. What has been the result? They are gradually becoming more and more solvent. But recruiting has stopped. As long as great benefits were promised at small subscriptions people came pouring in. But when they found that this was producing disaster and reduced benefits or increased subscriptions it stopped recruiting. A society can go on for a

The Young, not the Old Members Pay the Societies

That sounds a very remarkable statement, but it is true, and I will tell you why it is true. The men who join friendly societies are generally young people, because when they become old the subscription is so high the people don't join. Therefore, when you start a friendly society it is young. That society can go on for twenty, thirty, forty years before its real indebtedness is discovered in practice. When people came to me and said, For threepence a week we are doing more than you are doing, I began to discover the members were young people. They have not been at it very long. Long before they have gone on for twenty or thirty years most of the members have either left the neighbourhood, or something of that kind. They have never actually taken upon their shoulders the heavy burden of ill-health. That is when the real burden—ill-health—comes, at the end. The insurance scheme takes it up, and takes it up to seventy. Then the old-age pensions carry it right to the end.

Two-thirds of the Societies have a Deficiency

In the valuation of the independent societies* for 1905 there were 455 societies which had a surplus. There were 1,139 societies which had a deficiency. Can you follow that? Two-thirds of all the societies in the kingdom had a deficiency; only a third had a surplus, and I am quoting now the official valuation. By the time the next valuation came

* Excluding societies with branches.

round hundreds had disappeared altogether. Efforts have been made to restore solvency, and a very vivid account is given of it by Mr. Moffrey in his address delivered in Edinburgh.

State Supervision

What happens when these societies break up? Hundreds of thousands of people are left without any provision at all for the time of sickness. This is what I want to say. In future we have so arranged the finance of the Bill that you have a practical guarantee and security for the old people who pay their money into the funds. We have real State supervision, because we have real contribution. We have a contribution which amounts to five millions a year up to six, and therefore we have the right to supervise. Of course, there are people who do not like supervision. They would rather not; they would rather go on in their own way. It is better for the millions of people who are in friendly societies that the Government should be able to say at the end of three, six, or nine years, "Let us see how you are getting on; what is being done with the money," because the State cannot allow an old man to pay for nothing. Nay, nor the young man with a family either, after it has compelled him to contribute fourpence a week. We must see that he gets his money, for that is the equivalent of a substantial State guarantee in future.

No Future Fears as to Stability of Societies

That is the first thing you gain. No man need have fear in future for the condition of his friendly society. Friendly societies which are insolvent now will the moment this Bill is passed have a surplus.

An Illustration

I will give you an illustration. I do not say the Oddfellows are insolvent. That is not my point. No, certainly not. They are a very powerful body. But take what Mr. Watson says as to what the Oddfellows will get. As an addition to their reserves, the moment this Bill is passed they will get three millions and a half. It is equivalent to an addition to the Oddfellows' reserve account of three millions and a half. And you inquire of the Foresters, the Hearts of Oak, the Shepherds, the Druids, the Rechabites, and the Sons of Temperance, ask any of them, and they will tell you the same thing. If they have consulted their actuaries, you will find their reserves will be strengthened, some by thousands, some by hundreds of thousands, and some by millions. The societies which now have a deficit will begin life afresh, with an account which is to their credit. That is a good start. How many of them have told you that? Not one. Growling, nagging, grumbling—I am waiting for the "Thank you."

Attitude of the Conservative and Labour Parties to the Bill

Mr. Balfour the other day said we would be weakening trade unions as well as friendly societies. I wonder whether he will take the trouble of reading the report of the actuary appointed by the trade unions. He ends up a very able and careful report by saying that it will "strengthen the trade unions financially and enable them to strengthen their superannuation funds, their unemployed funds, as well as their health funds." It took them months to discover that. In the meantime they gave me a very bad

time. There is one very interesting passage there. I fought one night until six o'clock in the morning against a combination of my Labour friends and the Conservatives—who, whenever they are in a difficulty, are more extreme than the Socialists—an amendment that would have been ruinous to trade unions and friendly societies—for, above all, I must see that the Bill has a financially sound basis. The friendly societies and trade unions consulted an actuary, and he congratulated them on the fact that their amendment was defeated. "Perhaps you may permit me," he says, "to refer to Clause 11 of the Bill. It is, I think, fortunate that that clause was not amended in the manner desired by the Labour party." And this is their actuary—not mine.

