

## **Denmark. Report on the system of state insurance in Denmark.**

### **Contributors**

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DENMARK.

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REPORT ON THE  
SYSTEM OF STATE INSURANCE IN DENMARK.

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*Presented to both Houses of Parliament by Command of Her Majesty,  
DECEMBER, 1890.*

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DENMARK.

COPENHAGEN.

*Mr. MacDonell to the Marquis of Salisbury.*

My Lord,

*Copenhagen, October 31, 1890.*

In forwarding to your Lordship herewith a letter, which has been addressed to me by Mr. Goschen, Secretary of this Legation, and which encloses a Report drawn up by him upon State Insurance in Denmark, including an account of the system by which provision is made for the maintenance of the widows of officials in the service of the State, I desire to bear testimony to the care and attention bestowed upon the said Report which in my judgment reflects much credit upon Mr. Goschen.

I make no doubt that the information, now for the first time transmitted to Her Majesty's Government, will prove highly interesting and valuable.

I have, &c.

(Signed) H. G. MACDONELL.

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*Mr. Goschen to the Marquis of Salisbury.*

Sir,

*Copenhagen, October 30, 1890.*

I have the honour to enclose herewith, for transmission to Her Majesty's Principal Secretary of State for Foreign Affairs, a report which I have drawn up upon the System of State Insurance in Denmark, including an account of the manner in which provision is made for the maintenance of widows of officials in the service of the Government.

In drawing up this report I have, as you will perceive, confined myself to furnishing a sketch of the history of the Danish State Insurance Institution, and to indicating, as far as lay in my power, the reasons for its early failures and the causes which appear to have led to its present prosperous position.

I have not ventured to go further into the subject, as my experience in such matters does not entitle me to discuss the capabilities of such a scheme, or to advance an opinion as to whether the system of State Insurance, which has proved so eminently successful in Denmark, would be equally applicable to a wealthier and more densely-populated country, where, moreover, encroachments by the State upon the field of private enterprise might perhaps be regarded with a jealous eye.

I have, &c.

(Signed) W. E. GOSCHEN.



*Report upon State Insurance in Denmark, including an Account of the Provision made for the Maintenance of the Widows of Government Officials.*

The system under which every Government official in Denmark, civil, naval, or military, is compelled by law to devote a certain portion of his salary to making a suitable provision for his widow in the event of his death, may be said to have been inaugurated in 1740. In the previous year an institution, on the same principle, called the "Widow Fund," had been started, but it had been confined to the army, and it was only in 1740 that it was extended to all Government officials.

Although the system, as put in force at that date, remained more or less unchanged for 35 years it was anything but a success. The regulations were too lenient, and the contributions from the salaries set at too low a figure, so that the institution, which was intended to be self-supporting, failed to pay its way, and became on the contrary a burden on the State. As an instance of the causes which led to its failure it may be mentioned that, in fixing the amount of the contributions to the fund, no restriction was made as regards the age either of the contributor or of his wife. Thus an old man on the verge of the grave was not called upon to pay more than a man in the prime of life, though, at his death, an annuity of the same amount was at the disposal of his widow. Again, the contribution of a widower who married again was reduced by one-half, although at his death no corresponding reduction was made in the annuity received by his widow. These and other miscalculations rendered the institution so expensive, that it was found absolutely necessary to effect radical changes in the system in order to relieve the heavy tax that it laid upon the Royal Treasury.

1775.

These changes were made in the year 1775, when the whole system was revised and new and severer regulations were issued.

According to the new plan every Official, married or single, was compelled, on entering the service of the Crown, to pay into the Widow Fund his first month's salary, and, on subsequent promotion to a higher rank and salary, the difference between the two rates of pay for the first month in his new rank. This contribution was intended to form the nucleus of the fund out of which the widows' annuities were to be paid, but in the case of a married man its payment did not entitle him to an annuity for his widow, but only, so to speak, made him a member of the institution, and gave him the right to purchase such an annuity at a certain rate laid down in the regulations.

