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Contributors

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THE NATIONAL INSURANCE ACT, 1911

EXPLAINED, ANNOTATED AND INDEXED

A. S. PRINGLE



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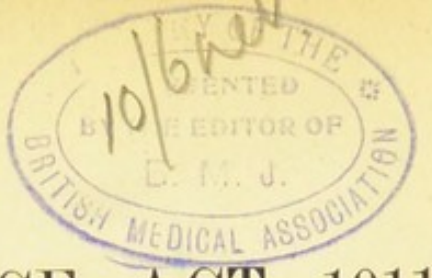
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THE NATIONAL INSURANCE ACT, 1911

EXPLAINED, ANNOTATED, AND INDEXED

WITH

APPENDICES CONSISTING OF

THE INSURANCE COMMISSIONERS' OFFICIAL EXPLANATORY LEAFLETS, TREASURY REGULATIONS FOR THE JOINT COMMITTEE, TABLES OF RESERVE VALUES AND VOLUNTARY CONTRIBUTIONS, REGULATIONS FOR PROCEDURE BY THE UMPIRE, ETC.

BY

A. S. PRINGLE, B.A., LL.B. CANTAB., LL.B. EDIN.

ADVOCATE

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PREFACE.

In adding another volume to the rapidly growing library on the National Insurance Act, 1911, I have been careful to limit myself to the proper functions of a law book. I have, I think, successfully avoided all expressions of opinion on controversial questions of policy, and have avoided prophecy as to the actions of the Insurance Commissioners or Joint Committee in the important duties which fall to them under the head of Regulations and Special Orders. At the same time I have been compelled in many cases to acknowledge that it is impossible to answer questions as to the position of different classes of people until the Regulations and Special Orders are published. I have attempted throughout the commentary on the Act to avoid legal technicalities in order that the book may be easily understood by the many thousands of laymen who will be actively engaged in working the Insurance Scheme as well as those individually affected as employer or employed. Recognising that the principal use of such a book will be as a guide to the Act I have prepared a very bulky Index, and hope that if the book has no other merit this important section will enable the lawyer or layman to quickly find his way about the mazes of the Act itself.

A. S. Pringle.

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NATIONAL INSURANCE ACT, 1911.

CHAPTER I.

GENERAL SCHEME OF THE ACT.

The National Insurance Act, 1911 (1 & 2 Geo. v. c. 55), received the Royal Assent on 16th December 1911, and will come into operation on 15th July 1912, unless postponed by order of the Crown in terms of section 115. Unless it is so postponed "the commencement of the Act" means 15th July 1912.

The Act is divided into two parts: Part I. dealing with insurance against sickness in the widest sense of the word, including the provision of sick pay, medical attendance, and in some cases sanatorium treatment; Part II. dealing with unemployment.

The two parts of the Act may be regarded for all practical purposes as two separate Acts; the machinery provided for working them out is entirely separate. Generally speaking, the working out of Part I. is put into the hands of approved societies or of a new local authority to be called an "Insurance Committee," the whole supervised by four bodies of Insurance Commissioners located in England, Scotland, Ireland, and Wales, with a connecting link formed by a Joint Committee of the Insurance Commissioners having jurisdiction over the United Kingdom.

The unemployment section of the Act is under the management of the Board of Trade, but the Board has power to largely hand over the practical working out of the Act to the trades unions and labour exchanges.

As the two parts are so entirely separate we shall throughout refer to the Act as meaning Part I., unless the contrary is specially stated, and we shall deal with the unemployment section in a separate chapter, namely, Chapter VII., *infra*.

Contributions.

The general provisions of Part I. may be stated thus:—A direct tax is laid upon all employers of men and women at wages or salary of less than £160 a year, and in the case of manual workers at any wage. There are certain exceptions to this general statement which will be dealt with below.

The Act, however, allows the employer to recover a part of the tax from the wage-earner by means of a deduction from wages, and the amount which he may so deduct varies according to wage for those earning less than 2s. 6d. per day, but is the same for all earning 2s. 6d. a day or more (Schedule II.). This deduction constitutes the "contribution" by the wage-earners.

In addition to the persons thus brought compulsorily into the insurance scheme the Act allows certain classes of the community to come in as voluntary contributors on the basis of paying the whole tax or contribution for themselves (section 1 (3)).

There are also certain classes who, though employed, may be exempted on application (section 2), others who are exempted unless included by special order, and others who may be exempted by special order (Schedule I., Part II.).

Benefits.

The fund so collected constitutes the National Insurance Fund, out of which benefits are payable to the insured persons, but in determining what those benefits are to be it is provided that the State will make a grant of two-ninths of all benefits paid; that is to say, the State pays two-sevenths of what the insurance fund is able out of its own resources to supply, and this contribution by the State applies both to actual benefits and to the cost of administering the benefits (section 4).

The State also undertakes the entire liability for the cost of the Insurance Commissioners and the machinery which they control, whose functions are explained in the subsequent chapters.

The Act lays down a scale of benefits (section 8), usually spoken of as "the benefits provided by the Act" or "the Minimum Benefits." This scale of benefits is not of necessity a compulsory scale, for provision is made in section 13 for any approved society, subject to the approval or veto of the Insurance Commissioners, to alter the scale of benefits to suit the needs of its members so long as those benefits are of the same actuarial value as those laid down in section 8. The scale of benefits laid down in section 8 is not guaranteed by the Act, but simply represents the estimate by the Government actuaries of what they think the fund provided by the Act will be able, on an average, to give under the conditions and in the circumstances contemplated by the Act. Provision is made by sections 37 and 38 for the event of these calculations turning out in the case of any particular society to have been either too conservative or too optimistic, so that the society in question may, if it has a surplus, provide additional benefits out of a list detailed in Part II. of Schedule IV., or if it has a deficit, restore its solvency by various methods which may be described as either increasing the contribution

payable by the insured persons or reducing the benefits in one way or another, as detailed in section 38.

Miscellaneous Provisions.

The Act introduces one or two provisions which are not necessary for the carrying out of the insurance scheme, but have been suggested to the minds of the Legislature through the consideration of the problem of insurance. By section 60 the Insurance Committee, which we have described as the new local authority for dealing with insurance, is encouraged to undertake to a certain extent the duty of health instruction and public inquiry into causes of sickness and methods of dealing with it. By section 63 very drastic penal provisions are introduced in order to impose the burden caused by excessive sickness upon the shoulders of any local authorities or individuals who may be held to be responsible by their fault or neglect for such excessive sickness.

The erection of sanatoria is a necessary provision if the scheme of benefits laid down in section 8 is to be carried out, and an opportunity is taken by sections 17 and 64 to considerably enlarge the powers of local authorities in dealing with consumption, apart altogether from the insurance scheme, and by section 15 (7) power is also given to the local authorities to assist the Insurance Committees in dealing with sickness by contributing to the cost of medical benefit.

A special provision is introduced by section 68 to prevent process for ejectment or distraint of goods being executed against insured persons while receiving sickness benefit if the doctor certifies that such execution would be dangerous to life.

CHAPTER II.

WHO ARE THE INSURED PERSONS?

THOSE who come under the compulsory provisions of the Act are defined in Schedule I., Part I., and may be generally described as anyone employed in the United Kingdom under any contract of service, written or oral, express or implied, and included under that description are persons employed on board British ships registered in the United Kingdom or whose owners have their principal place of business in the United Kingdom, out-workers under certain exceptions, and persons employed in plying for hire any vehicle or vessel which they obtain from the owner in consideration of the payment of a fixed sum or a share in the earnings or otherwise.

Exemptions.—The foregoing description is subject to three classes of exemptions:—

(1) Those who may be exempted if they apply for exemption (section 2), namely, persons having a secure income, not dependent on their own exertions, of 10s. a week, and persons mainly dependent for their livelihood upon some other person, *e.g.* children or other young persons working for small wages and living at home; and

(2) Persons who are excluded from the Act unless they are brought into it by a special order made by the Insurance Commissioners, and these are detailed in Schedule I., Part II., and may be summarised as—

Men in the Navy and Army (for whom a special provision is made in section 46);

Persons in the employment of the Crown or other public authorities for whom sufficient provision is already made in terms of their contracts;

Salaried officials in the employment of railway or other statutory companies for whom also sufficient provision is made in terms of their contracts;

Teachers in elementary schools who have the benefit of superannuation funds;

Commission agents not mainly dependent on one employer;

Persons employed on agricultural holdings, but receiving no wages in money.

Children of, or other persons maintained by, the person for whom they work and receiving no wages, whether employed on agricultural holdings or otherwise.

Persons earning over £160 a year otherwise than by manual labour;

Persons engaged in casual employment otherwise than for the purposes of the employer's trade, subject to an exception intended to cover the cases of golf caddies (see Schedule I., Part II.);

Wives taking work at home as a subsidiary addition to the family income whose husbands are insured;

Fishermen remunerated by shares in profits or gross earnings of their vessel;

Husband or wife employed by the other.

(3) Persons who may be excluded by special order.

Under Schedule I., Part II. (*i*), the Insurance Commissioners may specify by special order that any class of employment is of such a nature that it is ordinarily adopted as a subsidiary employment only, and not as a principal means of livelihood, and exempt those

engaged in that employment. An example of the kind of employment which might be so specified would be employment for a short time in summer of crofters or their sons as ghillies in the Highlands.

Voluntary Class [Section 1 (3)].

Those who may come under the scheme voluntarily may be divided into two sections—

(1) Those who have been employed contributors for five years or upwards and then cease to be employed, *e.g.* by going into business of their own and therefore becoming their own employers;

(2) Persons who are not employed, but who are engaged in some regular occupation, depending for their livelihood upon that occupation, and having an income from all sources not exceeding £160 per annum.

Special Classes of Insured Persons.

Special provisions have been made with regard to—

Married women (section 44), aliens (section 45), Navy and Army (section 46), mercantile marine (section 48).

An optional scheme of reduced benefits has been introduced by section 47 for classes of employment where it is customary or legally compulsory for an employer to give his employees full remuneration whether in the form of wages or in the form of wages and board and lodgings or lodgings and perquisites during periods, limited or unlimited, of sickness. Under that scheme if the employer accepts a certain legal liability he will pay a smaller weekly contribution both on his own behalf and on behalf of his workmen, and the workmen will not receive sickness benefit during the first six weeks of illness.

Special provisions have also been made with regard to persons over sixty-five years of age at the commencement of the Act

(section 49), as to persons who are inmates of charitable homes and in receipt of the benefits of the charity (section 51), as to persons who, being already insured under this Act, become exempted because they come under a superannuation scheme (section 52), and with regard to persons in the service of the Crown other than the Navy and Army (section 53).

By section 50 a special arrangement may be made in cases of seasonal trades, namely trades which are busy at one part of the year and slack at another, for increasing the contributions at the busy period and reducing them at the slack period if the persons employed are kept on during the whole year. For details as to all these special provisions reference must be made to the sections mentioned.

CHAPTER III.

WHO ARE THE EMPLOYERS?

EVERY person who employs one of the insured persons referred to in Chapter II., or who employs any person in the United Kingdom or in a British ship who, but for an exemption granted under the Act, would have been an insured person, is liable to pay the employer's share of the contribution. In the case of employers of persons holding an exemption certificate only the employer's share is paid (section 4 (4)). In the case of an insured person the employer is liable to pay the whole contribution, and, as has been stated, has the right of recovering the insured person's share either by deduction from wages or otherwise.

Employers are liable to penalties if they fail to pay the contributions, and are liable to civil proceedings for the recovery thereof (sections 69 and 70).

The question who is the employer liable to pay contributions in cases where the true employer is not the person who actually engages and pays the employee is considered in connection with Schedules I. and III. A provision is introduced by paragraph (6) of the latter schedule very like the provision in the Workmen's Compensation Act, 1906, which makes the "undertaker" liable for compensation, although that expression is not used.

CHAPTER IV.

BENEFITS.

THE scale of benefits laid down in section 8 and Schedule IV. is as follows:—

1. **Medical Benefit.**—This includes medical attendance for the insured persons, medicines and such surgical appliances as may be prescribed by regulations to be made by the Insurance Commissioners.

2. **Sanatorium Benefit.**—This is treatment in sanatoria or otherwise of insured persons suffering from tuberculosis, which, however, may be extended by the Local Government Board, with the approval of the Treasury, to other diseases, and may be extended to dependants of insured persons.

3. **Sickness Benefit.**—This is sick pay at the rate of 10s. per week for men and 7s. 6d. per week for women for the first twenty-six weeks of illness.

4. **Disablement Benefit.**—This is sick pay at the rate of 5s. per week for every man or woman, commencing after the end of the first twenty-six weeks of illness and continuing to the age of seventy.

5. **Maternity Benefit.**—This is a grant of 30s. at the birth of a child payable to the father if he is an insured person or to the mother if she is an insured person and her husband is not.

Note.—Where both father and mother are insured persons the father will draw the 30s. maternity benefit and the mother may draw sickness benefit during the period of confinement (section 8 (6)).

This scheme of benefits is the general scheme upon which the actuarial calculations of the Act are based, and which it

is expected that most approved societies will adopt. It is the only scheme of benefits available to deposit contributors; that is, to insured persons who are not members of approved societies.

As has been stated, however, in Chapter I., this scheme of benefits may be altered in so far as applying to sickness and disablement (section 13). The medical benefit may be abolished and a cash equivalent substituted where it is found impossible to carry it out (section 15 (2), *proviso*), and in Scotland medical benefit may be abolished in terms of section 80 (9) where it is found impossible to carry it out, and instead of a cash equivalent being paid to the insured person other benefits, such as sickness and disablement, may be added to, or additional benefits of an equivalent actuarial value, such as superannuation allowances, may be granted.

A special scale of contributions and benefits for married women who are not themselves insured persons while married, but who have been insured before and are members of approved societies, is provided by section 44 and Schedule IV., Part I., Table D.

In Ireland medical benefit is not given, and contributions are reduced in proportion (see Schedule II., Part II.).

For the Navy and Army special superannuation allowances are provided, and a special fund, to be called the Navy and Army Insurance Fund, is created by section 46.

For the Mercantile Marine a special scheme of superannuation allowances is provided by section 48.

A special scheme of benefits is to be arranged by the Insurance Commissioners for persons over the age of sixty-five at the commencement of the Act (section 49).

Additional Benefits.—A list of benefits has been made out (Schedule IV., Part II.), out of which an approved society may choose in order to make up a scheme for distribution of any surplus it is found to possess under section 37.

CHAPTER V.

THE MACHINERY OF THE ACT.

For the purpose of the machinery of administration the insured persons must be divided into two classes—firstly, those who are not members of approved societies, and secondly, those who are. The first class are described as deposit contributors, and the provision for them will be found in section 42. All benefits to which they are entitled are administered by the Insurance Committees.

The weekly contributions paid by or in respect of the deposit contributors are paid into an account in the Post Office, and each contributor depends for benefits upon the balance standing to his name in his own account, subject to this qualification, that owing to the grant of two-ninths of benefit and costs of administration thereof by the State he will always be able to draw upon his account for his share of the cost of administration and for benefits to the extent of 9s. for every 7s. standing to his credit.

Members of Approved Societies.

It is expected that the great majority of insured persons will become members of societies which are called "approved societies." These societies must have a constitution and rules which comply with regulations to be laid down by the Insurance Commissioners, and their members will have an enforceable right to draw benefits according to the scale of the Act or any other scale substituted therefor in accordance with the provisions of the Act (see *supra*, p. 11). The societies will have the duty of administering sickness, disablement, and maternity benefits for their members. The Insurance Committees will have the duty of administering medical and

sanatorium benefit, and where any other benefits are substituted for those provided under the Act, or where any additional benefits are granted, if the substituted or additional benefits are of the nature of medical or sanatorium benefits they will be administered by the Insurance Committees, but if they are of the nature of sickness or disablement benefits they will be administered by the approved societies. In practical working this means that cash benefits will be administered by the societies and benefits in kind or by services will be administered by the Insurance Committees.

Geographical Areas.

In the first place the Act divides the United Kingdom into four parts—England, Scotland, Ireland, and Wales—and sets up a body of Insurance Commissioners in each country. Subject to a certain overriding power vested in the Joint Committee of the Insurance Commissioners defined in section 83, and to Treasury Regulations (see *infra*), made in virtue of that section, each of these bodies of Commissioners will have all the powers and duties laid by the Act upon "Insurance Commissioners." The powers of the Insurance Commissioners may be summarised as follows:—

Executive Functions.

* 1. To remove difficulties (section 78).

* 2. To appoint inspectors, referees, and servants (section 57 (3)).

* 3. To give authority to inspectors to exercise powers under Friendly Societies Act, 1896 (section 57 (5)).

* 4. To appoint an advisory committee (section 58).

5. To appoint proportion of members to Insurance Committees (section 59 (2) (*e*)).

6. To alter proportional representation on Insurance Committees (section 59 (3)).

7. To require Insurance Committees to combine (section 59 (5)).

* To be exercised by the Joint Committee alone or in consultation with the Insurance Commissioners.

8. To approve of scheme for establishment of District Insurance Committees (section 59 (4)).

9. To revise rules made by Insurance Committee for administration of cash benefits (section 14 (3)).

10. To review arrangements made by Insurance Committee for administration of medical benefit (section 15).

11. To strike any medical practitioner off the roll of those entitled to attend insured persons [section 15 (2) (*b*)].

12. To suspend the medical benefit in respect of any insured persons within any particular area, and to authorise the Insurance Committee to pay a cash equivalent in place of medical benefit (section 15 (2), *proviso*).

13. To review and approve or otherwise of scale of prices of drugs, medicines, etc., drawn up by Insurance Committees (section 15 (5)).

14. To exclude any person, firm, or body corporate from a list of authorised druggists (section 15 (5) (*b*)).

15. To review and approve or otherwise of arrangements of Insurance Committees for sanatorium benefit (section 16 (1)).

16. To prescribe against which benefit cost of nursing is to be charged (section 21).

17. To consider, and if so advised sanction a scheme for reduced sickness or disablement benefit and substitution of some other additional benefit proposed by an approved society or Insurance Committee in case of members to whom the ordinary rates would give more than two-thirds the usual rate of wages (section 9 (2)).

18. To approve or otherwise of scheme of alternative benefits proposed by approved societies (section 13).

19. **In Scotland** to approve county council scheme for society of deposit contributors (section 80 (10)); the same in Ireland (section 81 (7)).

* 20. To approve of societies administering employers' provident fund and schemes proposed thereby (section 25 (2)).

† 21. To approve of local medical committees and to make regulations for consultations between them and the Insurance Committees (section 62).

22. To institute proceedings under section 63 dealing with excessive sickness.

23. To supervise arrangements of Insurance Committees regarding sanatoria (section 64 (4)).

* Joint Committee if members in more than one of the four countries.
† Jointly with Joint Committee.

24. To consult with Local Government Board as to distribution of initial grant for sanatoria (section 64 (1)).

* 25. To prescribe forms of books and accounts for Insurance Committees (section 60 (1) (*c*)).

26. To approve or otherwise of rules of an approved society with regard to the manner and time of paying out or distributing cash benefits (section 14 (2)).

27. To review decision of approved society with regard to refusal by an insured person to undergo a surgical operation (section 14 (2) (*e*)).

28. To pass new rules by approved societies, and have them registered in terms of any Act governing the society (section 14 (5)).

† 29. To grant approval, unconditionally or otherwise, to societies (section 23 (1)).