Concessions not always Amendments

There is one special warning which I ought to give you—I don't mean merely you here, but those outside. Concessions do not always mean amendments. I have to concede here and concede there, because I am assailed by innumerable vested interests, whom I have to conciliate and coax and persuade somehow or other to allow me to get on with the ambulance waggon. And I have many a time to fling things out of that waggon, things which would be far better there, so that I might give them to the sick who need them, but I have to give a delicacy here, and a bit of luxury there, and an opiate here to get along. You must not imagine that every concession is an amendment under the Bill. That is the important thing. But still there are amendments, and real amendments. These I am prepared to make,

but as few concessions which are not improvements as I can possibly afford to give.

The gain to the individual Member, from youth . . .

I have told you what would happen in the way of strengthening the financial basis of these unions and societies. They will be stronger in the future. But what about the individual member of a friendly society? Let me tell you. Supposing you have got a man who has been a member of a friendly society from early youth until he is 50. What will happen under the Insurance Bill? He begins by having £10 placed to his credit by the Bill. What can he do for that? Paying the same subscriptions he can get an extra 3s. per week more than he has got now for sick pay. Is that clear? Then I had better repeat it. I want you to understand it. Supposing a man is insured under a friendly society from early youth until he is 50 to get 10s. per week during sickness; 5s. per week during permanent breakdown. Let us see. He is insured now at this present moment. What will happen to him under the Bill? If he goes on paying the same subscription as he is paying now, not in addition to the 4d., but including the 4d., he will get instead of 10s. per week 13s. per week; and instead of getting 5s. per week for permanent breakdown he will get 6s. 6d. per week for the rest of his days.

. . . and at various ages

What about the man of 40? Now I am getting home. Or the man of 35? He is not so ready to own his age. What happens to him? He will get for the same subscription, including, mind you, the 4d. of the State, he will get

12s. 6d. where he formerly got 10s. He will get that extra half-crown for 26 weeks. He will get an extra 1s. 3d., which would make it 6s. 3d., even if he is ill right up to 70 years of age, when he gets his pension.

Gain if applied to Old Age Pensions

Now, I am giving these figures, on whose authority do you think? On the authority of the actuary of the Odd-fellows, the most distinguished friendly society actuary in the world. What does he recommend? He recommends that the money should not be used to increase the weekly pay. He recommends that it should be saved up in order to increase the old-age pensions. That is entirely a matter for the societies. But supposing you did that, I will give you figures in order to show you what would happen. Paying the same subscription as you are now paying, say 6d.—4d. will be deducted out of your wages, you will pay the extra 2d. yourself—and make the same subscription as you are paying now. A man of 35 would get at 70 an annuity of £5 18s. out of this money without paying a penny-piece more. Do you follow that? A man of 40 would get an annuity of £5 8s.; a man of 50 an annuity of £5 5s.; and a man of 60 an annuity of £3 2s., added on to the pension he will get from the State.

No deduction during Sickness

What happens to a man who is sick and unemployed? In a friendly society, when a man is sick his weekly payment is always deducted. If you should be receiving 10s. and paying 6d. you will get only 9s. 6d. The payment is a week's payment. Supposing you are out of work. You have either

to pay up regularly during that time, or you will have to pay up arrears at the end. There is no misrepresentation greater than the misrepresentation of the Bill on this point. The Bill does a thing no friendly society in the world has ever attempted for the unemployed and sick. We are making no deduction at all during sickness. We don't ask a man to pay anything at all during sickness. Afterwards it is wiped out completely. The bill is never sent to him.