Under these regulations, however, as long as an Official paid the necessary contribution of his first month's salary, it was left to his option whether he should purchase an annuity for his widow or not; and so few availed themselves of their right to do so that the object of the institution was not attained, and the system again seemed destined to failure.

It was, therefore, thought necessary to revise the rules once



more, with the result that in 1788 new regulations were issued of <sup>1788.</sup> a far more stringent character. By these regulations it was made compulsory for every married Official not only to contribute his first month's salary, as under the previous rules, but also to purchase an annuity for his widow of from 40 to 800 kroner (2*l.* 5*s.* to 44*l.*) per annum, according to his rank and salary. Further, no Official could get married before he had so provided for his widow, and any clergyman who married an Official without the production by the latter of a certificate showing that he had fulfilled the regulations was subjected to a fine of 200 kroner (11*l.*). Again, if a man happened to be married before he entered the service of the Crown, it was the duty of the authorities to see that he duly carried out the regulations within a year of his appointment.

The amount of the annuity to be purchased was fixed according to the yearly salary of the purchaser. Thus, an Official with a salary of 400 kroner (22*l.*) had to purchase the largest annuity for his widow that could be purchased, under the tariff of the institution for that sum. If his yearly salary exceeded 400 kroner, he had to contribute the latter amount plus two-thirds of the excess. The highest annuity that could be obtained was 800 kroner (44*l.*) per annum; but no one was obliged to secure an annuity exceeding the amount representing a fifth part of his yearly salary.

Under these regulations an Official could only obtain an annuity for his widow; it was not in his power to secure a lump sum for her benefit after his death. Further, it was the rule, as regards the method of payment for these annuities, that the whole of the purchase money, amounting in most cases to a whole year's salary, should be paid up at once. This rule, however, was so hard upon the poorer class of officials that it had to be frequently relaxed, and in special cases they were allowed to pay in 5, 10, or 12 years. Another rule (which holds good at the present time) was to the effect that all payments to the Widow Fund Institution on account of annuities should be levied from the official salary of the purchaser, and could in no case be made from his private fortune.

These regulations as regards widows' annuities remained in force until 1842. But in the meanwhile, in the year 1795, the <sup>1795.</sup> first Danish Life Insurance Institution in Denmark was opened to the general public by the Government, under the title of the "Ordinary Provident Society." This Institution was quite distinct from that of the Widow Fund, but it was placed under the management and direction of the administrators of the latter. Owing, however, to the financial crisis which took place in Denmark at that time, it was found impossible to carry out the scheme, and the "Ordinary Provident Society" was closed a year after its inauguration.

During the period between 1788 and 1842 the Widow Fund Institution was carried on under the reformed regulations of 1788; but, although it no doubt attained its object of providing a decent



1841. competence for the widows of the contributors to the fund, and preventing the numerous cases of destitution and poverty which had led to its creation, it was at the same time still very far from realising the hope that it would support itself, and it was still found to be a constant drain upon a not too-flourishing exchequer. The system upon which it was worked was, therefore, again (in 1841) subjected to a searching inquiry, which showed that the contributions from the salaries were still set at too low a figure, and that, generally, the whole arrangement was based upon false economical principles. The result of the inquiry was that the payment of the first month's salary was abolished, and the compulsory contributions from the salaries of married Officials were raised 10 per cent.

1842. But in the year 1842 further and more important changes were made.

On March 11 of that year a decree was issued by King Christian VIII. authorising the establishment of an Institution called "The Life Annuity and Provident Institution."

According to this decree the institution was to constitute a separate Government department, under the management of a board of directors, of whom one was always to be an official belonging to the Ministry of Finance, while two were to be financial experts; the latter to be held responsible for the correctness of the calculations of the policies and of the yearly balance-sheet. All the directors were to be appointed by the Crown on the recommendation of the Finance Minister. The decree further authorised the directors to render the funds of the Institution productive by investing them in Government securities.

But the most important change made under this decree was the introduction of the system of premiums. This measure constituted a great relief to Government officials in view of their obligation to provide for their widows; for they were no longer compelled, as heretofore, to pay a lump sum, amounting in most cases, as has been stated above, to a whole year's salary, for the purchase of an annuity, but were enabled to fulfil their obligation by the payment of a yearly premium.