† 30. To approve of rules for the government of approved societies (section 27 (1)).

† 31. To consent or otherwise to secessions of branches of approved societies (section 28 (1)) and to dissolutions (section 28 (2)) and expulsions (sections 28 (3)).

† 32. To withdraw approval from any approved society (section 29).

* 33. To approve of transfers to foreign societies (section 32 (1)), and of transfers from foreign societies (section 32 (2)).

‡ 34. To sanction schemes for grouping of small societies (section 39 (2)).

35. To take over management of societies having a deficit which fail to carry out a scheme for wiping out the same (section 38 (1) (*e*)). Failing restoration of such societies, to arrange for transfer of their members (section 38 (1) (*f*)).

* 36. To fix a time within which insured persons must join an approved society to avoid being deposit contributors (section 42).

37. To record medical certificates barring levying of distress or proceeding for ejectment (section 68 (1)), and to authorise renewal of such certificates (section 68 (2)).

Appellate Jurisdiction.

38. To settle disputes between the Insurance Committees and approved societies as to the charges payable by the latter for medical benefit (section 15 (6)).

* Joint Committee alone.

† Joint Committee alone where society has members in more than one of the four countries.

‡ Jointly with Joint Committee.

39. To decide appeals from Insurance Committees under section 47 (8).

40. To decide all disputes arising as to meaning of the Act, subject to appeal by stated case in certain cases (section 66 (1)).

41. To act as an appeal court in disputes between individuals and approved societies or Insurance Committees (section 67).

42. To appoint referees to decide appeals or disputes (section 67 (3)).

Finance.

43. To control and manage the National Health Insurance Fund (section 54 (1)) and to fix rate of interest * payable to the Post Office and Navy and Army funds (section 54 (4)).

† 44. To provide for the disposal of the employers' contributions paid in respect of persons exempted (section 4).

45. To retain special parliamentary grant of one penny per annum per insured person for sanatorium benefit for the purposes of research (section 16 (2)).

46. To consider schemes prepared by existing approved societies for dealing with their existing funds (section 72).

47. To apply money recovered by them under section 63 to their own expenses, and distribute balance amongst approved societies and Insurance Committees affected (section 63 (8)).

* 48. To make regulations with regard to crediting and debiting sums, received and paid in respect of approved societies, in the National Health Insurance Fund (section 56 (1)).

49. To apportion periodically sums retained for reserve values amongst approved societies and the Navy and Army Insurance Fund (section 55 (4)).

50. To ascertain what sums are available for investment from the National Health Insurance Fund, and invest the same (section 54 (3)).

* 51. To pay over four-sevenths of any balance held to be available for investment to the society on whose account it is credited (section 56 (1)).

52. To retain for investment sums payable to approved societies, at their request (section 54 (3)).

53. To secure solvency of married women's suspense account at the expense of reserve values account (section 44 (9)).

* 54. To fix transfer values under married women's section (section 44 (10)).

* Joint Committee alone.

† Jointly with Joint Committee.

* 55. To deal with transfer value of member leaving approved society, and not becoming deposit contributor (section 43 (1) (*b*)).

† 56. To revise the sum fixed by Insurance Committees as payable by deposit contributors for medical benefit (section 42 (*d*)).

‡ 57. To approve of security against malversation provided by approved societies (section 26 (1)), and to vary the amount thereof or security deposited (section 26 (3)).

58. To determine questions between different Insurance Committees as to finance of grouped societies (section 39 (6)).

† 59. To approve or reject schemes for distributing surplus (section 37) or wiping out deficit (section 38) of approved societies.

60. To approve of travelling expenses being paid to Insurance Committees (section 61 (2)).

Certificates.

61. To grant certificates of exemption to persons entitled thereto under section 2 (1).

62. To grant certificates of exemption to married women who have adopted the optional scheme under Schedule IV., Part III. (section 44 (8)).

63. To grant certificates of exemption to managers of charitable institutions in respect of their inmates (section 51 (1)). [See Treasury Regulations, 15 (*h*), *infra*.]

64. To grant a certificate to the managers of existing employers' provident funds for the payment of pensions or superannuation allowances as additional benefits after liabilities for reserve values have been written off (section 73 (2)).

Tables.

* 65. To prepare tables of rates of contribution for voluntary contributors over forty-five years of age at the commencement of the Act (section 5).

* 66. To prepare tables of contributions for voluntary contributors commencing insurance more than six months after the commencement of the Act (section 5).

* 67. To prepare tables showing rate of benefits payable to voluntary contributors who become employed persons and who desire to pay the employed rate (section 6 (2)).

* Joint Committee alone.

† Jointly with Joint Committee.

‡ Joint Committee alone where the Society has members in more than one country.

*68. To prepare tables showing rates of benefit payable to persons commencing insurance over the age of seventeen and more than one year after the commencement of the Act (section 9 (4)).

*69. To prepare tables showing how the average amount of arrears is to be ascertained under section 10 (7).

*70. To prepare tables of transfer values (section 31 (1)).

*71. To prepare tables of reserve values (sections 55(1) and 44(1)).

72. To apply tables of valuation to questions of excessive sickness (section 63 (4)).

Special Orders.

*73. To make special orders for including amongst insured persons the classes detailed in Schedule I., Part II., or excluding persons under sections (*c*), (*i*) and (*k*).

*74. To make special order providing for re-insurance by approved society of their liabilities for maternity benefit (section 20).

† 75. To make special orders specifying classes of employment which come under alternative scheme of reduced contributions and benefits (section 47 (1)).

† 76. To make special orders extending alternative scheme to special applicants and classes of employment requesting the same (section 47 (7)).

† 77. To make special orders respecting persons engaged in seasonal trades (section 50)).

*78. To make special orders for treatment of territorials and Navy and Army reserves not previously employed persons (section 46 (8)).

Regulations.

79. General power to make regulations (section 65).

80. To make regulations as to constitution and rules of societies desiring to be approved (section 27 (2)).

*81. To collaborate with Board of Trade as to regulations of Seamen's National Insurance Society (section 48 (5) and (7)).

82. To make regulations as to the appointment, quorum, term of office, rotations of members and proceedings generally of Insurance Committees (section 59 (4)).

‡ 83. To make regulations as to the constitution and rules of approved societies and branches thereof (section 23 (1)).

* Joint Committee alone.

† Jointly with Joint Committee.

‡ Jointly with Joint Committee where members of society in two or more of the four countries.

84. To make regulations as to procedure in appeals or decision of disputes (section 67 (4)).

* 85. To make regulations as to the times and methods for valuations of approved societies (section 36).

* 86. To make regulations for the keeping of accounts of approved societies and for limiting the amount to be spent on administration (section 35).

* 87. To make regulations dealing with transfer values of emigrants (section 33).

88. To make regulations for payment of two-thirds of transfer value (or balance in case of deposit contributor) of married women at time of marriage to them during coverture (section 44 (2) (4)).

* 89. To make regulations for conditions under which married women taking employment shall get benefits (section 44 (1)).

90. To make regulations for employers wishing to take advantage of section 47 (see that section, paragraph 2).

91. To make regulations as to the admission of discharged soldiers and sailors to Navy and Army Insurance Fund (section 46 (3) (*h*)).

† 92. To make regulations for the payment and collection of contributions through the Post Office (section 7).

93. To make regulations for claims for exemption being made to and certificates granted by approved societies and Insurance Committees (section 2 (2)).

† 94. To make regulations with regard to all arrangements between the Insurance Committees and medical practitioners for medical benefit (section 15 (1)).

† 95. Regulations to be made authorising the Insurance Committees to make arrangements for the provision of drugs and medicines (section 15 (5)), and for striking any chemist off the list.

96. To make regulations authorising the Insurance Committees to exclude persons above a certain income limit from medical benefit and substitute cash equivalent (section 15 (3)).

97. To make regulations under which the Insurance Committee may preserve existing institutions providing medical benefit and contribute towards expenses of these institutions as a substitute for medical benefit in the case of insured persons belonging to such institutions (section 15 (4)).

98. To make regulations allowing medical practitioners to supply drugs in certain cases (section 15 (5) (iii)).

* Joint Committee alone.

† Jointly with Joint Committee.

99. To make regulations for fees to medical practitioners summoned to assist midwives (section 18 (1)).

100. To make regulations as to what surgical appliances may be provided under the head "medical benefit" (section 8 (1) (*a*)).

101. To make regulations for inquiries into excessive sickness (section 63 (5)).

102. To make regulations for applying money recovered by Insurance Committees under section 63 to the benefit of deposit contributors (section 63 (7)).

103. Constitution of joint committee of (section 83 (1)).

104. Powers of joint committee of (section 83 (2) (3)).

For list of powers taken over in whole or in part by the Joint Committee see *infra*.

It will be seen from the list above that many of the powers of the Insurance Commissioners are simply power to revise or approve of what is done by the Insurance Committees.

The powers and duties of the Insurance Committees may be summarised as follows:—

1. Constitution of (section 59), and in Scotland (section 80 (6)).

2. To make reports and statistical returns asked for by Insurance Commissioners (section 60 (1) (*a*)).

3. To provide lectures and publish information on matters relating to public health (section 60 (1) (*b*)).

4. To keep books and accounts as required by the Insurance Commissioners (section 60 (1) (*c*)).

5. To combine with other Insurance Committees (section 59 (5)).

6. To take proceedings under the Workmen's Compensation Act, Employers' Liability Act, or at common law, and liability for costs if unsuccessful (section 11 (2)).

7. To institute proceedings under section 63 in cases of excessive sickness (section 63 (1)).

8. To advance insurance benefits to insured persons having claims under the Workmen's Compensation Act, Employers' Liability Act, or at common law not yet settled (section 11 (3)).

9. To allot cash benefits payable to deposit contributors who are being treated in hospitals to the maintenance of their dependants, or to the general purposes of the Insurance Committee if they have no dependants, or as a subscription to hospitals or other charitable

institutions, or to the provision of surgical appliances for the insured persons, or otherwise for their benefit (section 12 (2)).

10. To make rules with regard to the conduct of deposit contributors in receipt of benefits (section 14).

11. To administer maternity benefit for deposit contributors (section 18 (1)).

12. To administer maternity benefit for members of Navy and Army fund (section 46 (3) (*f*)).

13. To fix cost of medical benefit to deposit contributors (section 42 (*d*)).

14. To extend medical and sanatorium benefit to deposit contributors beyond the year for which they have paid (section 42 (*b*)).

15. To fix benefits payable to deposit contributors over sixty-five at the commencement of the Act (section 49 (4)).

16. To grant four-sevenths of balance in hand to deposit contributors who emigrate (section 42 (*g*)).

17. To administer medical and sanatorium benefit (sections 14, 15, 16).

18. To make arrangements with doctors for administering medical benefit (section 15).

19. Subject to the approval of the Insurance Commissioners, to suspend the right to medical benefit for any insured person in any area and substitute cash equivalent (section 15 (2), *proviso*).

20. Subject to the approval of the Insurance Commissioners, to substitute cash equivalent for medical benefit in cases of persons having above a certain income limit (section 15 (3)).

21. Subject to the approval of the Insurance Commissioners, to make arrangements with existing institutions supplying medical benefits (section 15 (4)).

22. To arrange for the provision of drugs and medicines and the prescribed appliances as part of medical benefit, subject to the regulations of the Insurance Commissioners (section 15 (5)).

23. To prepare and publish lists of persons and firms authorised to supply drugs, medicines, etc., to insured persons (section 15 (5)).

24. To draw up scale of prices of drugs, medicines, etc., to be provided for insured persons (section 15 (5)).

25. To make arrangements with approved societies for the cost of medical benefit provided for their members and to draw the amount so arrived at from money credited to the approved societies with the Insurance Commissioners (section 15 (6)).

26. To make arrangements for sanatorium benefit, subject to review by the Insurance Commissioners (section 16).

27. To make agreements with local authorities or others for provision of sanatorium treatment (section 64 (4)).

28. To recommend cases for sanatorium benefit (section 16 (3)).

29. To extend sanatorium benefit to dependants (section 17 (1)).

30. To transmit through the Insurance Commissioners an estimate of deficit on medical and sanatorium benefit to the Treasury and to the local authorities (sections 15 (7) and 17 (2)).

31. To appoint nurses to visit insured persons (section 21).

32. To grant subscriptions or donations to hospitals or other charitable institutions (section 21).

33. To act as central finance authority for grouped societies (section 39 (4)).

34. To decide whether an employer is entitled to take advantage of provisions of section 47, subject to appeal to Insurance Commissioners (section 47 (8)).

35. To receive notice of withdrawal from alternative scheme by employers under section 47 (10).

36. **In Scotland** to consult with county councils before fixing schemes for district committees (section 80 (8)).

37. **In Scotland** power to modify or suspend benefits for which they are responsible (section 80 (9)).

38. In Ireland modification as to members and constitution (section 81 (8)).

The Insurance Committees are not to be a paid body of officials. There is no provision in the Act for providing salaries for them, but provision may be made for payment of their travelling expenses up to a limited amount if necessary (section 61 (2)). They are to take the place, so far as deposit contributors are concerned, of the managing committees, or whatever other form of management the constitution of the approved societies provides. They have to stand between the societies and the medical profession, although they have power, subject to certain restrictions under section 15 (4), to make arrangements for preserving existing or future sick clubs or societies providing medical benefit on the sick club principle. They are responsible for the administration of sanatorium benefit, but they are not responsible for the management or erection of the sanatoria. That duty is laid upon the local authorities with the help of the State grant and subject to

regulation by the Local Government Board. When the sanatoria have been created, and immediately the Act comes into operation in so far as sanatoria exist, the Insurance Committees have to make arrangements for sending insured persons properly certified to sanatoria for treatment.

The income of the Insurance Committees is provided by a levy upon the funds at the credit of approved societies or deposit contributors in respect of medical benefit, sanatoria benefit, and the expenses of administering those benefits of an amount per head which is to be arrived at by agreement with approved societies subject to appeal to the Commissioners in respect of their members and by the Insurance Committees themselves in respect of deposit contributors. This money will be paid to the Insurance Committees direct from the Insurance Commissioners, and debited to the proper accounts.

Owing to the principle upon which the State grant is made, namely, of two-ninths of the cost of benefits, the Committee will levy only seven-ninths of the required expenditure in this way, and will claim upon the Treasury through the Insurance Commissioners two-sevenths of the amount of such levy. In the case of deposit contributors they will only be able to recover in respect of each deposit contributor what is lying for the time being at his credit at the Post Office, plus two-sevenths of the same. That is to say, where the deposit contributor has not a sufficient balance at the commencement of the year, when the deduction falls to be made, the Insurance Committee will not be able to collect the whole amount from him and will be able to claim a proportionally smaller amount from the Treasury. There is also a small special fund of 1d. per head per annum (which may be increased to 2d. to defray the travelling expenses of the committee) payable in respect of each member of an approved society within their geographical area under section 61 (2) to the Insurance Committees for the purposes of their general expenditure. The Insurance Committee may also receive voluntary grants from local authorities.

CHAPTER VI.

FINANCE.

SUFFICIENT has already been said in the preceding chapters to show the general scheme whereby the contributions from employers and insured persons are to be collected and how the benefits, the cost of which these contributions are expected to defray to the extent of seven-ninths, are to be administered, but there are one or two important details of finance which should be specially referred to.

RESERVE VALUES.

For the purpose of this scheme all existing members of friendly societies under the age of sixty-five who become insured persons under the Act are to be admitted at a flat rate of contribution, and all those under fifty are to get a flat rate of benefit. The same applies to voluntary contributors who come into the scheme either as deposit contributors or because they join approved societies during the first six months, and who are under forty-five years of age, and to all employed persons of similar ages who come into the scheme compulsorily during the first twelve months after the passing of the Act. It also applies to persons entering into insurance as employed contributors at any time, whatever their age, if they have spent the period between the age of sixteen and the time of becoming insured in completing their education. In calculating the rate of contribution and benefit in respect of these persons they are all to be treated as though they had commenced insurance at the age of sixteen and had paid their contributions regularly up to the date of their becoming insured.

No cash benefits, however, are to be paid under the Act for six months after its commencement, and disablement benefit is not to be payable for two years after its commencement. The result of this provision is to give an initial reserve fund to the scheme for the payment of benefits. If all the insured persons belonged to one great insurance society, then, assuming that the initial waiting period gave a sufficient balance in hand for carrying out the practical business of insurance, it might have been possible without any of the provisions for reserve values, which will be immediately stated, to have started on the basis of a flat rate of contribution and a flat rate of benefit. Such a society would have represented in itself the average life of the community, that is to say, there would have been a sufficient number of persons of younger years, who in any insurance scheme put in more than they get out, to have compensated for the older members, who pay in less than they get out.

The scheme, however, is to be worked by a number of different societies, many of which will not contain amongst their members the proper proportion of persons of different ages. Any society, if it had a large proportion of young men and received the full amount of the contributions for distribution as benefits, would be able to pay more benefits than the actuarial average for the whole community, whereas a society containing a comparatively large number of older members would find it impossible to pay these benefits.

In order to obviate that difficulty and preserve the existing arrangement of societies, and to carry out the provision of the Act that an approved society must not refuse new members solely on the ground of age, and also to provide a larger reserve fund than will be created by the waiting period, the scheme of reserve values has been invented. Every member of an approved society, whether a member at the commencement of the Act or coming in at the flat rate, will be assumed to have in the society a credit equivalent to a sum which would under normal circumstances have stood to the credit of the society in

respect of him at his age if he had paid regularly from the age of sixteen and had drawn the normal amount of benefits; this sum is called his "reserve value." This sum will probably be at a maximum at the age of thirty-five, and thereafter gradually decrease until in the hypothetical case of the average man it would disappear altogether at the age of seventy, except in so far as is necessary to provide maternity, medical, and sanatorium benefit, for the whole scheme is based upon the principle that the cash benefits other than maternity are payable only up to the age of seventy.

The result of this will be that different societies will be assumed to have varying sums at their credit in respect of these reserve values. The Insurance Commissioners undertake to pay those sums which are credited in respect of reserve values to the societies with interest at 3 per cent. as if they were an actual debt due by the Commissioners to the societies. The method by which the Commissioners are enabled to fulfil that obligation is by the deduction from the weekly contribution of every member of an approved society of the sum of $1\frac{5}{9}$d., and using the fund created by this deduction for paying the debt in the manner to be immediately described until the whole debt has been liquidated.

The Commissioners do not receive any advance from the State for this purpose; that is to say, there is no actual cash fund created by the State, nor do they accumulate a fund in their own hands. The practical way in which it is carried out is as follows:—

7d. (6d. in the case of women) is credited for each weekly contribution made by or in respect of a member of an approved society to the National Insurance Fund. Of this sum $5\frac{4}{9}$d. ($4\frac{1}{2}$d. in the case of women) is credited in that fund directly to the society to which the contributor in respect of whom it was paid belongs; $1\frac{5}{9}$d. ($1\frac{1}{2}$d. in the case of women) is credited to the reserve values fund, and that fund is itself distributed periodically amongst the societies. Assuming that periodically

will in practice mean annually, then what will happen is that at the end of each year the whole of the money collected by means of this deduction will be distributed amongst the societies, so that the whole 7d. or 6d. contributed by and for the insured persons goes each year to the approved societies, but the amount deducted from the contribution of the individual does not of necessity go back to his own society. If he belongs to a society having a large number of old members then his society will get more than those members have paid in; if, on the other hand, he belongs to a society with a large number of young members his society will get less than they have paid in.