Distress fund during Unemployment

What about the unemployed? For three weeks in every year we make no deduction for unemployment. He is never asked to pay up when he comes back. He gets exactly the same benefits as if he had paid for the full time. What friendly society in the world does that to begin with? After three weeks if you are in arrear in your friendly society and don't pay up arrears you have to go. We have a distress fund as well. You never heard of that. We don't strike a man off the books even at the end of three weeks. After that we allow him to remain on for another thirteen weeks with a scale of reduced benefits. More than that, he can go on for twenty-six weeks, and we still give him sanatorium benefit, medical attendance, and maternity benefit. Can you name a friendly society that does that anywhere in England, Scotland, Wales, or Ireland, or throughout the world that gives those terms? But that is not all. We have given the power to a society to forgo arrears even beyond that, if they like. If a poor fellow comes and says, "Well, I have done my level best to get a job, but things have been very bad," the society can say, "You are an honest fellow.

You are not a loafer. You have led an industrious life all through. We can forgive you your arrears." Have they ever told you that? That is not the sort of thing they dwell upon.

The *Facts* as to Women under the Bill

I should have liked to say something to you about the position of women under the Bill. You have heard a great deal about the cruel way in which we are treating women under the scheme. I will tell you the facts. Women pay less. They are to get less. This is a business concern. They pay one penny less, and they get what corresponds to the value of that penny less. That is all. But let me show you what we do. That penny the women pay goes into a women's fund. They are under the impression that the women have to pay in order that we should give benefits to the men. Not a penny piece of the women's money is ever transferred under any condition to the ledgers of the men, so that whatever money they pay in they get the full advantage of it. And not only that, but they get 2*d.* from the State. The men pay 4*d.* and get 2*d.* from the State. Women pay 3*d.* and they will get 2*d.* As a matter of fact, there has been no scheme ever launched in this country by the Legislature which has conferred so many direct benefits upon women. The sliding scale I gave you is largely in the interests of women. The sliding scale of 9*s.* and 12*s.* is very largely to their benefit.

The Various Benefits Women will Enjoy

Then the maternity benefit. One million and a half every year given to the women of this country. The sanatorium benefit. There was very great pressure brought to bear upon us to

try and keep the women who, when single women were insured—to keep them now in the insurance after they are married. The difficulty of that is that there is no employer—there is no 3*d.* from the employer. You cannot collect it by force from the individual, and going to the employer is so much cheaper and more effective. There is such a difference between going to an employer who has 3,000 workmen and saying, "You have got to collect," instead of sending a man from door to door to 3,000 homes and in picking the pennies up in twopences and fourpences, and being asked to call again in a week. That is the real difficulty. But I will tell you what we are devising. We are trying to devise a scheme whereby for a small contribution we can keep in insurance women who were insured before marriage, so that they can keep insured afterwards, with medical attendance, and a small allowance to enable them to pay somebody to look after the home during the time they are ill, and also to provide for them when they are widows, and when the breadwinner has gone. As a matter of fact, women have suffered and sacrificed more than even men in order to pay the subscription to the friendly society. It is often paid by them even without the knowledge of the husband—paid out of their house-keeping amount—and the relief under the Bill will be enormous to the poor woman who is struggling to keep her family going.

The Employer's Case

As to employers who pay their employees when they are sick. If they will guarantee—if they don't guarantee, and if we keep them out of the Bill and find there is no guarantee afterwards, then these poor fellows will

be in a very poor plight—but if they guarantee that they will pay wages during the time they are ill, we will let them off the sick list. But you must have somebody to look after these poor people if they break down permanently. An employer would not keep a man in wages for two or three years. There are very few rich combines who do it at all, and after all we have to deal with the bulk. We have got to look after the people who are broken down permanently.

The past History of the Bill

I have asked myself one question. I wonder you have not asked it—and that is why with all this misrepresentation of the Bill, these wild statements which are made about it—that it is destroying friendly societies and trade unions, impoverishing doctors, crushing industry, robbing the working classes, and spreading ruin, destruction, and dismay all round—why there is no party in the State that will take the responsibility of opposing it out and out. This ruthless, reckless, ruinous measure passed the first reading without a division. Three weeks after the first reading, when the Bill was printed, when people could see every clause of it, it passed the second reading. After days of debate not a man went to the lobby to vote against it. If all these things said about it are true, can you tell me why they did not do it? I will tell you. It is because they know they are not true. At any rate, if they don't know they are rather afraid they might be demonstrated to be untrue.