The decree in question concluded with the following words:—

"The institution is established under the guarantee of our exchequer, but it is our will that in due time the directors shall report to us as to the best manner in which, according to their judgment, and with the consent of the insurers, the said guarantee may be abolished."

1845. After the promulgation of this decree it was for some time left to the option of Officials to secure annuities for their widows either in the new institution or by means of the Widows' Fund Institution of 1788; but in 1845 it was decided that there should be no more contributions paid into the latter, and the State took over all its funds and liabilities, continuing up to this day to pay the annuities of widows whose husbands had contributed to the fund.

It will be remembered that in 1795 a life insurance society



had been established, called the "Ordinary Provident Society," which, after a year's trial, had been closed, owing to financial troubles. By an annex to the above decree of March 11, 1842, an institution of a similar nature, but founded on better economic principles, and more adapted to modern requirements, was opened to the public. It was called the "Copenhagen Life Insurance Institution," and was placed under the management of the directors of the "Life Annuity and Provident Institution."

The annex ran as follows:—

"Since the closing of the Ordinary Provident Society of 1795, the public have had no opportunity of obtaining, individually or otherwise, temporary or whole life insurances, such as were offered to them under various conditions by the said society. The want, however, of such a society is much felt, and as it has been found, after careful inquiry, that the 1795 society cannot, for practical reasons, be reopened under the same conditions, a new society is hereby established, founded on modern principles, and adapted to present requirements.

"This new society, which will commence operations on May 1 next, shall be called 'The Life Insurance Society of Copenhagen, of 1842, for the Kingdom of Denmark and the Duchies of Schleswig-Holstein and Lauenburg.'"

This society was at first placed under the guarantee of the State for five years, but in 1848 it was placed on the same footing in that respect as the "Life Annuity and Provident Institution," and no period was fixed for the cessation of the State guarantee.

These two Institutions continued in operation until 1871; but in the year 1851 the regulations respecting the obligation of Government officials to secure annuities for their widows were again revised and amended, and promulgated in their new form by an Act passed by the Rigsdag on January 5 of that year.

The provisions of the Act in question are those in force at the present day; it is, therefore, perhaps expedient to give them in extenso.

They are as follows:—

#### ART. I.

All Government officials qualified to receive a pension according to the Pension Law, who are in discharge of their offices or in receipt of a superannuation allowance (half-pay), and shall not have completed their 70th year, shall secure for their widows an annuity for life in the "Life Annuity and Provident Institution," the said annuity to become available for the widows on and from the day of their husbands' death, and to amount to at least one-fifth part of such portion of their salaries as shall be taken into account under the said Pension Law in calculating the amount of their pensions, but not to exceed 1,200 kroner (66*l.*) per annum.



## ART. II.

The following are excepted from the above obligation :—

1. Officials who at the time of the publication of this Act have completed their 60th year, and are married.

2. Those who at the time of the publication of this Act have duly secured to their widows the highest annuity or pension under the regulations hitherto in force, viz., 800 kroner (44*l.*) per annum. Should, however, the Officials in question subsequently receive an additional allowance of pay, their obligation under the present Act shall take effect as regards the said additional allowance.

3. Those who are in a position to prove to the Ministry of Finance that an annual income, amounting to at least 1,200 kroner (66*l.*), has otherwise been secured to their widows.

## ART. III.

A clergyman marrying a Government official, qualified for receiving a pension, before the said official has duly proved by a certificate from the Ministry of Finance that he is either excepted from the obligation laid down in the present Act, or that he has complied with the regulations as to providing for his widow, shall be liable to a penalty of 200 kroner, to be paid to the poor of his parish.

## ART. IV.\*

The Ministry of Finance must see that the obligation of Government Officials to provide for their widows is duly carried, and in cases of Officials neglecting to comply with the regulations is authorised to impose a fine upon them through their superior officers.