The benefits under the Act are calculated at rates which it is expected that a normal society would be able to give for a weekly contribution of 7d. per head, assuming that it possessed a normal average of members at each period of life. It will be observed that each society, irrespective of what is granted from the reserve values fund, will have $5\frac{4}{9}$d. per member to spend, and if it spends $5\frac{4}{9}$d. will receive from the State two-sevenths of $5\frac{4}{9}$d., that is $1\frac{4}{9}$d., and will therefore have available for benefits the sum of 7d., and would require to spend 7d. if it was a society with members of normal average of age to provide the benefits detailed in the Act for each member; in addition it will receive its share of the reserve values fund. In any society the provision of the benefits under the Act for 7d. per week would leave the society with a surplus in respect of its younger members and a deficit in respect of its older members. The provision of reserve values and the money received by the societies out of the reserve values fund which is created every year is expected to balance for that society the deficits which would have accrued in respect of paying those benefits to the older members, but the society itself will be accumulating a reserve fund in respect of the contributions which it receives from the younger members, so that the result is expected to be that at the end of the period when reserve values created during the first year have been all paid off the societies will

actually be in possession of a reserve fund created by the subscriptions of their own younger members, practically by those who commenced insurance for the first time after the commencement of the Act, equivalent to the original credit for reserve values; so that if all the calculations turn out to be correct what is sometimes called the imaginary loan of £66,000,000 will have actually materialised and will be in the hands of the various societies in the form of reserve funds in cash.

When that period arrives the $5\frac{4}{9}$d. deduction will cease, and each society will have available for benefits out of its own funds a sum of 7d. per week per man. It will therefore have available 7d. per week to pay seven-ninths of the benefits which it can offer, and it should be able to offer benefits of the actuarial value of 9d. per week, including cost of administration, in respect of the fact that the State pays two-ninths of the total, namely, two-sevenths of what the society can supply.

The only factor omitted in these calculations is the provision with regard to reserve values which will require to be credited in respect of (1) persons who become deposit contributors during the first year after the commencement of the Act, and transfer to approved societies after that year has elapsed; and (2) persons who become insured persons and join approved societies over the age of seventeen, but who are entitled to be treated as being sixteen years of age in respect that the intervening period has been spent in education.

Investments.

An important detail of the financial arrangements is that in respect of the investments of the funds standing to the credit of approved societies in the insurance fund and not immediately required for fulfilling their obligations in the way of benefits. If what has been said above is correct then this question will be one of increasing importance, because the sum

of £66,000,000 will be gradually being built up in the form of reserve funds in the hands of the different societies, and at the conclusion of the period during which reserve values are paid off there ought to be a sum of about £66,000,000 altogether available for investment by or on behalf of the societies. The arrangements with regard to investments are contained in sections 54 and 56, and may be described as follows:—

The Insurance Commissioners are to decide from time to time what sums standing to the credit of approved societies in their books are available for investment. This they will no doubt do by considering the immediate and immediately prospective obligations of those societies, and it is to be observed that included in the sums which will stand to the credit of those societies will be their share allotted to them from time to time of the reserve values fund. When the Commissioners do make up their minds that a certain sum as made up in that way is available for investment they are to invest three-sevenths of it in their own names under the heading of "Investment Account," and the money so invested will remain to the credit of the society to whom it belongs, and any interest or dividends earned will also be credited to that society. Four-sevenths they are to pay over to the societies for investment by them unless the societies express a desire that it should be either invested by the Insurance Commissioners in the name of the society or held by the Insurance Commissioners to the credit of the society in the investment account, but in either event the society will get the benefit of any interest or dividends accruing. The society will also suffer the loss in both instances accruing through any depreciation in the securities selected for investment or profit accruing through any increment of value.

The Insurance Commissioners also have a general power by section 54 (3) to hand over temporary balances held in their hands to the National Debt Commissioners. These are balances which the Insurance Commissioners do not think are sufficiently permanent to justify handing them over to the societies for

investment or putting them into the investment account, but which may not be required for some time.

Expenses of Administration.

Throughout the foregoing paragraphs the expression "benefits" includes the cost of administering those benefits, whether incurred by the approved societies or by the Insurance Committees, and throughout must be held as including those expenses

The expenses incurred by the Insurance Commissioners are a charge upon the State, that is to say, upon the general taxpayer, and these expenses include not only the salaries, expenses, and offices of the Commissioners themselves, but also of all officials appointed under the Act by the Insurance Commissioners. Any expenses incurred through officials appointed by the Insurance Committees must be debited to the cost of administering the benefits for which the services of those officials are required.

The Financial Basis of the Scheme.

The whole financial scheme of the Act is directed to make the benefits fit the finances, not the finances to fit the benefits; that is to say, there is no provision for guaranteeing any of the benefits under the Act, with the possible exception of the benefits payable out of the Navy and Army fund. The benefits must be adjusted to suit the money which is available, and therefore the "State" grant is ultimately limited on an average to two-sevenths of the total collected in contributions. The only exception to this general provision is that by section 38 the Insurance Committee may order a society to impose a special levy in order to liquidate a deficit which is shown in its finance.

Deficits may be cleared off either by a reduction of benefits

or by a compulsory levy. If the deficit is cleared off by a reduction of benefits then the society must in order to clear off the deficit spend less than the full weekly contribution available on benefits, and therefore the State contribution will be proportionately reduced. This will compensate the State for the extra charge which has been put upon it during the previous period when, *ex hypothesi*, more benefits were paid than there was money available for. If, on the other hand, the society clears off its deficit by an extra levy then it may continue to spend more than 7d. per week per head on benefits, and in that case there will under the provisions of the Act be an extra charge upon the State of two-sevenths of that excess. The result is that it is in the power of the Commissioners, by insisting upon or sanctioning that method of clearing off deficits, to increase the State grant in respect of that society to more than two-sevenths of the normal expenditure required for the scale of benefits laid down in the Act.

Existing Funds of Friendly Societies.

Under section 72 it is laid down that every registered friendly society shall after the passing of the Act draw up a scheme for dealing with those of its members who become insured persons under the Act and for dealing with its existing reserve funds. That section makes it peremptory on the society to draw up such a scheme as will devote the whole of its existing reserve funds to the benefit of its existing members. In drawing up such a scheme the society must provide for the carrying out of all its existing legal obligations to such members. The reason why the societies will be in a position to spend their existing reserve funds in this way is that by the system of crediting them with reserve values they are expected to have for practical purposes a reserve fund sufficient to enable them to give the benefits of the Act to all their existing members

who become insured persons in respect of the contributions collected under the provisions of the Act. It is important to observe that the societies have no power to use their existing reserve funds to give larger benefits to new members in respect only of the contributions contributed under the Act than they would be able to do without such reserve funds. This provision will be enforced by the power of the Insurance Commissioners under section 72 to refuse their approval to any scheme propounded by any such society which would spend its money in that way, and if the Insurance Commissioners' approval is not given to the scheme then the society will not become an approved society.

It is to be observed that "existing members" means persons who are members at the passing of the Act, namely, on 16th December 1911 (section 72 (4)).

CHAPTER VII.

UNEMPLOYMENT INSURANCE.

PART II. of the Act (sections 84 to 107 inclusive) contains the provisions for unemployment insurance. Like the insurance in Part I. it is compulsory in its character, but there is no provision for voluntary contributors; that is to say, a man working at any of the insured trades on his own account and being his own employer cannot insure himself against unemployment, but by section 91 (1) (*a*) there is an opportunity for persons who might be excluded because they were partly engaged in an insured trade and partly in a trade not on the insured list to come under the provisions of the Act if both they and their employers consent. The scheme of unemployment insurance is to be managed and worked by the Board of Trade; the Insurance Commissioners have nothing whatever to do with it. With the exception of the provisions in section 100, whereby workmen who are found to be frequently unemployed owing to their incapacity may be sent to some place for training at the expense of the unemployment fund, the only benefit payable under this scheme is out-of-work pay. There is a provision in section 106 for a subsidy from the general taxpayer to trades unions giving unemployment benefit quite apart from the insurance scheme and not affecting the unemployment fund.

CONTRIBUTIONS.

The unemployment fund is to be supplied to the extent of three-tenths by the employers, three-tenths by the workmen, and two-tenths by "the State." The employer pays 2½d. per

week and deducts 2½d. per week from the wages of the workman. A Parliamentary grant of one-third of these two put together is paid into the unemployment fund. It only applies to those engaged in manual labour, and therefore, it is submitted, would not apply to clerks, foremen, managers and such like. There is no income limit, either minimum or maximum.

No provision requires to be made under this part of the Act for arrears except the provision for compelling employers to fulfil their obligations (section 101), because the benefits granted are strictly in proportion to the contributions paid.

Unemployment Benefits.

The unemployment benefit is to be not less than 6s. and not more than 8s. per week (Schedule VII.). It is not to be payable for the first week out of work, but provision is made under certain limitations for intermittent unemployment being treated as continuous (section 107 (1)). Unemployment benefit is not to be payable to a man out of work owing to a trade dispute or to a man out of work voluntarily or through his own fault. It can only be paid to a man who is "capable of work and unable to obtain it," and therefore it is not payable to a man suffering from incapacity due to accident or disease, whether he is entitled to sickness benefit under Part I. of the Act or not. The benefit is limited to fifteen weeks' unemployment pay in any one year, and is limited to one week for every five contributions paid in.

The Insured Trades.

The trades to which this part of the Act applies are defined in Schedule VI., but the list may be added to by an order of the Board of Trade (section 103).

Finance.

The State is to make a direct contribution to the unemployment fund of one-third of the total contributions paid by employers and workmen. This is therefore in contrast to the State contribution under Part I., inasmuch as it is paid in respect of contributions and not in respect of benefits, but it is limited to a maximum set forth in the *proviso* to section 103.

The unemployment fund is subject to a charge not exceeding $\frac{3}{5}$d. per contribution of 5d. for expenses, and except in so far as the expenses are covered by this sum the Treasury is responsible for the whole expenses incurred under this part of the Act.

Machinery.

The Board of Trade are to appoint insurance officers who are to be the judges in all questions whether a man is or is not entitled to unemployment benefit under the Act. From these officials there is an appeal to a court of referees who will be representative of employers and workmen. Unlike the Insurance Committee this court of referees is to be paid not only to the extent of personal expenses of members but also remuneration including "compensation for loss of time." Where the insurance officers and the court of referees disagree the matter is to be decided by a single officer called "the umpire," who is to be appointed by the Crown and to have jurisdiction over the whole United Kingdom.

The umpire is also to be the final authority upon all questions of interpretation of this part of the Act (section 101 (6)), and his decision is to be binding upon all Courts of law, and where any proceedings in a Court of law raise a question of interpretation that question must be remitted to him for his decision, whether it arises in civil proceedings under section 101 (4) or in the *quasi*-criminal proceedings which may be taken under section 101 (1) (2).

Trades Unions.—Provision is made by section 105 which will enable the practical working out of this Part of the Act to be taken over by trades unions in respect of any persons to whom it applies who are members of these unions.

Labour Exchanges.—By section 99 advantages are given to any employer who engages workmen through a labour exchange, and who allows the labour exchange to arrange for collecting the unemployment insurance contributions, so that it is evidently expected that the Act will be largely worked through trades unions and labour exchanges, and it is anticipated that the insurance officer, who is a local official, will take up his quarters in the labour exchange or convenient thereto.

Subsidiary Provisions.—We have already mentioned the provision for sending workmen to places of education under section 100. Provision is also made with a view to encouraging the continuous employment of workmen and the decasualisation of labour. Sections 94 and 96 give advantages to employers who employ workmen continuously, and especially those who meet depression in trade by working short time rather than by dismissing hands, and by section 95 a provision is made which may practically amount to an anticipated endowment insurance policy at the age of sixty for a workman who reaches the age of sixty and has been in continuous employment, so that the amount that he has drawn in respect of unemployment benefit with compound interest thereon at the rate of $2\frac{1}{2}$ per cent. is less than the amount which he has himself paid in contributions. The result is that a man in regular employment from his youth up to the age of sixty may have a sum in hand which he will either get for himself or may leave to his representatives at death. The maximum sum available where a man has been continuously employed from the age of twenty to sixty and never drawn any unemployment benefit or had a week's holiday would be £21, 13s. 4d.

NATIONAL INSURANCE ACT, 1911.

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 herein-after 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. Sect. 1 (1).

(2) The persons employed within the meaning of this Part of this Act (in this Act referred to as "employed contributors") shall include all persons 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: Sect. 1 (2).

Provided that the Insurance Commissioners herein-after constituted may, with the approval of the Treasury, by a special order made in manner herein-after 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.

SECT. 1 (1) & (2).

Insured persons are divided into four classes—

(i.) Employed contributors who might be called "compulsory" contributors, defined in Schedule I. (see notes thereon, *infra*).

(ii.) Voluntary contributors, defined immediately hereafter (section 1 (3)).

(iii.) Persons who are included in the compulsory class unless they apply for exemption defined in section 2 (1), and Schedule I., Part II. (*b*), (*c*) and (*g*), *infra*. (If they do not claim exemption they have all the rights and duties of employed contributors.)

(iv.) Persons who may be included in the compulsory class by special order of the Insurance Commissioners, defined in Schedule I., Part II., *infra*.

VOLUNTARY CONTRIBUTORS.

SECT. 1 (3).

(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.

All persons doing odd jobs, such as window-cleaners, jobbing carpenters, gardeners, etc., who are their own masters, are clearly included in this section. If they take on work for any person which that person requires for his trade or business then they come under

the employed or compulsory class (see Schedule I. Part II. (*h*) and notes thereon), and the person so employing them will be required to pay contributions for them and to deduct the employer's share from any wages or other money payment due to them (section 4).

Shopkeepers and tradesmen earning less than £160 a year will be included if their income is derived from their occupation, but not if the income takes the form of interest on capital. Therefore if a man has a business which is converted into a **limited company** any money received as dividend may be held not to be derived from an occupation in which he is engaged, whereas any salary he may receive as **manager or director** would be so derived; but in the latter case he would be "an employed person," and would come under the compulsory class, the employer's share of contributions being chargeable against profits, and his own share would be deducted from his salary.

A person who is an employed contributor not engaged in manual labour at the time of the Act coming into operation, and **whose salary** or income from any other source **rises above £160 before the expiry of five years,** is barred from becoming a voluntary contributor, and ceases to be "an employed contributor" (Schedule I. Part II. (*g*), *infra*), and any contributions paid by him to an approved society or into the Post Office as a deposit contributor will be forfeited to the society or Post Office fund, as no provision exists in the Act to give him any allowance on ceasing to be eligible as an employed contributor without becoming eligible to be a voluntary contributor.

The same applies to any person who in future becomes entitled to an income of more than £160 a year less than five years after entering into insurance.

For contributions payable by voluntary contributors (see section 5, *infra*, p. 44).

Benefits due to voluntary contributors are the same as those due to employed contributors, but the effect of arrears on benefits in their case is to be specially dealt with (section 10 (3), *infra*, p. 67).

A person who has been an employed contributor for five years is entitled to all the rights of an employed contributor thereafter for life whatever his income may be. He or she will of course require to pay both the employer's and employee's contributions, but these will be at the same rate as an ordinary employed contributor (section 5 (1) (*b*), *infra*, p. 45).

SECT. 1 (3). A man who enters into an apprenticeship for five years, and is paid wages throughout that period, will afterwards be entitled to be a voluntary contributor although he may be promoted to be a partner earning a large income immediately after his apprenticeship is over.

PERSONS OVER 65.

SECT. 1 (4). (4) Except as herein-after 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.

For case of persons over sixty-five at the date of the passing of this Act see section 49, *infra*.

OPTIONAL EXEMPTION.

SECT. 2 (1). **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.

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

Exemption (a) refers to income derived from investments or pension independent of other earnings. These exemptions only apply to the person employed, not to the employer's portion.

The employer has still to pay as if the person employed were an insured person (see section 4 (4), *infra*, p. 43). SECT. 2 (1) & (2).

Exemption (b) would cover the case of a young man or woman ordinarily dependent upon their parents who take temporary situations, *e.g.* sons of crofters in the Highlands of Scotland who take employment aboard yachts or passenger steamers in the summer and return to the croft in the winter.

If it were found in fact that the money earned in summer really kept the man during the winter he would be outwith this exemption, and would be liable as an employed contributor. In that case, when at home, he would fall into arrears if a member of an approved society unless he paid the full contribution of 7d. during that period (see section 10, *infra*, p. 65).

If it is held that the employment is not the ordinary or main source of support the exemption would apply. See exemption by special order, Schedule I., Part II. (*i*), *infra*, and note to section 101 (6), *infra*.

Dependent.—Dependency is a question of fact. See consideration of similar expression in the Workmen's Compensation Act by the House of Lords* in *New Monckton Collieries* v. *Keeling*, [1911] A.C. 648.

Irish Migratory Labourers.—See section 81 (3), *infra*.

SOURCES OF INCOME TO MEET PAYMENT OF BENEFITS.

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. SECT. 3.

It is sometimes stated that the finance of the Act is based on a contribution of 4d. a week from the employer (3d. in case of women), 3d. from the insured person, and 2d. from "the State."

This is not, however, quite accurate.

* Followed by Court of Session in *Niddrie and Benhar Coal Co.* v. *Young*, 1912, 1 S. L. T. 274.

SECT. 3. "The State" does not make a weekly contribution at all except to the somewhat limited class of persons between sixty-five and seventy at the date of commencement of the Act (see section 49).

The money available for benefits and cost of administration and for the creation of reserve funds is 7d. a week for men and 6d. for women. Reserve funds have only to be created for approved societies (see section 55 and notes, *infra*). "The State" adds 2d. to every 7d. which the societies or the Post Office fund pay out for benefits and cost of administration.

In the case of a deposit contributor, if he draws out in benefits all that is paid in by or for him then he will get the benefit of the full 2d. a week from "the State" either in cash or in payment of part of the share of medical and sanatorium benefit and of cost of administration chargeable against him (see notes to section 42).

The deposit contributor who does not happen to draw benefits of course gets nothing from the State, and at his death his representatives are entitled to a share of the balance at his credit equal to four-sevenths of the total (see section 42, *infra*).

CONTRIBUTIONS PAYABLE BY AND FOR EMPLOYED CONTRIBUTORS.

SECT. 4 (1). **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 (herein-after 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.

"Employers" (see notes to Schedule I., Part I., *infra*).
For tables of rules see Schedule II., and notes thereon.

* See Powers of Joint Committee, *infra*.

SECT. 4 (1).

For conditions under which **contributions** may in certain cases be **reduced for special classes of persons** in respect of legal liability by employer to continue to give full remuneration during periods of sickness see section 47 and notes thereon.

For contributions payable by and for **soldiers and sailors** see section 46.

Remuneration means more than "wages," and may include housing or any perquisite, or even the mere right to earn tips. See notes to section 47, *infra*.

EMPLOYER IN THE FIRST INSTANCE TO PAY BOTH CONTRIBUTIONS.

SECT. 4 (2).

(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.

SECT. 4 (3).

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

See notes to Schedule III., *infra*.

Benefits after age of seventy (see section 8 (3), *infra*, p. 54).

Penalties and civil proceedings against employers failing to pay (see sections 69 and 70, *infra*). For arrangements between employers and Labour Exchanges see section 99 (1), *infra*.

EMPLOYER'S CONTRIBUTION IN RESPECT OF EXEMPTED PERSONS.