The example of a by-election

I have received letters from members of Parliament—Liberal members of Parliament. This is the sort of way they always begin:—"I have been address-

ing my constituents explaining your Bill. At first I could see misrepresentations had told on the audience. As I proceed to explain it they are amazed; they get interested; they gradually become cordial; and they end with enthusiastic approval." I have received letters from members of Parliament from every part of the kingdom. And have you followed the Kilmarnock by-election? What happened? There were three candidates—one of them an out-and-out supporter of the Bill, one of them an out-and-out opponent of the Bill, and the third a critic who was prepared to support it with variations. Lots of people thought they could make so much better Bills if they only had the chance. What happened? Those three candidates pretty well took up the whole of their time discussing the Insurance Bill. It was the one great topic. At first you had the same atmosphere of doubt. As the Bill got explained and argued there was a complete change. At the end of it the straightforward supporter of the Bill got a majority which surprised his most ardent supporters in the constituency. The man who opposed it received the smallest proportion of the total vote since Kilmarnock was founded in the deep, and his personality does not altogether account for that. What does that mean? That where the Bill is explained to an intelligent, industrial community, where it is argued on both sides, or on three sides, for weeks, and discussed, debated, and looked into, the verdict is emphatic in its favour. And the longer they looked into it the better they liked it. So will you.

What happened to Old Age Pensions?

Why don't they oppose it in a straightforward fashion? I will tell

you why. They have the memory of old-age pensions. You remember what they said about it. I was reading up the other day what was said in the House of Lords about it. One noble lord who is always seeing nightmares said: "It was a mortal blow to the Empire." That was Lord Rosebery. Lord Lansdowne, the leader of the Unionist party, said: "It will weaken the moral fibre of the nation, and diminish the self-respect of our people." Receiving five shillings a week for a life of toil and industry "weakens the moral fibre!" I wonder whether every pension has that effect, or is it only when the pension is small? He also said: "It is a measure we regard with grave apprehension, which we fear may have far-reaching and disastrous effects upon the future of this country." That is not the Insurance Bill, but the Old-age Pension Bill. What has happened? Nothing, except that the veto of the Lords has gone. What else has happened? A million old people have been made very happy, and the rest of us have been made very happy by looking on. That is the mortal blow to the Empire—that the old people can sit by the fireside, honoured guests, without anxiety, without the dread of the workhouse, without the horror of a pauper's doom. That is the weakening of the moral fibre!

Trade Unions: Then and Now

That is the way they talk of pensions. What are they saying about this Bill? They are afraid of it. Mr. Balfour made a speech at Haddington the other day.

He will not lift a finger to help it along, but he will not accept the responsibility of killing it. He wants the trade unions and friendly societies

to do it. Lord Salisbury said trade unions were "cruel and tyrannical organisations"; his distinguished nephew has only one concern—lest he should hurt these cruel organisations. And he looks from afar on this Bill of mine and says: "I wonder whether the animal is dangerous. He looks innocent. But so did that other beast. On the whole, I think I will leave it alone. But still, if I say nothing, then all these people in the Unionist party will say, 'What is the good of keeping a dog that won't bark?' " So he just gives a sort of a "Yap," and then says to the friendly societies and the trade unions, "You go at 'em." If the Bill is killed he won't mind that. He won't suffer. He need not go to a friendly society to get a doctor's assistance. He will never stand in need of the 10s. or 5s. a week. But there will be others who will suffer.

"A Non-Party measure"

I have endeavoured in all sincerity to make this a non-party measure. I am told I have tried to bribe the working classes. If I set out to bribe the working classes I should know how to do it, but in future when I try to table the next measure that calls upon the working classes for a fair share of contribution I shall know that the people who are always flaunting the honesty of their opinions are the first to join with the extremest Socialist in the land to embarrass and hinder me on the way. I promise that I am not going to forget the lesson. I made an offer to the Opposition because I thought I was out for my fellow-countrymen, especially the poor and helpless. I said to them: "Come and help me; appoint two, three, or four of your own men to meet me at the Treasury to

consider the Bill, to see how you would like to alter it. I will put every document in the Treasury at your disposal. You can see the officials and ask questions. You can bring your men, and we will have a free and frank interchange of opinion."