## ART. V.

The premiums of the Life Annuity and Provident Society shall be paid one year in advance, and shall be deducted from either the salary or the superannuation allowance of the official concerned.

## ART. VI.†

Should the case arise that a premium, unpaid at the specified date, cannot be recovered in the manner laid down in the preceding clause, the Ministry of Finance is authorised to advance the said premium from the exchequer. This advance shall be recovered, if necessary, by distraint in accordance with the Royal decree of June 2, 1830, on the payment of the usual fee to the king's bailiff. Should the defaulter die before the advance has been recovered, the annuity of his widow shall be withheld until the claim of the exchequer has been settled.

\* This article only refers to officials who, though in the service of the Government, do not receive their salaries directly from the State.

† This article also refers to the class of officials mentioned in the previous note.



## ART. VII.

Should the system laid down in the preceding clause prove inapplicable, or should an Official be discharged from the Government service without a pension or a superannuation allowance, prior to the settlement of his account with the "Life Annuity and Provident Society," the defaulter shall be dealt with under the regulations now in force respecting the non-payment of premiums by voluntary insurers in the same institution.

## ART. VIII.

The "Life Annuity and Provident Institution" shall be bound to insure every Government Official for the annuity which he is obliged under Clause I. to secure to his widow, on the production by the said Official of a doctor's certificate in due form to the effect that he is in no imminent danger of death.

## ART. IX.

Should an Official have obtained a divorce from his wife his obligation to provide for her after his death shall cease, and he shall be allowed to withdraw from the institution according to the regulations in force for voluntary assurers.

If the marriage should be dissolved by mutual consent the stipulations of the deed of separation shall decide as to whether the obligation shall cease. If this is not actually stated in the deed the obligation shall continue, but its amount shall correspond only to the salary actually received by the husband at the time of the dissolution of the marriage.

## ART. X.

Should an Official, who has duly secured an annuity for his widow by the payment of a whole life premium, subsequently retire on a pension, the amount of his obligation under the present Act shall be fixed in accordance with his pension, and the annuity shall be calculated accordingly.

On the same day that the above Act was published an Act (which is also still in force) for the regulation of pensions and superannuation allowances was also promulgated. The full text of this Act is appended to this report for convenience of reference, but it may be useful to insert here those of its provisions which relate to the widows of Government Officials, as they show that the latter do not entirely depend for their maintenance upon their annuities, but are also granted a pension, calculated according to the salaries or pensions of their deceased husbands.

## ART. XI.

Except in certain cases mentioned in the following Article (XII.), widows, whose deceased husbands were either qualified to



receive pensions, or actually in receipt of pensions at the time of their deaths, shall be granted a pension from the State.

A widow's pension shall amount to one-eighth of the last salary of her deceased husband, provided always that it does not exceed the sum of 1,200 kroner (66*l.*), and is not greater than the pension which her deceased husband was receiving at the time of his death.

In special cases the Crown may grant an annual allowance of from 20 to 100 kroner (1*l.* 2*s.* to 5*l.* 10*s.*) to each of the widow's children who are not otherwise provided for until their 18th year, provided that satisfactory proof be given every year to the Minister of Finance that the necessity for granting this allowance continues to exist.

#### ART. XII.

A widow is disqualified from receiving a pension—

1. If her husband was over 60 years of age, or on his death-bed, at the time of the marriage.
2. If her husband was already in receipt of a pension before the marriage took place.
3. If she had been divorced.

#### ART. XIII.

Widows of Government Officials lose their pensions—

1. If they marry again.
2. If they take up their residence in a foreign country without permission from the Crown.
3. If they neglect to draw their pensions during three consecutive years without subsequently producing legal proof to show the cause of such neglect.
4. If they are found guilty of crime.

A pension which has been withdrawn from a widow on her marrying again shall be renewed on her becoming again a widow.

Thus from 1842 there had been two Institutions under the management of the same board of directors appointed by the Crown, and both under the guarantee of the State, viz.:—The Life Annuity and Provident Institution and the Life Insurance Society of Copenhagen, the former open to the public for the purchase of annuities and the latter for ordinary life insurance.