SECT. 4 (4).

(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;

SECT. 4 (4). 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.

Special provision is made by section 49 for **persons between** the ages of **65 and 70 at the** date of the **commencement of the Act.**

Under section 48 (6) an employer is also made liable to pay contributions on behalf of seamen in his employment who are not "insured persons."

For conditions on which a person may hold a certificate of exemption see section 2, *supra*, p. 40, and Schedule I. Part II., *infra*, and Irish migratory labourers, section 8 (3), *infra*.

The scale of contributions payable under this subsection is the scale in Schedule II.

VOLUNTARY CONTRIBUTORS' RATES.

SECT. 5 (1). **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 (herein-after 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

* See Powers of Joint Committee, *infra*.

insurance, be the same as the employed rate, and if he is of the age of forty-five or upwards, be such rate, ascertained according to a table to be prepared by the Insurance Commissioners, as, having regard to his age at that date, will be sufficient to cover seven-ninths, or, in the case of a woman, three-fourths, of the benefits conferred by this Part of this Act; SECT. 5 (1).

(*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. SECT. 5 (2).

See notes on section 1 (3), *supra*, p. 38.

Voluntary contributors will be **in three classes** for the purpose of contributions—

(1) Below forty-five and entering within six months after commencement of the Act will pay the employed rate, viz. 7d. for men and 6d. for women.

(2) Forty-five years of age or more at date of entry and entering within six months of commencement of the Act will pay according to a special table to be prepared.

(3) Voluntary contributors coming into insurance after the first six months will all be charged according to a scale corresponding to their age at entry.

Persons who are employed contributors at date of commencement of the Act, but cease to be employed within five years thereof, will not get the benefit of subsection (*b*), and will therefore be treated as persons coming into insurance for the first time (see section 6, *infra*).

CHANGE FROM VOLUNTARY TO EMPLOYED RATE.

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 SECT. 6 (1).

SECT. 6 (1).

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.

For rule as to **rates payable by voluntary contributors** see section 5, *supra*, p. 44.

Employed contributors coming into insurance over the age of seventeen, except those who join within one year of the commencement of the Act, only get benefits at reduced rates for the ordinary contribution according to a table which is to be prepared by the Commissioners, unless the intervening period has been spent in education (section 9 (4), *infra*, p. 63). That is the rate referred to in subsection (2) of this section. But if he has been paying for some time as a voluntary contributor he will have created for himself a certain reserve value, and he is to be given credit for this in accordance with another table to be prepared by the Commissioners, so that the benefits payable to him will be determined by putting these two tables together.

Subsection (3) deals with **the employer's duty.** He is not expected to inquire whether every man he employs is a voluntary or employed contributor, he therefore treats every one as an

employed contributor unless he produces a certificate of exemption (see section 2, *supra*, p. 40). The employer will, therefore, pay the full rate and deduct from the employee the amount recoverable from him, and if the employee as a voluntary contributor is at the time liable for a larger contribution he must pay the balance himself. The regulations issued by the Commissioners will require to deal with this point, but as his contributions must pass through the insurance fund he will presumably require to purchase insurance stamps to that amount and hand them over to his society. If he fails to do so he will to that extent be in arrear (see section 10, *infra*, p. 65). SECT. 6 (1 to 3).

This section only deals with voluntary contributors who are members of an approved society. The voluntary contributor who is a deposit contributor is not affected because his right to benefits is not based on any actuarial calculations, but is strictly limited to the balance at his own account in the Post Office. His contributions will be the same as those who join approved societies, and are to be according to a table to be prepared by the Commissioners (section 5 (1) (*b*), *supra*, p. 45), but their benefits will be controlled by the provisions of section 42, *infra*, and when they become employed contributors they will automatically cease to pay the voluntary rate, and the employed rate will be taken from them compulsorily through their employers.

The conditions under which they can get into an approved society are dealt with in section 43 (2), *infra*, p. 154. The two matters then requiring consideration are his age and the amount standing at his credit in the Post Office, therefore it does not matter at what rate he was previously paying contributions.

CHANGE FROM EMPLOYED TO VOLUNTARY RATE.

(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 SECT. 6 (4).

SECT. 6 (4). 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.

This subsection deals only with the **man** or woman **who ceases to be employed less than five years after he** or she has **entered into insurance.** If the person has been employed for five years he or she comes under section 5 (1) (*b*) (*supra*, p. 45), and virtually retains thereafter the rights of an employed contributor subject to paying the whole employed rate, both master's and worker's share.

The class of persons who will be affected by this section after the initial six months are persons who after a three or four years' employment set up on their own in business, trade, or profession. Not having been five years employed they can only become voluntary contributors at the voluntary contributor's rates. To illustrate the section: if as an employed person 7d. a week has been paid in respect of any person for four years, and he then starts business on his own account, he must look to the table prepared under authority of section 5 (1) and see what rate he should have paid if he had started at the same age as he was at when he was first employed. If he started his apprenticeship at eighteen, and if the table says that persons commencing at eighteen ought to pay 7½d. a week, then he is to be treated as in arrear to the extent of four years at ½d. a week, or $13\frac{13}{15}$th weeks at 7½d., or practically fourteen weeks in arrear. He therefore starts as a voluntary contributor with that much arrears against him. For effect of arrears see section 10 and notes there on (*infra*, p. 65).

For those who enter into insurance during the first six months and are under forty-five years of age the rate is the same as the employed rate, and therefore there will be no difference of rate to calculate (section 5 (1) (*a*)).

Those **employed contributors** who are of an age **between forty-five and sixty** at the commencement of the Act, and who cease to be employed within five years, will be held to be in arrear to a considerable amount because the employed rate is based on the assumption that every person commenced contributing at sixteen years of age. The rate of contribution at forty-five (section 5 (1) (*a*)), to be the full rate necessary at that age to

pay seven-ninths of the benefits, would of necessity be at least double that at sixteen. SECT. 6 (4).

The same applies to all those who first become employed contributors more than six months after the commencement of the Act. If they cease to be employed before the five years are out they then have to go back to the date of their first becoming employed contributors, calculate what their rate would have been at their then age, and so arrive at the difference now debited against them as arrears if they wish to become voluntary contributors.

Reserve values (see section 55 and notes thereon, *infra*).

REGULATIONS FOR PAYMENT OF CONTRIBUTIONS.*

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

(*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.

See rules for payment and recovery of contributions, Schedule III., *infra*.

Rules as to Stamps.—See section 108, *infra*.

Cards are to be Sold.—It is not the duty of the employer to provide them, therefore the Post Office will either charge the insured person himself, or the cards will be supplied to deposit

* See Powers of Joint Committee, *infra*.

SECT. 7. contributors by the Insurance Committees and to members of approved societies by the societies. The cost will then be set against the cost of administering benefits.

BENEFITS.

SECT. 8 (1). **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 be entitled to. SECT. 8 (1).

Medical Benefit.—For administration of medical benefit see section 15 and notes thereon, and also section 62. A proviso to section 15 (2) allows of medical benefit being suspended altogether in certain districts or for certain individuals where it is impracticable to work it on the basis of the Act (see *infra*, p. 87); also **in Scotland** (section 80 (9), *infra*).

Section 15 (3) allows of cash being substituted for medical attendance and free medicines to persons having over a certain income, they being left to make their own arrangements with doctors and chemists.

Medical benefit does not apply to Ireland (section 81 (9), *infra*).

For rights of deposit contributors to medical benefit see section 42 (*d*), *infra*, p. 149.

For relation of medical benefit to maternity benefit see subsection (18), *infra*, p. 100.

Medical benefit applies to insured persons over seventy years of age (see note to subsection (3), *infra*, p. 54).

Medical benefit applies to cases of accident and industrial disease, although sickness and disablement benefit may be excluded by compensation or damages under the Workmen's Compensation Act, Employers' Liability Act, or at Common Law (section 11, *infra*, p. 75).

Medical benefit does not apply to cases of confinement (see subsection (6), *infra*, p. 57).

Medical benefit does not apply to cases of tuberculosis, as the definition of "sanatorium benefit" includes all methods of treating that class of disease.

Sanatorium Benefit.—Administration of sanatorium benefit (see section 16, *infra*, p. 96), extension to dependants of insured persons (see section 17, *infra*, p. 99). Sanatorium benefit includes all treatment of tuberculous patients, not necessarily in sanatoria. A doctor who has contracted to give medical benefit may therefore refuse to attend a patient after he has certified him as tuberculous except for special remuneration, which must be charged against

SECT. 8 (1).

"sanatorium benefit." The funds available for this benefit are, however, limited to 1s. 4d. per head per annum [section 16 (2), *infra*, p. 98], unless a successful appeal has been made to Local Authorities or the Treasury (section 17 (2), *infra*, p. 100).

For rights of deposit contributors to sanatorium benefit see section 42 (*e*), *infra*, p. 149.

It will be observed that sanatorium benefit may be extended to other diseases besides consumption by order of the Local Government Board with the consent of the Treasury. Any such extension might seriously affect the finance of the Act, but the tax upon the contributions of insured persons towards sanatorium benefit is limited by section 16 (2) to 1s. 3d. per annum per insured person, so that any extra burden undertaken could not be charged against the insurance funds. By section 17 (2) the local authorities may be called in to pay out of the rates for any increase, as also may the Treasury, but apparently the local authorities are not entitled to be consulted before this extension of benefit. Section 17 (2) is, however, permissive, not peremptory, and therefore the local authority may refuse to share any expense so caused by such an extension of sanatorium benefit.

Provision for **erection of sanatoria** is contained in section 64 (see *infra*).

Nurses.—Section 21 deals with the appointment of nurses to visit and nurse insured persons; expenditure on this provision see *infra*, p. 103. Presumably this will be chargeable against medical benefit except in the case of sanatorium treatment, when it will be part of the cost of sanatorium benefit.

Midwives.—Under section 18 midwives may be employed; see that section, *infra*.

Sickness Benefit and Disablement Benefit.—For rates in various cases see Schedule IV., *infra*, p. 100.

For rights of deposit contributors see notes to section 42, *infra*, p. 150.

"From the Fourth Day."—No sickness benefit is payable for a three days' illness or for the first three days of any illness. This period may be extended under the authority of the Insurance Commissioners in order to restore solvency to an approved society which finds that it is unable to pay the scheduled benefits out of the funds at its command (section 38 (1) (*b*) (iii), *infra*, p. 135).

Incapable of Work.—What is "incapable of work" is a mixed

SECT. 8 (1).

medical and practical question, and is to be determined according to the rules of the approved societies for insured persons who are members (section 14 (2)), or by rules made by the Insurance Committee for deposit contributors (section 14 (3)), but an appeal is given against the decision of the society or of the Insurance Committee to the Insurance Commissioners [67 (1) and (2)]. See that section for method of deciding such disputes.

Sickness benefit may be reduced in case of a society having a deficit (see section 38 (1) (*b*) (i), *infra*, p. 135).

Disablement benefit is simply an extension of sickness benefit at a lower rate of pay (see Schedule IV.). It may continue until the insured person dies or becomes seventy years of age (see subsection (3), *infra*). In the case of the deposit contributor it ceases like other benefits when his balance in the Post Office is exhausted (section 42 and notes thereon).

Both sickness and disablement may be stopped by a society in respect of a member who is receiving a pension as an "additional benefit" under Schedule IV., Part II. (see subsection (7), *infra*). Both sickness benefit and disablement benefit **may be abolished altogether** for any particular persons or any society under section 13, *infra*, p. 80.

Maternity Benefit.—Administration (see sections 18 and 19, *infra*, pp. 100 to 103).

Case where both husband and wife are insured persons see subsection (6), *infra*. Maternity benefit is payable to the husband where he is the insured person or both are insured. It is payable to the wife if she is the insured person and her husband is not (section 18, *infra*, p. 100), but the husband must spend the money for the benefit of the wife or otherwise look after her during her confinement, and is liable criminally if he fails to do so (section 19, *infra*, p. 102). Where both are insured the wife may draw sickness benefit although her husband has drawn maternity benefit (subsection (6), *infra*; see note thereon. See also conditions in Schedule IV., Part I., Table D.).

Additional benefits, list of, see Schedule IV., Part II. An approved society which is shown at any triennial valuation under section 36 to have a surplus in hand over what is necessary to make it solvent may draw up a scheme for using its surplus in paying these additional benefits. For conditions see section 37, *infra*, p. 130.

The administration of additional benefits will be in the hands of

SECT. 8 (1). the Insurance Committee, where they are "of the nature of medical benefits," and in other cases of the approved society authorised to grant them (section 14 (1), *infra*, p. 82). There is **no provision** in the Act **for** allowing **deposit contributors** under any circumstances **to draw** any of the **additional benefits;** but as no society will be able to pay such benefits until after the first triennial valuation, and as the whole position of deposit contributors is to be reconsidered in 1915, the point is of no practical importance at present.

RATES OF BENEFIT.

SECT. 8 (2). (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.

SECT. 8 (3). (3) In the case of insured persons who have attained the age of seventy, the right to sickness benefit and disablement benefit shall cease.

Persons over seventy, voluntary contributors, cease to pay contributions when they reach the age of seventy (section 5 (2)), and contributions cease to be paid for employed contributors at seventy (section 4 (3)).

Sickness and disablement benefit cease at seventy, whether old age pensions under the Old Age Pensions Act, 1908, are payable or not. By sections 2 (3) and 4 of that Act any person having an income of more than £31, 10s. is excluded, and by section 2 (6) of the Old Age Pensions Act, 1911, a person's income is presumed to be at least 5 per cent. upon his capital.

This section excludes them from sickness or disablement benefit, but as no such limitation is applied to medical sanatorium or maternity benefit they remain entitled to these.

These benefits can only be claimed by "insured persons." The definitions in section 1 (1) and (3) of employed and voluntary contributors do not limit them to under seventy, nor is it stated that they cease to be "insured persons" because contributions cease to be payable; the only effect of these provisions is that arrears will not run against insured persons over seventy years of age. The burden is therefore laid upon the approved societies of finding maternity benefit for their members over seventy, whether employed

or voluntary, and upon the Insurance Committee of giving them medical benefit and sanatorium benefit; the Societies will be debited with the sums necessary for these persons for these benefits, which will be paid to the Insurance Committees. SECT. 8 (2) & (3).

A question arises whether a person who ceases to be employed after the age of seventy can then make himself a voluntary contributor under the conditions laid down in section 6 (4), *supra*, p. 47, so as to preserve his right to medical and sanatorium benefit. He must, if he has been employed until over seventy and is an insured person, have been an employed contributor for more than five years, and therefore under section 6 (4) is entitled to become a voluntary contributor at the rate payable by an employed contributor, viz. nil.

A deposit contributor on reaching the age of seventy would cease to pay contributions, but if the scheme remains as it is at present would remain entitled to the benefits so long as his balance at the bank lasted. His balance could not increase and would be subject to annual charges, as provided in section 42.

PERSONS RESIDENT ABROAD.

(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: SECT. 8 (4).

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.

This provision does not apply to soldiers and sailors or marines in the Royal Navy in respect of maternity benefit (section 46 (2) (*b*) (iii), *infra*).

SUCCESSIVE PERIODS OF SICKNESS.

SECT. 8 (5). (5) Where an insured person, having been in receipt of sickness benefit, recovers from the disease or disablement in respect of which he receives such benefit, any subsequent disease or disablement, or a recurrence of the same disease or disablement, shall be deemed to be a continuation of the previous disease or disablement, unless in the meanwhile a period of at least twelve months has elapsed, and at least fifty weekly contributions have been paid by or in respect of him.

This subsection is subject to a certain modification in the case of the special class of person dealt with in section 47 (see that section, subsection (6), *infra*).

This subsection will work out as follows:—If a man has a series of periods of sickness he may draw sickness benefit for these at 10s. per week up to twenty-six weeks in each case, but when there has been an interval of less than fifty-two weeks between any two periods, or if there has been a greater interval but for any reason, *e.g.* unemployment, he has failed to pay in certain weeks, so that although more than a year has elapsed he has not paid fifty times, then these two periods shall be added together for the purpose of making up the limit of twenty-six.

To illustrate. A. goes sick on 1st January 1914; he receives benefit for ten weeks and returns to work cured. In the following November he is out of work for three weeks and does not pay up the contributions due. He returns to work and pays regularly until ten weeks into 1915, when he is again taken ill. A year has elapsed, but he has only paid forty-nine contributions. His new illness will therefore be added to the last one. Suppose he is again ill for ten weeks, he will continue to draw benefit at the full rate, but twenty of the twenty-six weeks will be exhausted, and if he again becomes ill before another year has elapsed he will only draw sickness benefit at the third illness for six weeks at the full rate, and thereafter he will only get disablement benefit at 5s. a week; and if he becomes ill a fourth time again before another year has elapsed and fifty contributions been paid his sickness benefit will commence at the 5s. rate.

Relation of Maternity to Sickness Benefit.

Sect. 8 (6).

(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.

Where both husband and wife are insured persons the maternity benefit will be paid to the husband, and the wife will receive 7s. 6d. a week sick pay so long as she is incapacitated for work as a result of her confinement.

Where the husband only is insured he receives the maternity benefit in cash, or in kind (see section 18, *infra*, p. 101).

Where the wife only is insured she receives the maternity benefit, but is thereby barred from sickness benefit for illness arising out of the confinement for four weeks, but if she is incapacitated for work longer than four weeks she will be entitled to draw sickness pay as an insured person. In any case she is not entitled as an insured person to medical attendance in respect of a confinement, and whether both benefits or only maternity is payable **she or her husband must pay her own doctor** or midwife (see special provisions with regard to married women, section 44, and particularly subsection (2) (*b*), *infra*, p. 158). Married women who are voluntary contributors at the special low rate provided for by section 44 are entitled as a general rule to medical benefit, but it is provided in Schedule IV., Table D., that sickness benefit is not payable in that case for two weeks before or four weeks after confinement for incapacity caused by the confinement.

The rule that medical benefit does not include attendance for a confinement makes it necessary for a woman drawing maternity benefit to use it, or part of it, to pay her doctor or midwife, but

SECT. 8 (6). a distinction is clearly drawn in the section between the confinement itself and any disease arising out of the confinement, therefore the woman, if herself an insured person, would be entitled to medical attendance and medicines for an illness arising out of the confinement as for any other illness, and this is included amongst these benefits which a married woman can get under section 44, *infra*, p. 155, as a voluntary contributor paying 3d. a week.

For administration of maternity benefit see sections 18 and 19, *infra*, pp. 100 to 103.

SUBSTITUTION OF PENSION FOR SICK PAY.

SECT. 8 (7). (7) Where a pension or superannuation allowance is payable by an approved society in whole or in part as an additional benefit under this Part of this Act, or out of any fund to which contributions have been made in accordance with paragraph (10) of Part II. of the Fourth Schedule to this Act, it may be made a condition of the grant of the pension or allowance that a member of the society shall, whilst in receipt of such pension or allowance, be excluded in whole or in part from his right to sickness benefit and disablement benefit, or to either of such benefits.

This subsection only applies to pensions granted in anticipation of old age pensions under the Old Age Pensions Act, 1908, not in addition to these, because sickness and disablement benefit are not payable after the age of seventy. See section 13, *infra*, p. 80, and Schedule IV., Part II. (10), *infra*.

WAITING PERIODS.

SECT. 8 (8). (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; SECT. 8 (8).

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

All benefits are thus postponed to a minimum of six months from the commencement of the Act, which itself may be postponed until 1st January 1913 (section 115).