The offer to the Conservatives

I said more to them. I said: "If you can advise something better, I am willing that you should propose it in the House of Commons, and I will agree to it, so that you shall get the credit." What more could mortal man do? If my offer had been accepted—I made it once, twice, three times—we should have had a Bill commanding the votes of all parties, reflecting credit not on one party or on one Minister, but on the common sense, constructive capacity, and governing power of our race and of our men. They rejected it. They preferred going to the fields, to the forests, and to the Press to misrepresent and malign it, to whisper calumnies about it, to stop us getting it through without standing up against it.

Their refusal

I am earnestly sorry. It would have formed such a valuable precedent. No offer of the kind had ever been made before by a Minister. We asked them to assist us to see how we could save the wretched in the land. They would have nothing to do with it.

And their reason for refusing

And now what do they want? They won't fight it. Why? I will tell you why. I will let you into a secret. Do you know why they were anxious to put it off two or three years. There

have been two general elections in twelve months—three in five years. The country doesn't want any more, and in all human probability you won't have another. I did not mean to say for ever, but for four years. The Bill is going through this year.

The effects of the Bill on the Country at Large

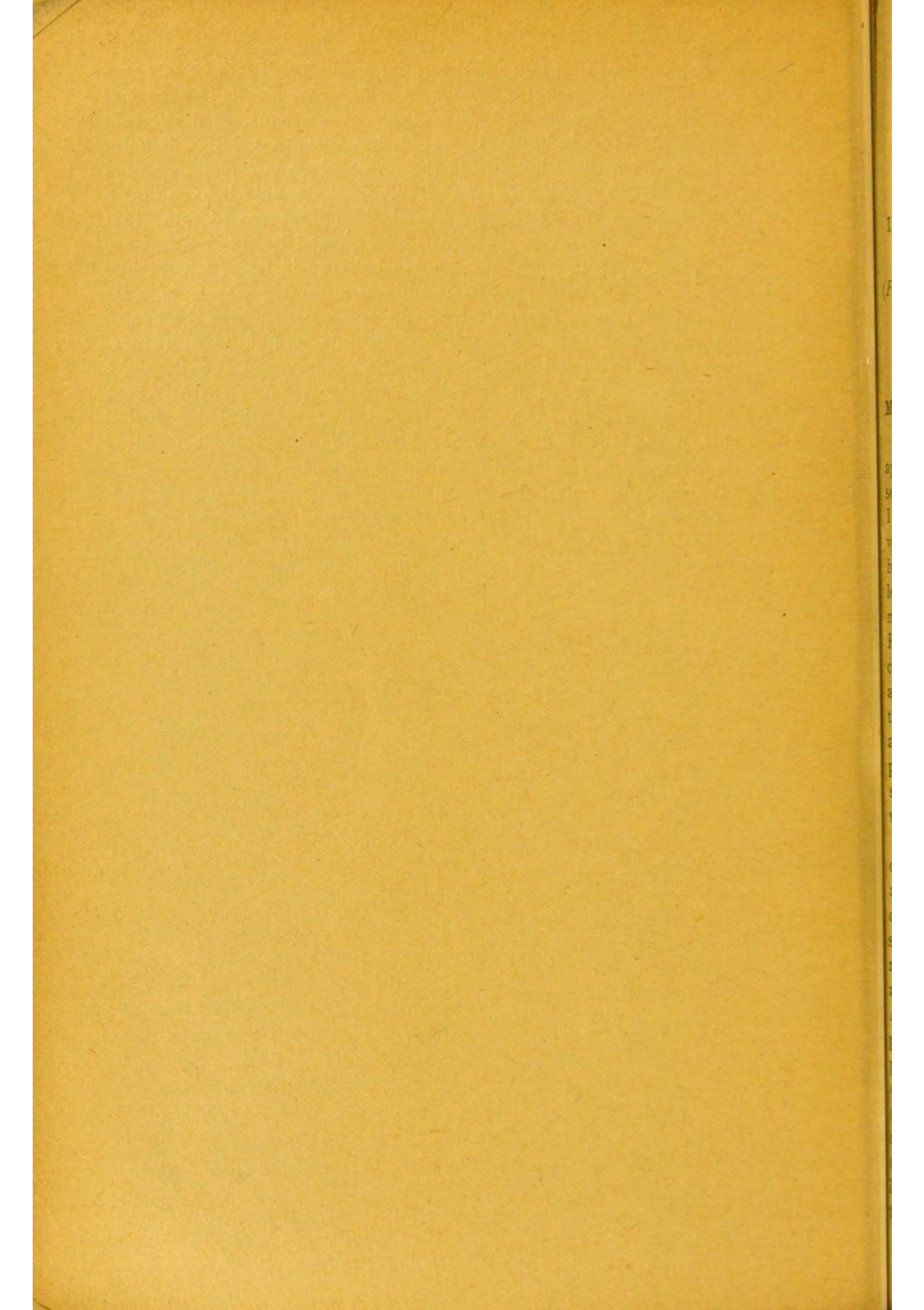
Next year it will be in operation. In the following year the benefits will be flowing, and the stream of benefits will get wider, greater in value—swollen year by year, and by the time the general election comes, what will be the use of misrepresentations of this Bill? Why, there will be living refutations of every falsehood springing up in every street, town, city, and hamlet of the land. Oh, yes! There won't be a village where you cannot point to lives having been saved by the Insurance Bill. There won't be a town or a hamlet where you cannot point to households saved from privation and hunger by the Insurance Bill. There will be the man who has come back from the sanatorium fit for work, strong, vigorous, who, but for that Bill, would have been a poor, wretched consumptive, staggering to the grave. There will be children who will be saved. What is the good of telling lies about the Insurance Bill when you can point to people of that kind? This is what will happen. There will be the slums which have defiled our great cities for generations cleansed and swept out of the way by the health provisions of this Bill. They are anxious to put it off. They say, "Why not wait?" Wait for whom? Wait! For what are we to wait? Wait until the stream, that dark stream of human misery has all flowed past? Or are we to wait until it surges up and swells and