These Institutions were carried on in their dual form for some years; but it was gradually perceived that they failed to attract as many supporters from the lower classes as they were expected to do.

The reasons for their comparative failure in this respect were found, on inquiry, to be:—

1. That no premiums could be paid for less time than a year.
2. That the insurance money was only paid three months after the death of the insurer.
3. The severity of the medical certificate.



With a view to remedy this state of things, the Government 1867. brought forward in 1867 a scheme for a third Institution, to be under the same management as the others, but intended only for the use of the poorer classes. But the scheme, which was based upon the abolition of three above-mentioned restrictive regulations, was rejected by the Rigsdag. The Government, however, still continued to consider the subject, and in 1870 succeeded in 1870. passing a Bill abolishing the two institutions of 1842, and establishing in their place a new institution entitled "The Life Insurance and Provident Society of 1871," with a revised tariff and special facilities for the poorer classes.

This institution took over all the claims, rights, and liabilities of the two old establishments, with the understanding that the capital and premiums of the "Life Insurance Society of Copenhagen" should be kept separate until the time should arrive when all the insurances for which it was liable should be paid off.

The new institution was under the guarantee of the State, with its capital independent of the exchequer.

The Act under which the Institution was inaugurated provided that the rules of 1851, respecting the obligation of Government officials to provide for their widows, should remain in force, the only important change under the new Act being that thenceforward Officials were given the option of discharging their obligation either by the purchase of an annuity, as before, or by insuring their lives for a sum not less than 15 times the amount of the annuity that they were obliged to purchase under the Act of 1851. In the latter case they were placed on the same footing as the general public, and had to submit to the same terms and conditions.

The institution established in 1871 is the one in existence now, and, since its inauguration, there has been no change worth mentioning in the system of its management.

It may be mentioned that, although Officials have had since 1871 the option of either purchasing an annuity for their widows, or of insuring their lives in their favour, they, as a rule, prefer the first-named method of discharging their obligation. In the first place, the purchase of an annuity is the cheaper proceeding; secondly, the only medical certificate required on applying for an annuity is one to the effect that the applicant is in no immediate danger of death, that is to say, actually dying. Thus, a man may be suffering from the worst form of consumption, or any other incurable disease, and it may be perfectly well known that his death is only a question of months, or even weeks, still, unless he is actually on his death-bed, the institution is bound to accept his premiums at the rate laid down by the regulations, and, on his death, to provide the corresponding annuity to his widow. In fact, there is a case on record of the widow of an Official receiving an annuity, though her husband had contributed absolutely nothing to the Institution; the authorities had, by some oversight, neglected to see that he carried out the regulations on his appointment, and, on his dying suddenly before he had done so, the Institution was held liable for the annuity.



On the other hand, an Official who chooses to insure his life in the institution for the benefit of his widow has to submit to the usual medical examination, and produce the ordinary certificate of health required from voluntary insurers.

Notwithstanding these comparative disadvantages, there are a considerable number of Officials, more especially those who are fairly well-to-do, who choose the insurance system for providing for their widows. It is, as stated above, the more costly proceeding, but it has its contingent advantages, particularly in the case of those who have not only a wife, but also children to provide for. An annuity necessarily ceases from the moment the widow dies, and nothing is left for the children; whereas, in the case of insurance, the capital of the sum assured is, at the death of the insurer, placed in the hands of the Minister of Finance, who invests it in Government securities, and pays the interest to the widow during her life. At her death the capital is handed over to her children, if she has any, or, in the case of there being no issue, to the next of kin.

There is moreover a further advantage gained by an Official in adopting the insurance system. If his wife predeceases him and he marries again, his second wife is entitled, at his death, to the interest of the sum for which he originally insured his life, without his having been put to any further expense beyond the payment of the stipulated premiums. If, on the other hand, he had adopted the annuity system, he would be obliged under the same circumstances to purchase a new annuity for his second wife, and all the money he had spent in providing for his first wife would have been absolutely thrown away, as far as he was concerned.