Medical benefit comes into operation for all insured persons who have come into the scheme within the first six months irrespective of when they came in or how many weeks' contributions they have paid at the end of the first six months (see, however, note on section 42 dealing with deposit contributors, *infra*, p. 151).

The minimum time for sickness benefit coming into operation is six months, disablement benefit two years, and maternity benefit six months for employed contributors and one year for voluntary contributors.

Members of existing friendly societies who are approved before the Act comes into operation in terms of section 23 (3) will therefore begin to be eligible for benefits at the end of these periods if they do not fail to pay in any week during that period, or having failed pay up their arrears.

Persons joining societies or becoming voluntary or employed contributors after the commencement of the Act will require to wait for six months or one or two years respectively from their date of entry into insurance, plus any period in which they have failed to pay, unless they pay up their arrears so incurred.

BENEFITS TO BE INCREASED.

(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 SECT. 8 (9).

SECT. 8 (9). 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.

Reserve Values, see notes on section 55, *infra.*

Parliament is, of course, not tied down to the list in Schedule IV., Part II.

REDUCED BENEFITS.

SECT. 9 (1). **9.** *Persons under Twenty-One.*—(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.

The deposit contributor under the age of twenty-one can only draw benefits at the reduced scale.

The question of who are "wholly or mainly dependent" on the contributor is a question of fact to be decided by the society subject to the appeal to the Insurance Commissioners under sections 66 and 67, *infra.* See Cases on Workmen's Compensation Act, 1906, and note to section 2, *supra*, p. 41.

The section is peremptory, not permissive. If it is decided that the insured person has "dependants" the society "*shall*" dispense with the reduction; that is, pay him the full benefits to which he would be entitled if over twenty-one years of age.

BENEFITS EXCEEDING TWO-THIRDS OF WEEKLY WAGE.

SECT. 9 (2). (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 may be reduced to such an extent as the society or committee administering the benefit, with the consent of the Insurance Commissioners, determines; but, where such reduction is made,

provision shall be made by the society or committee, with the like consent, for the grant of one or more additional benefits of a value equivalent to such reduction. SECT. 9 (2).

This subsection is permissive, not peremptory; it is left to the society or Insurance Committee to decide whether they will put it into operation. The sickness or disablement benefit referred to is benefit under the Act; it has nothing to do with any additional provision which the insured person may have made for himself. A person who is a member of an approved society or a deposit contributor, and as such entitled to sickness benefit, is not barred from drawing benefits simultaneously from some other society or fund, because the total would thereby be augmented to more than two-thirds of his wages. Any person is entitled to insure himself for any amount during sickness, and such insurance does not affect his rights under the Act.

As the Act stands at present this section could only apply to persons having wages of 15s. a week or less. After the first triennial valuation a society may decide, if it has a surplus, to distribute it in the form of increased sickness or disablement benefit to all its members (section 37 and Schedule IV., Part II. (3)). In that case this section would give power to the society to exclude from such increased benefit those who would thereby get more than two-third wages.

At a future date Parliament may increase the rate of sickness benefit and disablement benefit by the powers of section 8 (9), *supra*, p. 59, but Parliament can only exercise such powers by Act of Parliament, and the provisions of this section will then be reconsidered by Parliament.

Wages or Other Remuneration.—In the case of domestic servants or others who receive both board and lodging the weekly remuneration for the purpose of this section will be wages plus an allowance for board and lodging, usually estimated at not less than 12s. 6d. a week.

A domestic servant with a wage of £26 a year will therefore be held as earning 22s. 6d. a week. Similarly agricultural labourers, gardeners, coachmen, lodge-keepers, caretakers, and others who are in receipt of free house will have the value of the house added to his money wage. A caretaker who receives no wages but performs certain services in respect of a free house will be held to be earning a wage equivalent to the rent of his house. A person in this position who has an income derived from a pension

SECT. 9 (2). or investment will not be entitled to add that income to his house rent in order to arrive at what is two-thirds of his "wage or other remuneration."

For payment of contributions by such persons earning no money wages see Schedule III. (4) and note, *infra.*

Additional Benefits.—For list of permissible additional benefits see Schedule IV., Part II.

PERSONS OVER FIFTY AT COMMENCEMENT OF THE ACT.

SECT. 9 (3). (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.

There is a slight discrepancy between this section and the schedule referred to, viz. that the section says "fifty years or upwards" and the schedule says "over fifty and under sixty at the time of becoming an employed contributor." According to section 79, *infra*, a person is deemed to attain the age of fifty on the fiftieth anniversary of his birth. The section cannot be overruled by the preamble of the schedule, therefore a man becoming an employed contributor on his fiftieth birthday would come under the section.

The reduced benefits only apply when the claim is made before five hundred payments have been made, as the conditions are cumulative, viz. "fifty years of age *and* less than five hundred payments." An employed contributor who was over fifty at the commencement of the Act or when he came into employment during the first year will be entitled to full benefits if the first claim he makes is after ten years less twenty weeks, and has not fallen into arrear during any period of unemployment or in any event if he has paid five hundred times.

Employed **persons who come into insurance after the end of a year** from the commencement of the Act and who

are over fifty years of age **come under the next subsection,** viz. "persons becoming insured more than one year after the commencement of the Act and being over sixteen years of age." SECT. 9 (3).

PERSONS BECOMING INSURED OVER AGE OF SIXTEEN.

(4) In the case of every person who, not having been previously insured under this Part of this Act, becomes an employed contributor subsequently to the expiration of one year from the commencement of this Act, and is, at the time of so becoming an employed contributor, of the age of seventeen or upwards, the rate of sickness benefit to which he is entitled shall (unless he proves that his time since he attained the age of seventeen has been spent in a school or college, in indentured apprenticeship or otherwise under instruction without wages, or otherwise in the completion of his education, or unless he undertakes himself to pay the difference between the voluntary rate and the employed rate, or pays to the Insurance Commissioners, to be credited to the society, such capital sum as will be sufficient to secure him benefits at the full rate) be such reduced rate as may be fixed in accordance with tables to be prepared by the Insurance Commissioners, but not in any case less than five shillings a week: SECT. 9 (4).

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

After the first year anyone coming into insurance, whether compulsorily or voluntarily, will have to pay the rate arranged

SECT. 9 (4). according to the table to be prepared by the Commissioners under section 5 (1), *supra*, p. 44, in order to obtain the full benefits in Schedule IV., Table A., subject to the proviso printed above and immediately to be considered. There is, however, **no power to compel any person to pay the voluntary rate,** and therefore if he chooses not to pay more than what is taken compulsorily from him as an employed contributor he will only be entitled to the reduced scale of benefits to be prepared under this section.

The only exception is where persons have been under educational training without pay from the age of seventeen until they come into insurance. This applies to apprenticeship without pay but not to an apprenticeship with pay, however small. The reduced rates of workers' contributions in Schedule II. do not apply to **apprentices under twenty-one years of age;** they are therefore subject to the full deduction of 4d. a week from pay even if it is only 3s. a week (see *infra*).

The proviso allows a person who comes in over age to get the position of an ordinary employed contributor after a certain time if it pays him to do so. The reason why it can ever pay him to do so is because under the next succeeding section (section 10) a certain amount of arrears are allowed to be incurred without reducing the benefits payable, and the benefits are only reduced, not suspended, for anyone in arrear less than thirteen weeks per year of insurance (see Table in Schedule V., *infra*). A person three weeks per annum or less in arrear suffers no diminution of benefit.

In order to calculate his position if he is over seventeen at the passing of the Act he must count the number of weeks from the end of the first year after the commencement of the Act to the time of his becoming an employed contributor.

If only three weeks had elapsed he would be entitled after one year to become an ordinary employed contributor with full benefits; if six weeks had elapsed two years must pass; if one year had elapsed he will require seventeen years at the reduced benefits before he can claim full benefits.

The calculation for those under seventeen at the commencement of the Act is the same, but the period is to be taken from the date of their seventeenth birthday.

But it may pay these persons to transfer to the ordinary rates subject to arrears before they are in a position to claim full benefits. That will depend on the rate of benefit allowed them according

to their age in the table before referred to. That table when published must be compared with the table in Schedule V. SECT. 9 (4).

E.g. A man with an average of nine contributions in arrear is entitled to sickness benefit at 7s. a week in place of 10s.

Supposing a man of forty becomes an employed contributor one year and fifty-four weeks after the passing of the Act. In six years his arrears for the purpose of this proviso will average nine per year. If the benefit payable to a man who commences at forty at the ordinary rate of contribution is less than 7s. a week it will pay him, and he will be allowed, to claim benefits at the full rate.

Reserve Values.—The effect of this proviso on the question of reserve values is considered in the notes to section 55, *infra*.

ARREARS.

10. (1) Where an insured person being a member of an approved society is in arrear to an amount greater than thirteen weekly contributions a year on the average since his entry into insurance, his right to benefits under this Part of this Act other than medical benefit, sanatorium benefit, and maternity benefit shall be suspended, and, where he is in arrears to an amount greater than twenty-six weekly contributions a year on the average since his entry into insurance his right to medical benefit, sanatorium benefit, and maternity benefit shall be suspended, and at the expiration of the calendar year next after the date when he becomes suspended from all benefits any sums credited to the society in respect of him, calculated in the prescribed manner, shall, if his right to benefits still continues to be suspended, be carried to such account and dealt with in such manner as may be prescribed * for the benefit (except so far as such sums comprise sums in respect of a reserve value) of the society or any other society to which such person may subsequently be transferred: SECT. 10 (1).

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

* By the Joint Committee, see *infra*.

SECT. 10 (1).

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.

Deposit Contributors.—It is to be observed that the question of arrears and their effect does not interest deposit contributors. When they fail to pay their contributions arrears do not run against them, but their balance in the Post Office automatically ceases to grow.

The provisions of this section therefore only interest **members of approved societies,** and all statements made are subject to that qualification.

It is first to be observed that **medical, sanatorium, and maternity benefits** are not affected until the contributor is in arrear to the extent of half his whole period of insurance. Thus, assuming twenty-five years have passed since a contributor first became insured, these benefits will not be suspended unless the total arrears amount to twelve and a half years.

A man (or woman) commencing at sixteen and paying regularly, incurring no arrears, until the age of forty-three, might then go into arrears for the rest of his life, because he will not be in arrear to the extent of an average of twenty-six weeks until he is seventy, and thereafter, as no contributions are due (sections 4 (3) and 5 (2), *supra*, pp. 43, 45), he cannot incur any more arrears, and will still be entitled to those benefits. By the time he is fifty-seven he will be more than an average of thirteen weeks in arrear, and will therefore be suspended from sickness and disablement benefit.

This case could only occur with a person who was a voluntary contributor at the age of forty-three and remained so. Any person who is employed has his or her contributions collected compulsorily by the employer.

Sickness and disablement benefit are entirely suspended when the contributor is in arrear one-fourth of the total period from the time of entry into insurance. That is, if a person becomes insured on 1st January 1913, at 1st January 1917 he would only be suspended if he were fifty-two weeks in arrear. At 1st January 1921 he could only be suspended if he were one hundred and four weeks in all in arrear.

For **arrears less than one quarter** of contributions see subsection (2), *infra*, and Schedule V., *infra*. SECT. 10 (1).

"Sums Credited to the Society in Respect of Him."—This refers to the capital sum which a society ought to hold at any particular time in respect of a member who joined at sixteen in respect of his age, by reason of the accumulation of contributions which in the earlier years will normally exceed the amount paid out in benefits. This is practically his "transfer value," *infra*.

If the member falling to be suspended joined the society under seventeen there will be no reserve value to deduct. If the society was credited with a reserve value for him at the commencement of the Act under section 55 that must be cancelled, because he did not create any part of that value. Therefore there will only be a sum to the credit of the society in cases where the contributor commenced without any reserve value being credited, or where he has been long enough a contributor for his transfer value to exceed that reserve value.

If the contributor is not again reinstated then that sum, if any, will go to his society, but if he subsequently is reinstated and becomes a member of another society it must be handed over to the new society.

The amount of these credits will be determined by rules to be laid down by the Commissioners.

Proviso.—A suspended contributor may start afresh when he starts a fresh employment, but he will start with the disadvantage of being over seventeen. As in the case considered in the last section (*supra*, pp. 64, 65) it may pay him after being for some time employed to acknowledge his arrears and take what he can get under Schedule V., in which case he is entitled to do so.

ARREARS LESS THAN THIRTEEN WEEKS PER YEAR.

(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. SECT. 10 (2).

(3) Where a voluntary contributor is in arrears, he shall SECT. 10 (3).

SECT. 10 (3). be liable to such proportionate reduction of benefits as may be prescribed.*

For explanation of this scheme see notes to Schedule V., *infra*. Though the rate of sickness benefit may not be reduced below 5s. a week its practical value may be much further reduced by postponing the day of sickness at which benefit can be drawn as far as fourteen days (see Schedule V.).

Schedule V. is not to apply to voluntary contributors, but a special table is to be prepared.

EXEMPTIONS FROM ARREARS.

SECT. 10 (4). (4) In calculating arrears of contributions, no account shall be taken of any arrears accruing—

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

This provision applies to periods when sickness and disablement benefit is being paid and to—

(i) periods of **incapacity** for work **owing to accident,** including "industrial disease," for which compensation under the Workmen's Compensation Act, etc., is payable (section 11, *infra*, p. 71).

(ii) periods when insured persons are in **hospitals,** etc. (section 12, *infra*, p. 77).

(iii) during the **initial waiting days,** varying from three to four, under Schedule V.

(iv) during the **first six weeks** of illness of persons who come **under** the alternative scheme of benefits in **section 47,** *infra*.

(v) during **periods of sickness** occurring **while** the **contributor** is **suspended** from benefits by the preceding subsection.

(vi) periods when insured persons are deprived of sickness

* By the Joint-Committee, *infra*.

benefit because they are in a charitable or other institution. See section 12, *infra*, p. 77. SECT. 10 (4) (*a*).

For **married women's** arrears see section 44 (1) and (6), *infra*, pp. 155 and 161.

For **soldiers and sailors** see section 46 (3) (*h*) (ii).

(*b*) in the case of a woman who, being an insured person, is herself entitled to maternity benefit, during two weeks before and four weeks after her delivery, or in the case of maternity benefit payable in respect of the posthumous child of an insured person, during the period subsequent to the father's death; or SECT. 10 (4) (*b*).

This subsection is designed to encourage a woman to give up work a fortnight at least before delivery and for four weeks after delivery of her child.

This applies to a woman claiming maternity benefit in respect of a deceased husband not in her own right. As her husband is dead he could not pay contributions, and the 30s. is practically treated as a benefit falling due at the date of his death, and his position as to arrears must be calculated as at that date, and his wife could only be deprived of maternity benefit if he was in arrear to the extent of half his total contributions at that date.

If a woman, herself an insured person, wishes to claim both maternity benefit in respect of her deceased husband and sickness benefit in her own right, her position as regards arrears will be calculated as at two weeks before the delivery.

(*c*) in the case of an employed contributor, during the first twelve months after the commencement of this Act; SECT. 10 (4) (*c*).

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

During the first year after the commencement of the Act any employed contributor who becomes unemployed may abstain from paying contributions with impunity so far as arrears are concerned.

But the exemptions under this subsection do not affect the provisions as to the number of contributions which must be paid before contributors become entitled to the various benefits under section 8 (8), *supra*, p. 58.

SECT. 10 (4). **Though contributions are payable every week** there is no machinery or power to compel a man who is unemployed to pay contributions; therefore, while it is true generally to say that when a man is unemployed he requires to pay 7d. if he wishes to get full benefits, it is also true that if he is content to take smaller benefits he need not pay, and that he may neglect to pay for an average of three weeks' unemployment each year, and that he can pay up arrears incurred during unemployment when he becomes employed, so long as they are not more than two years old (subsection 5, *infra*).

A man who has paid regularly for five years might therefore be unemployed and make no contributions for fifteen weeks without going out of full benefit.

See notes on Schedule V., *infra*.

PAYING UP PAST ARREARS OF CONTRIBUTIONS.

SECT. 10 (5). (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.

This subsection allows a contributor who has fallen into arrear to pay up within two years at most, so as to get back to full benefit. But to safeguard against a contributor paying up arrears, because he is already ill or anticipates that he will shortly be able to claim benefits, in order to secure immediate benefits he or she is deprived of any advantage for one month after payment. If arrears are over two years old they can only be wiped out by the contributor beginning afresh, as provided in the proviso to subsection (1), *supra*, and paying the necessary lump sum to compensate for his being over age.

Power of Society to Excuse Part of Arrears.

(6) Any approved society may, if it thinks fit, excuse any part of the arrears which may have accrued due by or in respect of any member who is an employed contributor during any period of unemployment not exceeding such part as would have been payable by the employer had the member continued in his last employment, and in such case the amount of the arrears of that member shall be reduced accordingly. Sect. 10 (6).

(7) The average amount of arrears for the purposes of this section shall be calculated in such manner as the Insurance Commissioners may prescribe.* Sect. 10 (7).

Subsection (6) is permissive, and whether arrears will be excused to the extent permitted or any part of it will be a question for the society in view of its financial position; the member can have no appeal from the society in this case, as no absolute right is conferred on him.

Subsection (7) is necessitated by provisions of which (6) is an example where a contributor may fall into partial arrears. Another example is the case under section 6 (3) of a voluntary contributor who becomes an employed contributor and falls into arrears to the extent of the difference between the voluntary and the employed rate.

Additional Benefits.—For effect of arrears on an approved society member's right to additional benefits see section 37 (2) and notes thereon, *infra*, p. 133.

Relation of Insurance Benefit to Workmen's Compensation or "Damages."

11. (1) Where an insured person has received or recovered or is entitled to receive or recover, whether from his employer or any other person, any compensation or damages under the Workmen's Compensation Act, 1906 (6 Edw. VII. c. 58), or any scheme certified thereunder, or under the Employers' Liability Act, 1880 (43 & 44 Vict. c. 42), or at common law, Sect. 11 (1).

* The Joint Committee, *infra*.

SECT. 11 (1). in respect of any injury or disease, the following provisions shall apply:—

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

(*b*) The weekly value of any such lump sum as aforesaid may be determined by the society or committee by which the sickness and disablement benefits payable to such person are administered, but, if the insured person is aggrieved by such determination, the matter shall be settled in manner provided by this Part of this Act for settling disputes between insured persons and societies or committees:

(*c*) Where an agreement is made as to the amount of such compensation as aforesaid, and the amount so agreed is less than ten shillings a week, or as to the redemption of a weekly payment by a lump sum, under the Workmen's Compensation Act, 1906, the employer shall, within three days thereafter, or such longer time as may be prescribed, send to the Insurance Commissioners, or to the society or committee concerned, notice in writing of such agreement giving the prescribed particulars thereof, and proviso (*d*) to paragraph (9) of the Second Schedule of the Workmen's Compensation Act, 1906 (which relates to the powers of registrars of county courts

to refuse to record memoranda of agreements and to refer the matter to the judge) shall, in cases where the workman is an insured person, apply to agreements as to the amount of compensation in like manner as to agreements as to the redemption of weekly payments by lump sums. SECT. 11 (1).

Sickness benefit under this Act is only payable to a person "incapable of work," and therefore the only cases under the Workmen's Compensation Act, where sickness benefit could be payable at the same time as compensation, are periods of total incapacity. The rate of "compensation" in that case is half wages. As the maximum of sickness benefit is 10s. a week, compensation under the Workmen's Compensation Act will be preferable to insurance benefit in every case where a workman's average earnings are more than £1 a week.