breaks over the banks of law and convention which hem it in and devastates the land with its horrors? Are we to delay until another million people have endured without hope and without help the racking torments of consumption? Why are we to wait?

"This is not the end of Social Reform"

This Bill was promised three years ago. It has been on the table six months, discussed and advertised in every paper. No; we will have it through. We want to get on with other work. This is not the end of social reform. It is a good beginning. Some of these provisions are only palliatives until we can get deeper. But it does more than that. It amasses information, and gathers it from all sources as to social evils—analyses and

collects it; and all this will be of enormous benefit when we come to deal with the great problems. I never said it would do everything. It will help, and then we will go on. I am taunted that I promised "a new heaven and a new earth." They seem to think that phrase was uttered by me. But I am a humble believer in it. I should like to be able in a humble way to help its advent—a new earth, where the health of the multitude would be more precious in the eyes of the law than the wealth of the few; a new earth, where the superabundance with which Providence blesses labour can be directed and controlled so that the home of the labourer shall be saved from wretchedness, penury, and privation; a new earth, and the best of all to be concentrated and organised to avert the worst from each.



IN DEFENCE OF DOMESTIC SERVANTS' INSURANCE.

(From a speech by the Chancellor of the Exchequer to a deputation of women, acting on behalf of domestic servants, who were received at Downing Street on 28th November, 1911.)

Misapprehensions about the Bill

There has been a great deal of misapprehension on the part of domestic servants about the Insurance Bill. I will not dwell upon the methods by which those misapprehensions have been created, but I will quote from a letter which I received from a gentleman of position in Gloucestershire. He told me that a couple of ladies came and asked his servants to sign a petition against the Bill, and told them that they would have to pay 3*d.* a week in future, and if they refused to pay it they would be fined £10 or sent to prison. Of course, the servants signed at once.

I have seen a good deal of that kind of thing, especially that statement about fining or imprisonment. Of course, they were inventions, but if signatures have been obtained by methods of that kind I am afraid I can attach no value to the petitions sent in. After all, the Bill deals with very complicated problems, and you cannot expect the domestic servants to grasp at once the full purport of a Bill of its magnitude. I have not the faintest doubt that when they come to do that they will be very glad that they did not listen to those who protested against the measure.