This, it may be mentioned, happens in any case under the annuity system, if the wife predeceases the husband and the latter remains a widower.

I have endeavoured in the foregoing pages to give a sketch of the growth of the present State Insurance Institution in this country. It now only remains to be considered how the system of voluntary and compulsory State insurance has worked, and how far success has attended the disinterested efforts of the Government to offer to its servants and the public facilities for life insurance and the purchase of annuities on terms as favourable and as free from restriction as those offered by private companies, and on the unimpeachable security of its own guarantee.

Since its inauguration, in 1871, the present Institution\* has not cost the State anything; it has been entirely self-supporting, and all its working expenses have been defrayed out of its own funds by a small percentage levied on the premiums; its capital has increased year by year, and amounted at the end of 1889 to 61,000,000 kroner (about 3,400,000*l.*); while the efficiency of its system with regard to the compulsory provision for the widows of Government officials is proved by the fact that painful cases of actual destitution, among the widows of men, who have died in

\* This may also be said of the two institutions of 1842.



the service of their country, such as must occasionally occur in our own and other countries where no such system exists, are practically unknown in Denmark.

In conducting its Life Insurance Institution the State naturally labours under certain disabilities. It cannot advertise, and it is not allowed to establish agencies in the capital, in which matters it is placed at a considerable disadvantage compared to private companies; but, notwithstanding these and other difficulties, the present State Institution can fairly be said to hold its own with its numerous competitors, and the Government has every reason to be satisfied with its financial position.

The best proof of the excellent results that the institution of 1871 has achieved, is that at the last quinquennial valuation in 1885 it was found that, over and above the capital necessary for the working of the establishment and for the discharge of its liabilities, and after the deduction of an ample reserve fund, and of a considerable sum to meet the falling rate of interest on Government securities, there remained at its disposal the sum of 4,500,000 kroner (about 250,000*l.*). This gratifying result was due to the rate of mortality being considerably more in favour of the Institution than had been reckoned upon, and, more especially, to the fact that in making the tariffs the directors had calculated upon receiving an interest of 4 per cent. on their invested capital, whereas they had actually received  $4\frac{1}{2}$  per cent. up to the year 1885.

The disposal of this surplus was much discussed. It was at first proposed that it should remain in the hands of the institution, and that the tariffs should be lowered, on the principle that the premiums of a State insurance institution should be fixed at the cheapest rate possible; but as there was no security that such favourable conditions would continue, and as it was strongly urged that such a measure would only benefit recent and future insurers, and would be of little and, in some cases, no advantage to those by whom the surplus had been chiefly created, the idea was dropped, and it was considered more advisable to distribute the 4,500,000 kroner (250,000*l.*) as a bonus. A Bill to that effect was accordingly brought in by the Government, and passed by the Rigsdag.

The distribution was effected as follows:—

A hypothetical tariff was drawn up based upon the known rate of mortality between 1842 and 1885, and upon a supposed rate of interest of  $3\frac{1}{2}$  per cent. on the invested capital.

The premiums calculated according to this hypothetical tariff were then compared with those paid under the actual tariff, and the amount which, according to this calculation, had been paid in excess under the latter since 1871 was refunded to holders of insurance policies in the Institution from that date.

Holders of policies in the two Institutions of 1842 also received a share in the bonus; but their share was only calculated on the premiums they had paid since 1871.

Of these 4,500,000 kroner about 1,000,000 fell to the share of those Officials who had purchased compulsory annuities



in the Institution since 1871, while those who had provided for their widows by insurance were placed, as regards the bonus, on the same footing as voluntary insurers.

The history of State insurance in Denmark would be hardly complete without a few words respecting the working expenses of the present institution and the fund out of which they are paid.

The establishment consists of a committee of five directors, of whom one is the managing director, four chefs de bureau, a medical officer, 32 assistant and junior clerks, and three or four messengers.

The above form the regular staff of the institution, and are paid by fixed salaries, amounting collectively to between 40,000 kroner (about 2,200*l.*) and 50,000 kroner (about 2,750*l.*), and also by commissions on the receipts of the Institution.