In the case of women the sickness benefit is 7s. 6d., and therefore compensation will be preferable if her earnings are over 15s.

The cases in which compensation is due under the Workmen's Compensation Act are defined in section 1 of that Act as follows:—

"(1) If in any employment personal injury by accident arising out of and in the course of the employment is caused to a workman his employer shall . . . pay compensation."

The rates and conditions of compensation are laid down in Schedule I. to that Act:—"(1) (*b*) Where total or partial incapacity for work results from the injury a weekly payment during the incapacity not exceeding 50 per cent. of his average weekly earnings."

Sickness Arising otherwise than through Accident.—Workmen's compensation is only due in respect of sickness other than injury by accident in a special list of what are known as **"industrial diseases"** (see section 8 and Schedule IV. of the Workmen's Compensation Act). The list of such diseases is subject to addition or alteration from time to time by the Secretary of State (section 8 (6) of the Act). Present list, section 63 (4), *infra*.

Disablement Benefit.—The section of the Workmen's Compensation Act providing for redemption of weekly payments is Schedule I., subsection (17). **Where incapacity for work is permanent** the sum is fixed by the Act, viz. "such an amount as would, if invested in the purchase of an immediate life annuity from the National Debt Commissioners through the Post Office

SECT. 11. (1). Savings Bank, purchase an annuity for the workman equal to 75 per cent. of the annual value of the weekly payment."

In case of incapacity which cannot be certified as permanent the amount is to be ascertained by arbitration under that Act.

The redemption of weekly payments in this way, however, cannot be carried out except by mutual consent of employer and workman until six months of weekly payments have been made.

If workmen's compensation is paid for six months and then the weekly payment is redeemed for a lump sum in respect of permanent incapacity or otherwise, the question for the Insurance Committee or society is whether that lump sum exceeds 5s., not 10s., a week, because it is to be compared with "the benefit otherwise payable to such person," and after six months that benefit would be not more than 5s. a week (Schedule IV., Table A., to this Act, *infra*).

Value of Lump Sum.—The Insurance Committee or society are to determine the weekly equivalent of the lump sum, and would not be bound by the findings of the arbitrator under the Workmen's Compensation Act, and in the case of damages, whether at common law or under the Employers' Liability Act, they will have no such guide. Their decision is subject to appeal to the Insurance Commissioners. See section 67, *infra*.

Workmen's Compensation Act, Schedule II. (9) (d).—The effect of applying this proviso to agreements as to the amount of compensation is that the registrar of the County Court (in Scotland the Sheriff-Clerk) will be entitled, if he thinks an agreement between an employer and an insured person, who is under a legal disability, as to the amount of weekly compensation, has been improperly obtained, *e.g.* by fraud, refuse to record a memorandum of the agreement and refer the matter to the judge (in Scotland the Sheriff) for decision.

"Person under a legal disability" means a person under twenty-one years of age or insane.

The subsection only applies to agreements to pay less than 10s. a week and agreements as to lump sums. Under the Workmen's Compensation Act a workman under twenty-one years of age and earning less than £1 a week is entitled to be awarded 10s. a week if his wages are between 10s. and £1. If his wages are less than 10s. a week he will always get his full wages in case of total incapacity. This subsection is therefore only likely to come into operation as regards the weekly payment on very rare occasions.

Effect of the Section on Existing Friendly Societies and Approved Societies in the Future.—For members of

approved societies in the future the prohibition will be absolute in so far as benefits are payable out of the funds which come into the hands of the society under the Act, that is 4d. a week from workmen and 3d. a week from employers. These sums can only be drawn upon for the purpose of paying benefits under the Act, but the society may have two other resources from which it could draw money to pay benefit in addition to the benefits under the Act, and therefore to pay during incapacity caused by accident or industrial disease. These are—(1) **The accumulated funds** of a society at the date when it becomes an approved society. The provisions in regard to reserve values in section 55 will have the effect of setting free the existing reserve funds of the society which may be used for any purpose allowed by the existing rules of the society and approved by the Insurance Commissioners under section 72, *infra*. The society may, therefore, if it chooses, use up these funds for, amongst other things, providing sickness benefit for those who were members at the passing of the Act and who become insured persons, section 72, *infra*, during the periods here referred to. SECT. 11 (1).

(2) **The excess of weekly subscription** over the compulsory contribution, viz. in the case of the ordinary male employed contributor over 4d. a week. If the subscription to the society is and remains 6d. a week, 4d. a week will be collected by the Insurance Commissioners through the employers, but 2d. will be collected by the society direct, and the society will have complete freedom to use that 2d. a week for the purpose of paying sickness benefit during periods when compensation is paid if it chooses. This is the only way in which such benefit could be paid to **new members.**

Additional Benefits.—Sickness benefit during these periods is not one of the "additional benefits" in Part II. of Schedule IV., and therefore the contributions under the Act cannot be used for that purpose even as an additional benefit under the Act. If any society is paying increased sickness or disablement benefit in accordance with a scheme under section 37, the society could make up workmen's compensation or damages to the increased figure in place of 10s. or 5s.

Medical benefit is not excluded, see *supra*, p. 51.

Refusal of Insured Person to Claim Compensation or Damages.

(2) Where an insured person appears to be entitled to any such compensation or damages as aforesaid and unreasonably SECT. 11 (2).

SECT. 11 (2). 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.

SECT. 11 (3). (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.

Claims under the Workmen's Compensation Act do not usually involve any contentious matter except the question of the amount of compensation due, but sometimes doubtful and difficult questions do arise, and have frequently been appealed to the House of Lords as to whether an accident arose "out of the employment" of the workman or arose "in the course of his employment." Difficulties also arise as to the meaning of the word "accident" and what occurrences are included under that term, and also as to what is "serious and wilful misconduct" which bars a man from compensation. For decided cases and explanation of these terms see Parsons and Allen on *The Workmen's Compensation Act*, Butterworth & Company, London, 4th edition, 1910 [and Butterworth's *Workmen's Compensation Cases* (annual)].

Claims under the Employers' Liability Act or at common law involve proof of fault against somebody, and are therefore of necessity much more contentious, and in doubtful cases usually involve litigation or, at the least, a somewhat lengthy

discussion between law agents, and such claims have often involved a litigation lasting many months. SECT. 11 (2) & (3).

It is obvious that a workman (or woman) who is at any rate entitled to insurance benefit will often be unwilling to enter into a doubtful and perhaps protracted litigation in order to get perhaps a small addition to his weekly benefit.

Subsection (2) (*b*) gives a power to the approved society or Insurance Committee to virtually compel the insured person to take action, but subsection (3) allows them to mitigate any hardship which would thereby be caused.

If the contributor takes action on his or her own account unsuccessfully he or she will be found liable in costs, and the question arises whether the person holding a decree for costs could arrest the insurance benefit in the hands of the Insurance Committee or approved society responsible for paying it.

Section 111 of this Act, *infra*, says that these benefits are inalienable, and do not pass to a trustee in bankruptcy. It would therefore appear that they could not be affected by diligence at least until they are past due.

INMATES OF PUBLIC AND CHARITABLE INSTITUTIONS.

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. SECT. 12 (1).

(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— SECT. 12 (2).

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

SECT. 12 (2).

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

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

Provided that—

(i) any part of such sum which is not so applied as aforesaid may, if the society or committee thinks fit, be applied in the provision of any surgical appliances required for the insured person or otherwise for his benefit; and

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

(iii) where any person who is entitled to any benefit

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

"Inmate."—This section does not apply to those employed in the institution who are insured persons (see alternative scheme in section 47), but to insured persons admitted as patients if these persons are treated in the same way as other patients when ill. See also section 50, *infra*.

Supported out of Charity.—The section clearly applies to all institutions where the patients pay no fees whatever. There are, however, many institutions which are supported partly by charity, and where medical and surgical treatment are given gratuitously, but where the patients pay a fee for their maintenance.

Insured persons entering such institutions will naturally desire to use their sickness or maternity benefit to pay those fees. On a strict reading of the section all such institutions would be included, and therefore persons taking advantage of such institutions will have no right to transfer their sickness benefit to the institution; but subsection (*c*) would allow such institutions to anticipate the occurrence of such cases by entering into agreements with approved societies and Insurance Committees in their neighbourhood for the **admission of insured persons** otherwise eligible for the particular institution and **having no dependants** on condition that their sickness benefit should be paid to the institution in lieu of, or in part payment of, such fees.

In the case of **insured persons with dependants** no such arrangement is permissible under the section except in virtue of proviso (i) as being a payment "for his benefit." But in cases where the dependants receive the money there is nothing to prevent their paying it over to the institution.

It is clearly the intention of the section that the approved society or Insurance Committee should not profit by the fact that the insured person is taken into a charitable institution, but its provisions with regard to the benefits so set free are only permissive, and therefore **the society** or Committee **may** simply **retain the money,** and there is no provision to prevent them doing so.

SECT. 12 (1) & (2).

Subsection (2) (b) definitely hands the money over to the Insurance Committee where the insured person has no dependants and is receiving treatment, in an institution, for which the Committee is responsible under the Act, and is peremptory.

This practically means that **an insured person having no dependants cannot draw** both **sanatorium and sickness benefit simultaneously,** whereas a person with dependants may do so.

Proviso (ii) deals with the case under section 8 (6) *supra*, where both a woman and her husband are insured persons. In that case the woman draws sickness benefit, which may go to her dependants, and the husband is entitled to draw maternity benefit, but is not allowed to receive the money for himself or his children if she is in a maternity hospital or ward, but it will be retained by his society, unless the society chooses to hand it over to the hospital as a subscription.

Proviso (iii) merely requires the workhouse (in Scotland, poorhouse) authority to admit an insured woman otherwise entitled to the maternity ward of the workhouse infirmary, but in that case neither she nor her husband can draw the maternity benefit which is governed by the other provisions of this section, and in the event of her being a member of an approved society and having no dependants it will accrue to the society.

"Charity."—See notes to section 50, *infra*.

POWER TO VARY SCHEME OF BENEFITS.

SECT. 13 (1).

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 member 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.

SECT. 13 (2).

(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. SECT. 13 (2).

(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. SECT. 13 (3).

(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. SECT. 13 (4).

This section is intended to provide a method whereby societies may offer some form of insurance more suited to the needs of their members than the scheme of the Act as contained in section 8.

It allows ordinary approved societies to have alternative schemes of benefit.

The section may deal with the same classes of persons for whom section 47 is provided, for example, domestic servants, salaried clerks, agricultural labourers, who at present, as matter of custom or legal right, receive full remuneration, for a certain time at least, during sickness.

These classes may form societies of their own, and if they can satisfy the conditions of the Act have those societies approved; they can then select from the list in Schedule IV., Part II., *infra*, the benefits they propose to confer. *E.g.*, they might devote their whole resources to additional benefits Nos. (3) and (9), that is, to disablement benefit and superannuation allowance.

The scheme requires the consent of the Insurance Commissioners, who must see that it is actuarially sound.

Reserve Values.—For provisions as to reserve values see section 55, *infra*.

SECT. 13 (1) to (4).

"The scheme may contain such provisions as appear necessary for adapting the other provisions of this Part of the Act to the members to whom the scheme applies." This would require, *inter alia*, some provision to make the scheme fit in with the provisions of section 44, which deals with alternatives offered to **married women** (*infra*, p. 158).

"State" Contributions.—Under subsection (3) two-ninths in the case of men and one-quarter in the case of women of the benefits conferred are to be paid from the taxes. If such a scheme was adopted that the payment of benefits were postponed until the members became comparatively old the effect would be to relieve the State at first and increase the contribution later on, but, of course, as years go on, the amount of payments being made would gradually approach to an average.

The scheme must be confined to the benefits enumerated in Part II. of Schedule II., but the scope of the list is very wide, especially when we consider the interpretation which might be put upon No. 11—**"Payments to members who are in want or distress."** Practically this would allow the society to use its fund as a kind of provident fund for the members.

Additional Benefits.—If in carrying out the scheme as approved the society accumulates a surplus it may add additional benefits to its list (see section 37 (1), *infra*, p. 130).

Medical, Maternity, and Sanatorium Benefits.—There is no power under this section to alter or abolish these; but see section 15 (2), proviso, *infra*, p. 87; and for Scotland, section 80 (9), *infra*.

ADMINISTRATION OF BENEFITS.

SECT. 14 (1).

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

Constitution of Insurance Committees.—See section 59, *infra*, and for the application of that section to Scotland see section 80 (*b*), *infra*. SECT. 14 (1).

Medical Benefit.—The Insurance Committees have the primary duty of administering medical benefit, but they may in practice do so through sick clubs or other such institutions. See section 15 (4), *infra*, p. 90.

Deposit Contributors.—The Insurance Committees administer all benefits for them. See section 42, *infra*, p. 148.

"Additional Benefits of the Nature of Medical Benefit."—These include (1) medical attendance on dependants of insured person; (2) dental treatment; (3) building or leasing of convalescent homes.

(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— SECT. 14 (2).

(*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;

SECT. 14 (2).

(*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.

SECT. 14 (3).

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

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

SECT. 14 (4).

(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.

Proof of Disease or Disablement.—While the administration of medical benefit is put in the hands of the Insurance Committee in so far as making arrangements with the doctors, the above subsection (2) leaves in the hands of the societies the practical working out of medical treatment to a considerable

extent. It is for the societies to deal with **malingering** or disobedience to doctor's orders **or fault causing illness,** though in the latter case they can only deprive the member of cash benefits, not of his right to medical attendance. The society can, however, apparently suspend members from medical attendance for any other fault except fault causing the disease or disablement. SECT. 14 (2) to (5).

Rules.—Statutory conditions as to rules of approved societies. See sections 27, 30, 35, *infra*, pp. 114, 119, 126.

Breach of Rules or Imposition.—Penalties for offences under the Act. See sections 19, 55, 69, *infra*.

Subsection (3) gives to Insurance Committees a right to issue regulations with regard to the benefits which they administer. As it is the Committee which is to administer medical benefit, this appears to set up to a certain extent an overlapping of authority between the Committees and approved societies.

Cost of Medical Benefit.—The finance of the Act is based according to the actuaries' reports, on the assumption that medical attendance, including nursing and medicines and necessary surgical appliances, can all be supplied for an average of 6s. per insured person.

If it turns out at any time that medical benefit cannot be supplied at that figure and that no more money is available out of the insurance fund, section 15 (7), *infra*, provides for the excess of cost necessary to prevent the Act breaking down being laid half upon the taxpayer and half upon the ratepayer. This provision is only permissive, not compulsory, upon the local authorities or the Treasury (see section 15 (7) and notes thereon, *infra*, pp. 95, 96).

Local Medical Committees.—By section 62 the Insurance Commissioners are given power to recognise and hand over powers and duties to voluntary associations of medical men in any particular district, to be called Local Medical Committees (see *infra*).

(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. SECT. 14 (5).

ADMINISTRATION OF MEDICAL BENEFIT.

SECT. 15 (1).

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

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

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

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

(*c*) a right on the part of any insured person of selecting, at such periods as may be prescribed, from the appropriate list the practitioner by whom he wishes to be attended and treated, and, subject to the consent of the practitioner so selected, of being attended and treated by him;

(*d*) the distribution amongst, and, so far as practicable,

* In consultation with the Joint Committee, *infra*.

under arrangements made by, the several practitioners whose names are on the lists, of the insured persons who after due notice have failed to make any selection, or who have been refused by the practitioner whom they have selected;

(*e*) the provision of medical attendance and treatment, on the same terms as to remuneration as those arranged with respect to insured persons, to members of any friendly society which, or a separate section of which, becomes an approved society who were such members at the date of the passing of this Act, and who are not entitled to medical benefit under this Part of this Act by reason either that they are of the age of sixty-five or upwards 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 Insurance Committee in respect of medical benefit as may be required.

* In consultation with the Joint Committee, *infra*.

SECT. 15 (1) & (2).

The provisions of this section may be summarised as follows:—

The Insurance Commissioners issue regulations for the Insurance Committees.

The Insurance Committees make contracts with the doctors.

Every insured person must be allotted to some doctor.

Every duly qualified doctor must be given an opportunity to serve if he desires to do so.

Each insured person chooses his own man from the list of those willing to act, and provided he accepts will be attended by him.

Failing choice the patients are to be allotted.

Provision must be made for members of approved societies over sixty-five or permanently disabled at the commencement of the Act to receive medical attendance at the same rate as ordinary insured members.

Insurance Commissioners * have power to strike a doctor off the roll.

The event is anticipated of the scheme being impossible in certain districts, *e.g.* remote Highland districts; in that case medical attendance may be dropped and a cash payment substituted (see also subsection (3), *infra*, and section 80 (9), *infra*).

For general **observations on medical benefit** see section 8, *supra*, p. 51.

For **effect of arrears** on medical benefit see section 10, *supra*, p. 65.

"Sum Equal to Estimated Cost of his Medical Benefit during that Period."—It will be observed that this suspension is not necessarily to be of the whole area, but of "any insured persons in the area." For instance when the patients are being allotted all the doctors may refuse to accept liability for any shepherds, stalkers, or such persons living in remote cottages, or may refuse individuals or classes of individuals known to be unhealthy. The Committee may cut such persons out of right to medical benefit and compensate them in cash. Speculation as to what "the estimated cost of his medical benefit" may mean is really outside the scope of a law book. The Commissioners in consultation with the Joint Committee have to solve the problem and provide some basis on which the calculation is to be made.

* In consultation with the Joint Committee, *infra*.

Income Limit for Medical Benefit.

Sect. 15 (3).

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

Income Limit.—The provision is compulsory on the Insurance Commissioners to make regulations, but permissive so far as the Insurance Committee is concerned. The doctors may practically make it compulsory if they act together in refusing to attend insured persons having more than a certain income on the club principle.

It is not expressly provided in this subsection, as in the last, that the cash equivalent of medical benefit must be paid to "each person" excluded. This provision would therefore permit the persons excluded, viz. those having above the income limit fixed, to form a separate sick club and receive towards its funds a contribution from the Insurance Committee equivalent to the aggregate otherwise payable in respect of these persons. As to what that amount may be see remarks on the same subject in note on proviso to subsection (2), *supra*.

"To Allow any other Persons."—This safeguards **existing sick clubs,** some of whose members may not have an income as high as the limit, but who may prefer to keep their present provision for medical attendance apart from the provisions of the Act. Assuming that the allowance for medical benefit, including medicines, etc., available under the Act is 6s. a year, and that an existing sick club including many insured persons makes its own arrange-

SECT. 15 (3). ments for medical attendance and medicines at a rate of 2d. per week or 8s. 8d. per year. Then after the Act comes into operation any employed persons who are members of that club will have their contributions under the Act collected by their employers. But if their sick club is approved by the Committee they will be entitled to have 6s. a year paid by the Insurance Committee to their sick club, and they will only require to pay 2s. 2d., that is ½d. a week, to the club, in addition, of course, to the contribution deducted from their wages under the Act. The result is that they will pay ½d. a week for the luxury of retaining their present arrangements, which may possibly be more favourable than the provisions of the Act. If the sick club contribution was formerly 3d. a week the contribution will in like circumstances be 1½d. a week.

This subsection, however, may also apply to individuals, and in their case they will deal direct with the doctor and get the allowance payable in respect of each as an individual in cash from the Insurance Committee. See also subsection (4) immediately following, particularly with regard to the question of "free choice of doctor."