No Payments during Sickness

I might give you other illustrations of the way in which the Bill has been misrepresented. One way came to my notice on the day when I saw the placard of a protest league. It was a statement that payment of contributions is to be made during sickness. Not a penny would be paid during sickness.

The Out-of-work Servant

Now I come to the question of the out-of-work. The statement is put in the bold form that when a girl is out of work she has got to go on paying. Now, that is not the whole truth. In the friendly societies now she has to pay whether she is sick or out of work; but under the Bill she pays nothing during sickness, and can be out of work for thirteen weeks without paying a penny, and without any suspension of benefits. More than that, she can be fifty-two weeks out of work in four years and still receive benefits in a reduced form. Nobody has ever explained that to the general servant.

A Typical Misrepresentation

Again, one day a cartoon was shown to me. First of all there was a pic-

ture of those who had to pay—a row of very nice domestic servants in clean pinafores. Underneath was a row of those who were supposed to receive the benefits—a lot of loafing, lounging men, down at heels, with pipes in their mouths. The girls were supposed to keep those people. Of course, there is not a word of truth in that. If the girls choose to pay for those people, nothing I could do will prevent them. But it is entirely a matter for the servants themselves. They will pay into their own society for their own benefit, and nobody else gets a penny piece out of that benefit.

What does the Servant Pay her 3d. for?

In another case brought before me it was stated that the servant girl had to pay 3d. a week in order to pay members of Parliament £400 a year. Then there is an idea that the servant girls are being taxed 3d. and the mistresses 3d., and that the money is coming to the Government, which means my friends here and myself. Now the Government does not receive a penny of it.

One letter I saw said that the money went to pay Government officials. Not a penny will come out of the contributions for that purpose. The payment of officials will be borne by the Treasury out of the general taxpayers' fund. Not a penny piece of the contributions will be spent in that way.

Power to Form their Own Societies

Now, what happens under the Bill? The servants can form their own societies—that is the first thing to be noticed. The Metropolitan Association for Befriending Young Servants, if it likes, can form itself into an

approved society. A society can be formed of nobody but domestic servants; they can put their money into that, the mistress will pay her 3d. and the State will contribute its 2d. Nobody can touch that money except the servants themselves. The State cannot touch it, the mistress cannot touch it; no loafing man can touch it. It will be entirely their own money. It will be administered by the servants or by anybody they choose, for they can call in people of greater experience in management if they desire; but that will be entirely their own business.

Powers of such Societies

Societies will be allowed to invest their own threepences, not the rest of the funds. The State is responsible for its 2d., and as the 3d. from the mistress is compulsorily collected, it is responsible for the management of that. At first it was proposed that the State should invest the whole of the money. Then the friendly societies asked to be allowed to invest the workers' contributions, and that was agreed to.

Again, as regards the 7s. 6d. sick pay. How is it to be paid? It will be paid by an approved society whenever the domestic is ill, either at her home or at her mistress's, or wherever she may be, direct to the servant. I observed a statement that a servant does not get the money if she is with her mistress. She obtains the 7s. 6d. wherever she may be when she is ill. Mistresses have no power to take this money; it is the servant's.

How the Mistress will Benefit

For the first time the mistresses have the benefit of medical attendance

for their servant provided at the expense of the fund. At the present moment there is a legal liability on her to provide a medical attendant, and that may run to a considerable bill in the course of the year. In future the fund will provide medical attendance, and to that extent the mistress is absolved from liability.

Some Typical "Hard Cases"

How will this insurance affect bonus insurances? One case has been given to me of a servant who paid £4 12s. 6d. a year—that is, 1s. 9d. a week—and yet I am told that 3d. a week is a very cruel impost upon a servant—in order to get a benefit at fifty. In another case I heard of a girl who paid 1s. 9d. for £100 at forty-five.

The Alternative Benefits

These are not the kind of benefits that are given by the Bill, but they can work in with the benefits given by the Bill. That brings me to another point—whether alternative benefits are to be given under the Bill, and, further, the very important point is to whether they will be the first charge upon the fund. I think it very important that this should be made clear.