The other working expenses consist of fees to legal advisers, fees to physicians, provincial agencies, pensions to old employés and servants, house rent, office expenses, and a few other unimportant items.

These expenses are defrayed out of what is called the administration fund, which is derived from the following three sources:—1st, a tax of from 1 to 2 kroner on every policy effected in the institution; 2nd, a small percentage on the premiums; 3rd, the interest of its own capital invested in Government securities.

An idea of the expenses of the establishment and of the working of the administration fund can best be gathered from the following table, which is a statement of the office accounts of the institution for the year 1889.

ADMINISTRATION Accounts of Life Insurance and Provident Institution for 1889.

RECEIPTS.

	Currency.		Sterling.
	Kroner	ore.	£
Balance of administration in hand on January 1, 1889 .. .. .	2,205,878	19	122,548
Receipts for the said fund during 1889:—			
Kroner ore			
Policy tax .. .. .	2,979	00	
Percentage on premium .. .. .	261,032	30	
Interest on its capital .. .. .	88,235	13	
	352,246	43	19,569
Total .. .. .	2,558,124	62	142,117
Expenses during 1889 (as below) .. .. .	208,459	91	11,581
Balance of administration fund on December 31, 1889 .. .. .	2,349,664	71	130,537

## EXPENDITURE.

	Currency.		Sterling.
	Kroner	ore.	£
Fixed salaries of staff .. .. .	47,600	00	2,644
Commissions for „ .. .. .	67,244	23	3,737
Legal and technical assistance, house rent, and office expenses .. .. .	38,324	53	2,129
Fees to physicians. . . . .	10,448	00	580
Pensions to old employés and servants .. .. .	7,965	00	443
Provincial agencies and their commissions, &c.	33,973	34	1,887
Incidental expenses .. .. .	2,904	81	161
Total expenditure.. .. .	208,459	91	11,581

Thus, in 1889, the receipts of the administration fund exceeded the working expenses of the establishment by the sum of 143,786 kroner (or nearly 8,000*l.*), leaving on December 1 of that year a balance of 2,349,644 kroner (130,537*l.*), as against 2,205,878 kroner (122,548*l.*) on January 1 of the same year, a result which affords a further proof of the able and efficient manner in which the State Insurance Institution is carried on by the managing committee.



## THE PENSION ACT.

January 5, 1851.

We, Frederick the Seventh, &c., make known :

The Rigsdag have passed and we have sanctioned the following Act:—

## I.

When a person, holding a commission from the king and being paid by the State, is discharged from office, on account of old age, or infirmity of mind or body, or otherwise, for which he is not to be held personally responsible, a pension shall be granted to him under this Act.

It shall be enacted which persons shall hold a commission from the king, but until it be thus enacted, the regulations hitherto in force shall apply, with the restriction, however, that no office, which hitherto, according to regulations, has not qualified its owner for receiving a pension, shall do so under this Act; and, on the other hand, any person holding any office at the publication of this Act, which, according to the regulations hitherto in force, shall qualify him for receiving a pension, but which shall not qualify him for receiving a pension under this Act, shall still be personally qualified for receiving a pension.

Any person holding office at the Rigsdag or the institutions, the expenses and receipts of which are passed on the budget (the Financial Law), shall likewise be qualified for receiving a pension.

Any person temporarily appointed shall not be qualified for a pension.

The local boards shall determine whether their own officers shall receive a pension, and the extent thereof.

## II.

All pensions shall be paid out of the Public Treasury unless otherwise provided for, according to regulations hitherto in force, or which shall be provided in future.

The Civil List and the appanages of the Royal House shall defray their own pension respectively. At each succession to the throne or cessation of any of the present appanages, it shall be especially enacted which pension shall be defrayed by the Public Treasury.

## III.

All pensions shall be computed according to the terms during which any person has served as a Government officer qualified for receiving a pension, and according to the average of his salary and emoluments of office during the five years previous to his discharge, or to the whole term of office, if not exceeding five years; that is to say:—