EXISTING OR FUTURE SICK CLUBS.

SECT. 15 (4). (4) The regulations shall provide that, in the case of persons who are entitled to receive medical attendance and treatment under any system or through any institution existing at the time of the passing of this Act and approved by the Insurance Committee and the Insurance Commissioners, such medical attendance and treatment may be treated as, or as part of, their medical benefit under this Part of this Act, and may provide for the Committee contributing towards the expenses thereof the whole or any part of the sums which would be contributed in the case of persons who have made their own arrangements as aforesaid, so, however, that such regulations shall secure that no person be deprived of his right, if he so elects, of selecting the duly qualified medical practitioner by whom he wishes to be attended and treated, in accordance with the foregoing provisions of this section.

This system deals specifically with sick clubs and other similar institutions which are approved by the Insurance Committee and

Insurance Commissioners. It makes the discretion of the Insurance Committee somewhat wider than that given under subsection (3), because it does not impose any limit on the amount which the Committee may contribute to the expenses of such institution. On the other hand it provides that to be approved such an institution must give a free option to each individual to choose his own doctor. This, of course, strikes at the root of the system under which ordinary sick clubs work, but this subsection cannot be held to abrogate the complete discretion allowed to insured persons "**to make their own arrangements**" under the preceding subsection, unless the regulations to be made by the Insurance Commissioners lay it down as a *sine quâ non* that such arrangement must include free choice of doctor. Nor can such regulations prevent the members of the sick club from all choosing the same doctor, though the rules of the club nominally leave each member free to select from the panel. SECT. 15 (4).

SUPPLY OF DRUGS, MEDICAL APPLIANCES, ETC.

(5) Every such Committee shall also make provision for the supply of proper and sufficient drugs and medicines and prescribed appliances to insured persons in accordance with regulations made by the Insurance Commissioners,* which shall provide for the arrangements made being subject to the approval of the Insurance Commissioners * and being such as to enable insured persons to obtain from any persons, firms, or bodies corporate with whom arrangements have been made such drugs, medicines, and appliances if ordered by the medical practitioner by whom they are attended, and shall require the adoption by every Insurance Committee of such a system as will secure— SECT. 15 (5).

(*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;

* In consultation with the Joint Committee, *infra*.

SECT. 15 (5).

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

Provided that—

(i) If the Insurance Commissioners * are satisfied that the scale of prices fixed by the Committee is reasonable, but that the persons, firms, or bodies corporate included in any list are not such as to secure an adequate and convenient supply of drugs, medicines, and appliances in any area, they may dispense with the necessity of the adoption of such system as aforesaid as respects that area and authorise the Committee to make such other arrangements as the Commissioners may approve;

(ii) Except as may be provided by regulations made by the Insurance Commissioners,* no arrangement shall be made by the Insurance Committee with a medical practitioner under which he is bound or agrees to supply drugs or medicine to any insured persons;

(iii) Subject to the regulations made by the last foregoing proviso the regulations shall prohibit arrangements for the dispensing of medicines being made with persons other than persons, firms, or bodies corporate entitled to carry on the business of a chemist and druggist under the provisions of the Pharmacy Act, 1868 (31 & 32 Vict. c. 121), as amended by the

* In consultation with the Joint Committee, *infra*.

Poisons and Pharmacy Act, 1908 (8 Edw. VII. c. 55), 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; SECT. 15 (5).

(iv) Nothing in this Act shall interfere with the rights and privileges conferred by the Apothecaries Act, 1815 (55 Geo. III. c. 194), upon any person qualified under that Act to act as an assistant to any apothecary in compounding and dispensing medicines.

The Insurance Commissioners * are to formulate **general regulations** for the guidance of the Insurance Committees. The only condition laid down as imperative is that there must be a list of authorised persons who are entitled to supply drugs, etc., to insured persons.

The list must not exclude any person capriciously, if otherwise qualified.

But it is left, as in the case of doctors (subsection (2) (*b*), *supra*, p. 86), to the Insurance Commissioners,* not to the Insurance Committee, to strike anyone off the roll for causes which appear to them to be sufficient.

The Insurance Committee fixes a **scale of prices** which will be practically a chemist's catalogue, and in case of prescriptions to be made up will require to allow a certain percentage or other charge for the work of making up.

Doctors Supplying Medicines.—This is only to be allowed in accordance with recommendations to be made by the Commissioners.* Provisos (i) and (ii) should be read together. In country districts where there is no chemist's shop within reasonable distance, *e.g.* Orkney and Shetland and the outer isles, the obvious alternative is to allow the doctor to dispense drugs, as he does at present, and this no doubt will be done.

The regulations in subsection (3), *supra*, p. 89, for the alternative

* In consultation with the Joint Committee, *infra*.

SECT. 15 (5). scheme whereby insured persons make their own arrangements for medical treatment apply also to supply of drugs, etc. Unless the regulations made by the Insurance Commissioners expressly forbid it there is nothing in the Act to prevent associations of insured persons, or of insured persons and others, or individual insured persons, arranging to take their medicines from their doctor, since that would not affect the cash equivalent of medical benefit which they are entitled to receive.

Scale of Prices Reasonable.—If a ring of chemists or the only available chemist tries to force up prices by refusing to dispense at the scale prepared by the Insurance Committee the Insurance Commissioners will authorise the Insurance Committee to go to the doctor and allow him to dispense.

Paying for Medicines.—As there is no provision for money payments to insured persons the method of supply will no doubt be that the doctor's prescription or order will be the voucher on which the chemist will supply the drugs and recover payment from the Insurance Committee.

MONEY AVAILABLE FOR MEDICAL BENEFIT.

SECT. 15 (6). (6) There shall in each year be paid to the Insurance Committee for each county or county borough out of moneys credited to a society which has members resident in the county or county borough such sum in respect of the medical benefit of such members and the cost of administration thereof as may be agreed between the society and committee or, in default of agreement, may be determined by the Insurance Commissioners.*

Moneys Credited to a Society.—For financial provisions see sections 54 and 56, *infra*.

The Insurance Committee have to make the arrangements with the doctors and chemists, but so far as those insured persons who are members of approved societies are concerned they depend for their income to carry out those arrangements upon agreement with the societies.

The sum is to be paid to the Committee at the commencement of the year on an estimate of its liabilities for the coming year (section 61 (1), *infra*).

The society has to calculate what it can afford to pay in view of

* In consultation with the Joint Committee, *infra*.

all its liabilities and also of the fact that two-ninths of what they pay will be repaid out of the taxes, so that only seven-ninths has to be found out of the contributions of members and their employers. SECT. 15 (6).

The Committee has to look to its contracts with doctors and chemists, and

The Insurance Commissioners * are the arbiters between the two.

The result may of course be that at the end of the year the Insurance Committee may find themselves with a debit balance against them.

The succeeding subsections provide one way of dealing with that situation by putting the burden on the ratepayers and taxpayers, but both the local authorities and the Treasury have a right of veto over that method (see notes on those subsections, *infra*). The other method is provided by section 38, *infra*, p. 134, *q.v.*

PAYMENT OF DEFICIENCIES RESULTING FROM COST OF MEDICAL BENEFIT BY THE TREASURY OR THE LOCAL AUTHORITY.

(7) If in any year the amount payable to an Insurance Committee in respect of all persons for the administration of whose medical benefit it is responsible is sufficient to meet the estimated expenditure thereon, the Committee may, through the Insurance Commissioners, transmit to the Treasury and to the council of the county or county borough an account showing the amount so payable and the estimated expenditure, and the Treasury and the county council or the council of the county borough may, if they think fit and if satisfied that the amounts so payable and the proposed expenditure are reasonable and proper in the circumstances, sanction the expenditure. SECT. 15 (7).

(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

* In consultation with the Joint Committee, *infra*.

SECT. 15 (7). expended by the Insurance Committee on medical benefit in the course of the year in excess of the amounts so payable to the Insurance Committee as aforesaid.

Note.—(i) **These subsections are** only **permissive,** and therefore there is no obligation on either the local authority or the Treasury to pay at all.

(ii) **The power to pay** is distinctly **limited to one-half** in each case, so that if either the local authority or the Treasury refuse to pay it is not within the power of the other under these subsections to pay the whole. Note, however, under section 61 (3), *infra*, a general power is given to any local authority to make any grant it likes to the Insurance Committee. This would no doubt cover a grant of the half of the deficiency payable by the Treasury if they refused, but is only permissive, and creates no obligation to pay.

(iii) **The demand** for payment and the agreement to pay are **to be made on estimates** before the expenditure is incurred.

(iv) There is **no** express **power** to these two authorities **to recoup** the Insurance Committees for **a realised deficit.**

The Insurance Committee cannot be held personally responsible for the loss incurred, nor can doctors and chemists be expected to forego payments for which they have contracted and for which the services have been rendered or the materials supplied.

The Insurance Commissioners will therefore require to meet the case in some way, and will no doubt do so by increasing the amount to be paid by the approved societies in the year following that in which the deficit occurred so as to Budget for a surplus to balance against it. If an approved society then finds itself with a deficit the provisions of section 38 come into force (see *infra*, p. 134).

ADMINISTRATION OF SANATORIUM BENEFIT.

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

(*a*) with a view to providing treatment for insured persons suffering from tuberculosis or any other such disease as aforesaid in sanatoria and other institutions, with persons or local authorities (other than poor law authorities) having the management of sanatoria or other institutions approved by the Local Government Board, which treatment it shall be lawful for a local authority to provide as respects insured persons resident outside as well as respects those resident within their area; and SECT. 16 (1).

(*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.

Sanatorium Benefit.—As was observed, *supra*, "sanatorium benefit" as defined in section 8 appears to include all treatment of tuberculosis. But by subsection (3), *infra*, an insured person is not entitled to sanatorium benefit until he is recommended by the Insurance Committee. The Insurance Committee have, however, no power to make direct arrangements for the provision of sanatorium benefit. All they can do is to use the income (1s. 3d. per head per annum) provided for this purpose, in order to secure that the local authorities will treat these cases. The local organisation for the treatment of tuberculosis, either in sanatoria or otherwise, does not exist at present. There is no provision to compel local authorities to create it. The provisions of subsection (*b*), *supra*, and of section 64, are permissive only. In the meantime, insured persons may not even get medical attendance or drugs in case of illness, unless the Insurance Committee make arrangements with the doctors that they are to attend such cases as part of the contract to provide medical benefit until they are certified for sanatorium benefit.

SECT. 16 (1).

This section must be read along with section 64, *infra*, which authorises county councils to establish sanatoria, and section 6 (1) (*b*) of the Finance Act, 1911, which makes a grant of £1,500,000 to be administered by the Local Government Board as a grant in aid for building sanatoria.

The Insurance Committee are to arrange with any local authorities (except poor law authorities) for the reception of insured persons into such institutions either at present in existence or to be created.

They may also make arrangement with "persons having the management of sanatoria or other institutions" for the same persons. This would include all hospitals for consumption supported wholly or partly by charity at present in existence or afterwards to be erected; it would also include sanatoria run for profit, but the charges payable in the latter institutions would in most cases be impossible for the funds of the Insurance Committee to meet.

The section also provides (subsection (*b*)) for what may be called an **"out-patient" department,** and the Committee may therefore subsidise dispensaries either run by charity or municipally which treat insured persons, but in every case any institution managed by the poor law authority is barred.

INCOME AVAILABLE FOR SANATORIUM BENEFIT.

SECT. 16 (2).

(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 money provided by Parliament to be applied, in accordance with regulations made by the Commissioners, for the purposes of research.

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

(4) An Insurance Committee may, out of the sums avail-

able 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. SECT. 16 (2).

The sum of 1s. 3d. will be payable to the Insurance Committee by the Insurance Commissioners, and to the extent of seven-ninths of 1s. 3d. or $11\frac{2}{3}$d. per member per annum form a deduction from the funds in the hands of the Commissioners to the credit of any society, and that deduction is made at the commencement of each year in advance. In case of the deposit contributor $11\frac{2}{3}$d. is deducted from his balance in the Post Office at the beginning of each year (see section 42, *infra*, p. 148). In case of women the payment is the same, viz. 1s. 3d., but the deduction, being three-fourths, is slightly smaller, viz. $10\frac{4}{5}$d.

"Moneys provided by Parliament" refers to the sum of 1d. specially mentioned, and may all be paid over to the Insurance Committee, or may all be retained or partly handed over and partly retained for research purposes.

Excess expenditure and payments by local authorities and the Treasury. See section 17 (2), *infra*, p. 100.

SANATORIUM BENEFIT FOR DEPENDANTS OF INSURED PERSONS.

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

The discretion for this extension of sanatorium benefit rests with the Insurance Committee, but the charge for carrying it out will probably fall upon the local authorities and the Treasury, under the immediately succeeding section.

Dependants of Insured Persons.—The word "dependants" is defined in section 79, *infra*, *q.v.*

Excess Expenditure on Sanatorium Benefit.

Sect. 17 (2). (2) If in any year the amount available for defraying the expenses of sanatorium benefit is insufficient to meet the estimated expenditure on sanatorium benefit for insured persons and such dependants, the Insurance Committee may, through the Insurance Commissioners, transmit to the Treasury and the council of the county or county borough an account showing the estimated expenditure for the purpose and the amount of the sums available for defraying the expenses of sanatorium benefit, and the Treasury and council may if they think fit sanction such expenditure.

Sect. 17 (3). (3) The Treasury and the council of the county or county borough sanctioning such expenditure as aforesaid shall thereupon each be liable to make good, in the case of the Treasury out of moneys provided by Parliament, and, in the case of the council of the county or county borough, out of the county fund or borough fund or borough rate, as the case may be, one-half of any sums so sanctioned by them and expended by the Insurance Committee on sanatorium benefit for insured 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.

"The Amount Available."—The maximum amount available, apart from this section, to the Insurance Committee is (section 16 (2), *supra*, p. 98) 1s. 4d. per insured person per annum.

See remarks upon the same provision with regard to medical benefit (section 15 (7), *supra*, p. 95), but in addition it must be remembered that there is no ultimate resort to the approved societies, and through them to the insured persons in this case.

Administration of Maternity Benefit.

Sect. 18 (1). **18.** (1) Where the mother of the child is herself an insured person, and is not the wife or, in the case of a posthumous child, the widow of an insured person, maternity benefit shall

be treated as a benefit for her and shall be administered in cash or otherwise by the approved society of which she is a member, or, if she is not a member of any society, by the Insurance Committee; in any other case, the benefit shall be treated as a benefit for her husband and shall be administered in cash or otherwise by the approved society of which he is a member, or, if he is not a member of any such society, by the Insurance Committee, and shall be payable in respect of a posthumous child as if the husband were still alive: SECT. 18 (1).

Provided always that the mother shall decide whether she shall be attended by a duly qualified medical practitioner or by a duly certified midwife, and shall have free choice in the selection of such practitioner or midwife, but if, in the case of a midwife being selected, a duly qualified medical practitioner is subsequently summoned in pursuance of the rules made under the Midwives Act, 1902 (2 Edw. VII. c. 17), the prescribed fee shall, subject to regulations made by the Insurance Commissioners, be recoverable as part of the maternity benefit.

Maternity benefit is a fixed sum of 30s., and the person entitled to it is entitled either to have the money or clear evidence that it has been spent for behoof of the mother.

"Administered in Cash or Otherwise."—Either the money is handed over to the woman or her husband, as the case may be, and they are left to make their own arrangements, or it is spent in whole or in part in providing skilled assistance, doctor * or midwife, or both, and in necessary or desirable provision for the mother or infant.

There are **three possible cases** under this section:—

(1) Unmarried woman who is an insured person—the money is payable to or for her.

(2) Married woman whose husband is an insured person—the money is payable to or for him whether she is an insured person or not.

* Medical benefit does not include attendance upon a confinement [section 8 (6), *supra*, p. 57], and therefore if a doctor is called in he must be paid out of the 30s. or otherwise.

SECT. 18 (1). If she is also an insured person she gets sickness benefit as well (section 8 (6), *supra*, p. 57).

(3) Widow of insured person having a posthumous child—the money is payable to or for herself, but she is also entitled to sickness benefit if she is herself an insured person (section 8 (6), *supra*, p. 57).

A married woman, who is a voluntary contributor under the special scheme for married women in **section 44,** *infra*, p. 155, is not entitled to sickness benefit owing to a confinement for two weeks before or four weeks after the birth (see Schedule IV., Table D., *infra*).

The result of this is that she can only get the maternity benefit, and if her husband is also an insured person the payment will be the same, but it is payable in respect of him.

Deposit Contributors.—The question in respect of whom the maternity benefit is payable is very important in the case of deposit contributors, because one may have a balance in the Post Office at the time and the other may have none [section 42, *infra*]. The question whether maternity benefit is payable or not will depend upon the balance at the credit of the person entitled to draw it.

SECT. 18 (2). (2) In deciding whether or not they shall make an order under the Bastardy Laws Amendment Act, 1872 (35 & 36 Vict. c. 65), for the payment of the expenses incidental to the birth of a child, the justices shall not take into consideration the fact that the mother of the child is entitled to receive maternity benefit under this Part of this Act.

PUNISHMENT OF NEGLECTFUL HUSBAND.

SECT. 19. **19.** Without prejudice to any other legal liability, where, under the immediately foregoing section, which relates to the administration of maternity benefit, of this Act, maternity benefit is given or paid to the husband, it shall be the duty of the husband to make adequate provision to the best of his power for the maintenance and care of his wife during her confinement, and for a period of four weeks after her delivery and if he neglects or refuses to do so he shall be liable upon

summary conviction to imprisonment, with or without hard labour, for any term not exceeding one month. SECT. 19.

This section creates **a new criminal offence**. In Scotland the proper prosecutor would be the procurator-fiscal, and it would be the duty of the Insurance Committee or approved society administering the benefit to report any case where they suspected the husband of the offence to the procurator-fiscal or chief constable.

Procedure would be regulated by the Summary Jurisdiction (Scotland) Act, 1908 (8 Edw. VII. c. 65).

REINSURANCE FOR MATERNITY BENEFIT.

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

SUBSCRIPTIONS TO HOSPITALS, ETC.

21. It shall be lawful for an approved society or Insurance Committee to grant such subscriptions or donations as it may think fit to hospitals, dispensaries and other charitable institutions, or for the support of district nurses, and to appoint nurses for the purpose of visiting and nursing insured persons, and any sums so expended shall be treated as expenditure on such benefits under this Part of this Act as may be prescribed. SECT. 21.

"**To appoint nurses** for the purpose of visiting and nursing insured persons." This provision, if carried out thoroughly, may prove a very heavy expense to the societies or Insurance Committees.

"The sums so expended shall be treated as expenditure on *such benefits* under this Part of this Act *as may be prescribed.*"

* Joint Committee, *infra.*

SECT. 21. That must mean prescribed by the Insurance Commissioners.

In case of consumptives it might come under **sanatorium benefit,** in virtue of section 16 (1) (*b*), *supra*, p. 96.

If it were ordered that such expenses were to come under **maternity benefit** in cases of confinement the charge for visiting each patient could be charged against the 30s., if anything of that is left after paying for doctor or midwife, or both, and medicines and "medical appliances."