Benefits the Bill provides

The benefits mentioned in the Bill are these: The servant gets 7s. 6d. a week for twenty-six weeks in cases of illness. If she is ill after that she will get 5s. a week as long as the illness lasts, even if it is until she is seventy. She gets, in addition, medical attend-

ance free. The doctor she can choose herself. The doctor will be paid from the fund. If she is consumptive she can be taken to a sanatorium, and if there is nobody dependent upon her during that time she can under certain circumstances get her money paid to her there.

Power to Commute Benefits

Now undoubtedly there are servants who prefer (instead of getting 7s. 6d. a week during illness, and instead of wanting 5s. a week throughout a permanent breakdown) to take their chance. The question then is, Can they so arrange their benefits in their society in such a manner that they can get a kind of pension or superannuation when they are sixty or sixty-five? Contributors can, under the scheme, commute their benefits.

State Benefits not a First Charge on the Societies

Will the State benefits of 7s. 6d. or 5s. be a first charge on the societies? It depends entirely upon the society the servants join. They can form any society they like; if they like to form a society which will commute their benefits into a pension they can do it. Whatever that 8d. will buy in the form of a pension or superannuation they can get. The only thing I am bound to point out is that permanent disablement benefits would seem to me better. If servants break down in health they get their 5s. a week as long as they live.

But they can also make some arrangement in their society for partial disablement if they choose. They can form their own societies; they can take counsel amongst themselves and with

those who advise them as to what they would like best to do with the money. If something of this sort suits them better—that is, an allowance for partial disablement or a pension—they can then submit to the Insurance Commissioners their scheme for that purpose, and the Commissioners will see that the scheme is financially sound. For, of course, a big scheme may look very well on paper, but may be perfectly useless in that it may be financially unsound.

Transfer-Scheme

It makes absolutely no difference when a servant moves if her society is a local one confined to one part. The Insurance Bill provides that they can either stick to their old society or, if they prefer it, they can be transferred to a new society which they may choose; they take their money with them and are in exactly the same position in the new society as they were in the old.

Season Servants

Now as to the question of season servants. I agree that there are servants who like sometimes to serve four or five months in a year only. They have a lot of that sort of thing on the North-West Coast where there is a season at the seaside resorts. Servants come down from the mountain villages, and are engaged for three or four months in the year. They do not wish to serve for the rest of the year, and they go back to their homes.

In a case of that kind the best thing a girl can do, unless she wishes to go on paying her own 3*d.* and her mis-

tresses' 3*d.*, is to pay into the Post Office deposit fund during her months of service, because she will then get her own 3*d.* and her mistress's 3*d.* and the State 2*d.* all put to her credit, which she can draw upon if she requires.

Benefits to Relatives on Death of Insured Person

If such a Post Office depositor dies—so far as her own three-pences are concerned, they will be paid to her relatives. The rest will go to a fund for the benefit of the other girls who may be contributing to it.

How Servants may take Part in the Scheme after Marriage

When servants marry, the money will go to their credit in a reserve and sustenance fund. Two-thirds of it they can draw upon either for sickness, distress, or maternity benefits. With regard to the other third, that will bring them back into the insurance fund if they become widows, which means that if at that time they are ill they will go straight into benefit, with full medical attendance and 5*s.* a week as long as they are ill and broken, even if they have no employer at all. If they are ill for fifteen years they will get their 5*s.* a week for the whole of the time, even if they have paid in only £2 or £3.

On marriage they can go on paying in order to get benefits. All a woman has to do then is to pay 3*d.* a week, and the State pays another 1*d.* For that 4*d.* she will get medical attendance, 5*s.* a week during the first part of any illness, and 3*s.* for the rest of the time she is sick.

**'The Girls can Secure the Benefits
that Suit them'**

We have drafted the Bill in such a way as to enable the girls to secure the benefits that suit them. There ought to be no doubt about that. And to make it absolutely clear, words have been put down which will be moved on

the Report stage to make it clear that societies which the girls choose to join may frame their own schemes for the expenditure of the cash paid by them, by their mistresses, and by the State, subject to the adjudication of the Insurance Commissioners as to soundness.

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NOTE. The abbreviation S.I. equals Sickness Insurance.
 „ „ U.I. „ Unemployment Insurance.
 „ „ *cl* refers to Clauses of the Bill.
 „ „ *sch.* „ the Schedules.

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