It could not be put against sickness or disablement benefits, because there is no authority to "administer" these in any other way than in cash payable to the insured person with a few very specific exceptions. There therefore remains **medical benefit.** In that case it must be administered by the Insurance Committee, not the approved society. It will, if carried out, complicate the finance of medical benefit or sanatorium benefit, because Insurance Committees will require to estimate the probable expenditure at the beginning of the year for the purposes of section 15 (7) and section 17 (2).

POWER OF MINOR LOCAL AUTHORITIES TO CONTRIBUTE TO EXPENSE OF MEDICAL AND SANATORIUM BENEFIT.

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

(2) The agreement may provide that the county council shall not raise any sum on account of any expenditure incurred by them under this Part of this Act for the purpose to which the agreement relates within the borough or urban or rural dis-

trict the council of which has entered into such agreement, during the continuance of such agreement. SECT. 22 (2).

For the application of this section in **Scotland** see section 80 (14), *infra*. The expenditure referred to in this section is the expenditure authorised by sections 15 (7) and 17 (2), *supra*, pp. 95 and 100.

APPROVED SOCIETIES—THOSE WHICH MAY BE APPROVED.

23. (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: SECT. 23 (1).

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.

Existing societies which are registered or incorporated by Royal Charter or Act of Parliament are not really in any different position from other societies, old or new. This subsection says that societies "not so registered or established" must have "a constitution of such a character as may be prescribed." The Insurance Commissioners * will therefore issue some definition of such societies,

* Joint Committee where the society has members in two or more of the four countries.

SECT. 23 (1). and have in fact issued model rules for the guidance of societies, new or old, seeking to be approved (see *infra*), but the conditions laid down in the next succeeding subsection must apply to any society before it can be approved. **"Which complies with the requirements of this Act"** refers equally to registered or incorporated and to other societies seeking approval. See subsection (2), *infra*, and sections 26, 27, 35, and 41, *infra*.

Separate Sections.—The regulations with regard to approved societies contained in this section and those succeeding down to section 41 of necessity interfere considerably with the autonomy of the society. In order to allow societies to preserve their autonomy so far as possible they may separate into two sections, consisting of those who are members for the purposes of the Act and those who are not. There is nothing to prevent members belonging simultaneously to both sections.

E.g. (i) **An ordinary friendly society** which at present takes 6d. a week from its members may form a separate section to which it admits insured persons who only pay the compulsory Government levy of 4d.

The old members and some new members may belong to that section for the purposes of the Act, and also belong to a separate section to which the extra 2d. a week is credited in the society's books.

A third section may consist of members paying at the old rate who are either not insured persons or who are insured persons but are entered in some other society for the purpose of the Act.

(ii) **A trade union** will require to make a separate section for carrying on insurance under the Act from that which carries on trade union business and pays strike pay, even although all members belong to both sections.

For the purpose of its credit with the Insurance Commissioners, including reserve values under section 55, and for the purpose of reaching the 5000 limit provided for in section 39 (1), *infra*, p. 141, or for the purpose of grouping with other societies under that section, the society will be considered as the separate section, formed for the purposes of the Act, and the rest will be ignored.

Not being a Branch.—Section 79, *infra*, provides that "the expression branch in relation to a society shall not include any branch of the society which is not itself separately registered." Therefore the exception in this section means that a branch which is separately registered as a branch cannot be separately

approved, but must be considered as part of the society of which it is a branch (see sections 27 and 40, *infra*, pp. 114 and 146). The definition in section 77 also has this effect, that for the purpose of sections 27 and 40, dealing with societies having branches, if the societies claim approval on the ground of being friendly societies and registered under the Friendly Societies Acts, and not on the alternative ground of "having a constitution of such a character as may be prescribed," then the branches must be separately registered under section 19 of the Friendly Societies Act, 1896, and not included in one registration for the whole society under section 17 (1) of that Act. If the society is registered under the latter section then it will require to apply for approval as a single unit, and its separate branches will not be regarded as branches for the purpose of this Act. SECT. 23 (1).

STATUTORY CONDITIONS.

(2) No society shall receive the approval of the Insurance Commissioners unless it satisfies the following conditions:— SECT. 23 (2).

(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 SECT. 23 (3).

SECT. 23 (3). 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.

Any society which wishes to be approved and which does not comply with these conditions must alter its rules or set up a separate section, as provided in subsection (1), *supra*, p. 105.

Carried on for Profit.—This excludes limited companies earning dividends, but does not prevent a separate section being set up among shareholders or policyholders in such companies.

In addition to the provisions of this subsection societies must conform to regulations of the Act in order to be approved, viz. :—

There is **no minimum membership** required, but if a society has less than 5000 members it must be grouped with other societies (section 39, *infra*, p. 141).

"Works societies" supported by employers may be approved societies (section 25, *infra*, p. 110), and this forms a certain exception to subsection (2) (ii), as employers are allowed in certain circumstances representation on the management committee.

Security for malversation by officers of the society (see section 26, *infra*, p. 112).

Rules.—Matters in which the rules of the society must satisfy the Insurance Commissioners (see section 27, *infra*, p. 114).

Withdrawal of approval (see section 29, *infra*, p. 118).

Admission of members and medical tests (section 30, *infra*, p. 119).

Double membership is prohibited "for the purposes of the Act," but there is nothing to prevent a man belonging to as many societies as will admit him independently of the Act (see section 34, *infra*, p. 124).

Accounts.—Rules as to : section 35, *infra*, p. 126.

Branches.—Special conditions as to : section 40, *infra*, p. 146.

May Grant Approval.—There is no provision for any appeal against a decision of the Insurance Commissioners in this matter ; and there does not seem to be any remedy for any society which feels itself aggrieved by the Commissioners' decision. Where a

society has members in two or more of the four countries the decision rests with the Joint Committee, *infra*. SECT. 23 (3).

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

(2) Subsections (3) and (4) of section seventy of the Friendly Societies Act, 1896 (59 & 60 Vict. c. 25), 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. SECT. 24 (2).

(3) This section shall come into operation on the passing of this Act, and shall not continue in force beyond the expiration of one year from the commencement of this Act, except so far as may be necessary to enable a society which has undertaken the transaction of insurance business under this Part of this Act to continue to transact such business. SECT. 24 (3).

Under this section practically any body of persons, from a football club to a limited company, can get itself made an approved

SECT. 24. society under the Act by altering its rules and constitution or setting up a separate section, and making the rules for that separate section comply with the requirements of the Commissioners. The section does not say how the society is to act. The constitution of the society is apparently made a dead letter for the purposes of this section, but the section does not expressly say that the majority of the members are to have a right to alter the constitution, if the constitution requires a three-fourths majority. All that the section does is to remove any difficulty or formality which it is "necessary" to remove "for the purpose of enabling the body to undertake the transaction of such business (viz. insurance business)" as soon as may be after the "passing of the Act," therefore the power of a majority against a dissenting minority could not be held to extend beyond what was "necessary," and as any such society could set up a separate branch and make the rules for that branch satisfy the requirements of the Act it would leave the old society intact.

Safeguarding Existing Rights.—By section 34, *infra*, p. 124, "nothing in this Act shall . . . affect the rights or liabilities of an approved society or any member thereof arising otherwise than under this Part of this Act."

The principal object and practical effect will be to remove merely technical difficulties which might prevent benefit societies adjusting their rules to satisfy the regulations of the Act.

By subsection (3) *supra* these special provisions only last from the passing of the Act until one year after the commencement of it, that is 15th July 1913 at the earliest, and 1st January 1914 at the latest.

Existing Friendly and Benefit Societies.—See section 72, *infra*.

"WORKS" SOCIETY OR EMPLOYERS' PROVIDENT FUNDS.

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

to the employer's contributions payable by him under this Part of this Act, is responsible for the solvency of the fund or for the benefits payable thereout, or is liable to pay a substantial part of, or to make substantial contributions to, or substantially to supplement, the benefits payable out of the fund: SECT. 25 (1).

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.

These societies are subject to all the conditions laid down in the foregoing and subsequent sections dealing with approved societies, with the exception stated that the employers may have representation not exceeding one-fourth in the managing body if they—

(i) Guarantee its solvency; or

(ii) Are "substantial" supporters of the society or fund financially, in addition to paying the employers' contributions under the Act.

Membership must not be a condition of the employment, therefore—

(i) Men employed need not be members; and

(ii) Members need not be in the employment but in the latter case only if they are unable because of health to get into another society.

Transfers.—See sections 31 and 32, pp. 120, 122, *infra*.

There is nothing to prevent the employers in such a society withdrawing from their share in the management and the members

SECT. 25 (1). forming a new society which could become approved in the ordinary way, and then proceed under section 13, *supra*, p. 80, to frame a new scheme of benefits which should include the old superannuation and other benefits included in Schedule IX., Part II., as a substitute for sickness and disablement benefit under the Act.

If the society is less than 5000 strong it must be grouped in terms of section 39, *infra*, p. 141, unless specially approved and exempted under this section.

EMPLOYERS' BENEFIT FUNDS—ALTERATION OF RULES.

SECT. 25 (2). (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.*

SECT. 25 (3). (3) Where such a scheme has been approved by the Insurance Commissioners, the Act or deed constituting the society shall have effect subject to the provisions of the scheme, but the Insurance Commissioners shall not approve any such scheme unless they are satisfied that the members of the society have been given an opportunity of voting by ballot thereon, and that the scheme makes proper provision for safeguarding existing rights and interests.

These subsections have the same effect as the provisions of section 24 (1), which indeed would have applied to these societies, but the additional proviso is put in that the members should vote by ballot.

This scheme is also subject to the **reservation of the rights of existing members** under section 34, *infra*, p. 124, already referred to in note on section 24, *supra*, p. 109.

SECURITY AGAINST MALVERSATION OF FUNDS.

SECT. 26 (1). **26.** (1) Every approved society and every society desirous of becoming an approved society shall give such security as

* Joint Committee where the society has members in two or more of the four countries.

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: SECT. 26 (1).

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. SECT. 26 (2).

(3) The Insurance Commissioners may from time to time vary the amount of security to be given or maintained by an approved society as may be thought proper, and, where security is given by way of deposit of securities, the society which made the deposit may, with the consent of the Insurance Commissioners, substitute other securities for the securities for the time being deposited. SECT. 26 (3).

(4) Any dividends or interest arising from securities deposited by an approved society under this section shall be paid to the society. SECT. 26 (4).

The security to be given is not that benefits to which members are entitled shall be paid, but only that money shall not be misappropriated by the officers of the society.

The finance of approved societies is dealt with in section 56, *infra*.

Proviso.—The society may, under the proviso to section 56 (1), leave all the money collected for it under the Act with the Insurance Commissioners and only draw upon that fund from time to time to

* Joint Committee where the society has members in two or more of the four countries.

SECT. 26 (1) to (4).

repay benefits already paid out. Any society which starts with an accumulated fund in hand when this Act is passed may, as a matter of book-keeping, pay benefits under the Act by advances out of its accumulated funds and then merely use their credit with the Insurance Commissioners to repay these advances. See section 72 as to the use of these accumulated funds, *infra*.

In that case they need not give security for their officers.

Branches.—The finances of branches are largely separable from each other under the Act. By this section they must give separate security for the conduct of their officers ((2), *supra*).

By section 27 (1) (*c*) the branch is entitled to **administer benefits** to its members.

By section 29 the branch **may have** the **approval** of the Commissioners **withdrawn** from it separately (*infra*, p. 118).

By section 35 (1) (*a*) the branch is **to keep books** and accounts according to the regulations for approved societies (*infra*, p. 126).

By section 36 (1) the **triennial valuation** applies to each separate branch (*infra*, p. 129).

By section 37 (1) (*c*) the branch can **deal separately with** two-thirds of any **surplus** held by it (*infra*, p. 131).

By section 38 (1) (*a*) the branch must individually **make good at** least one quarter of any **deficit found** against it (*infra*, p. 134).

Interest on Money Granted in Security.—Security may be given in the form of depositing money or securities. In the latter case dividends will accrue, and in the former the money would be on deposit receipt in a bank, and interest would accrue. Subsection (4) says such interest or dividend is to be "paid to the society." This would not prevent the society leaving such interest or dividends in the hands of the Insurance Commissioners for investment under section 56.

DUTIES OF APPROVED SOCIETIES.

SECT. 27 (1).

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

* Joint Committee where the society has members in two or more of the four countries.

SECT. 27 (1).

(*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.

The Insurance Commissioners are to require approved societies to carry out these provisions, but the Commissioners still hold the right of supervision. By section 66, the Insurance Commissioners are to decide—.

(i) "Whether a person is an employed person," and therefore compelled to be insured under the Act. (Subject to appeal to the Law Courts.)

(ii) Whether a person is entitled to be a voluntary contributor.

(iii) Rates of contributions payable in respect of any person.

(iv) Rates of contributions of employer and employed respectively.

By section 67—

(v) Appeals from Insurance Committees and approved societies in

(*a*) Disputes between a member and his society or branch;

(*b*) Disputes between an ex-member and his late society or branch;

(*c*) Disputes between a society and its branch or branches.

(*d*) Disputes between branches.

SECT. 27 (1). **Proper books of account** (see section 35, *infra*, p. 126).
Rules (see section 23, *supra*, p. 105).

PLACE OF MEETING OF SOCIETY OR BRANCH.

SECT. 27 (2). (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.

REGISTRATION OF RULES.

SECT. 27 (3). (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.

Registration remains imperative, but the technical defence against an accusation of breach of rule that it has not yet been registered is removed.

Any penalty on any secretary for failing to register would not be affected by this subsection.

SECESSIONS BY BRANCHES.

SECT. 28 (1). **28.** (1) No branch of an approved society having insured persons among its members shall be entitled to secede or withdraw from the society without the consent of the Insurance Commissioners *; but such consent shall not be given unless the

* Joint Committee where the society has members in two or more of the four countries, *supra*.

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: SECT. 28 (1).

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. SECT. 28 (2).

(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. SECT. 28 3).

(4) This section shall have effect notwithstanding anything contained in any Act regulating the constitution of the society. SECT. 28 (4).

A branch may only secede (i) if it is capable of becoming itself an approved society (for conditions of approval see section 23 and notes thereon, *supra*, pp. 105 to 109; and also sections 26, 27, 39); or (ii) if all the members who are "insured persons" transfer to other societies. The branch would then no longer be of any interest to the Insurance Commissioners, and its rights in respect of the parent body would depend upon its own constitution.

"Insured persons" in subsections (2) and (3) means persons who are members of the particular branch for the purpose of the Act, viz. persons in respect of whom the branch was receiving credit with the Commissioners for their own and their employers' contributions (if any) under the Act. There might be insured persons in the branch who were members of some other society for the purpose of the Act (section 34); they might, of course, remain in the branch after it had seceded and ceased to be an "approved society."

* Joint Committee where the society has members in two or more of the four countries, *infra*.

SECT. 28 (1) to (4).

Transfers.—See sections 31 and 32, *infra*. They must arrange for transfer to approved societies. It would not be sufficient to provide that their members become deposit contributors, or even, it is submitted, join a society of deposit contributors formed under section 80 (9).

WITHDRAWAL OF APPROVAL.

SECT. 29.

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

This section is **permissive not peremptory.** The Insurance Commissioners *may* withdraw their approval either of the whole society or a branch. Withdrawal from a society implies withdrawal from every branch. The Insurance Commissioners could not, however, dispense with the peremptory statutory conditions, *e.g.* that the society shall not be carried on for profit, or if not grouped must have 5000 members.

But if approval is withdrawn the Insurance Commissioners "shall make . . . provision . . . with respect to members . . . who are insured persons." The Insurance Commissioners have the virtual control of the society's funds so far "as arising out of the Act," and will therefore be able to pay from any sum in their hands to the credit of the society the transfer values of members to such other society as they may get into, or to the Post Office fund, according to the regulations of sections 31 and 43.

The society which is being disapproved may, however, be insolvent and unable to pay the transfer values; no other society will accept its members without the transfer values, except at the

* Joint Committee where the society has members in two or more of the four countries, *infra*.

voluntary rate (see section 5), according to age. They will therefore in that case either— SECT. 29.

(1) Require to pay their transfer value or any part which may be in default to the society they join; or

(2) join at the rate suitable to their age, according to the table to be prepared under section 5; or

(3) become deposit contributors.

ADMISSION TO APPROVED SOCIETIES.

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

(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. SECT. 30 (2).

(3) This section shall come into operation on the passing of this Act. SECT. 30 (3).

"Any insured person" (see section 1, *supra*, pp. 35 to 40, and Schedule I., *infra*).

"Any person entitled to become an insured person" (see section 1 (3), *supra*, p. 38).

"According to its Rules."—No limitation is put upon the rules except that age is not to bar people from joining, and the societies are to be compensated by the credit of reserve values (see section 55 and notes thereon, *infra*) for taking the older men.

The society may, however, restrict its membership in any other test, *e.g.* medical test, trade test (trade unions), religious test (Ancient Order of Hibernians), political test, sex test, etc.

There is nothing to prevent societies imposing also compulsory levies for other purposes than those of the Act before admitting insured persons, *e.g.* levies for trade defence purposes, political purposes, death and funeral benefits, benevolent fund, additional benefits, and such societies could expel members failing to carry out their contract in respect of these levies, but in the latter case only subject to payment of their transfer values (see section 31, *infra*, p. 120).

Secession and Transfer of Individuals.—The societies are permitted to refuse the right to secede unless the Insurance Com-

SECT. 30 (1) to (3).

missioners regard their refusal as "unreasonable" (see section 31, *infra*). In the case of any society which required extra levies for purposes outside of the Act, it would probably be held "reasonable" if the member said he no longer desired, or could no longer afford, to pay those levies, and wished to join another society where there was no levy.

Similarly a man who belonged to a religious society and changed his religion, *e.g.* a member of the Ancient Order of Hibernians becoming a Protestant; a man in a political society who changed his politics; a member of a trade union who ceased to be employed in the particular trade.

TRANSFER FROM ONE SOCIETY TO ANOTHER.

SECT. 31 (1).

31. *Transfer from One Approved Society to Another.*—(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.

Transfer value represents the amount which on the average a society should have in hand in respect of any member at any particular age. There will not be an inquiry into each particular case to discover whether a man has been a profitable subject in fact or not to the society; it will be arrived at by assuming an average amount of sickness during the period up to the age in question, and will be largest in middle life about the age of thirty-five to forty, and if the calculations were quite accurate at the age of seventy the transfer value would be no

more than enough to give the insured person medical, sanatorium, and maternity benefits if required. SECT. 31 (1).

Transfer value has nothing to do with "reserve" value really, but one would expect transfer value for a person who entered insurance at sixteen to be equivalent at any particular age to reserve value for that age (see section 55, *infra*).

In the case of a person who came into insurance at sixteen there is no complication as to reserve value, but where a man entered within one year of the passing of the Act and was over sixteen a sum is credited to the society in respect of him, under section 55, called reserve value.

When he goes over to another society his transfer value is partly made up by reserve value, but the society to which the insured person is transferred is entitled to get a cash payment equivalent to the transfer value. The society from which he has transferred will require to pay and will get the money back gradually with interest by the procedure under section 55 (4), *infra*.

For relation of transfer to reserve values in cases where the insured person goes from an approved society to the Post Office fund see section 43, *infra*.

The transfer must be effected within a certain time to be laid down by the Commissioners, else the person becomes automatically a deposit contributor, and must go through the Post Office to any other society he wishes to join (see section 43, *infra*).

Consent Unreasonably Withheld (see notes to previous section).—The consequence of this proviso will be to make the "transfer value" remain in the hands of the first society, and the transferor coming to the new society empty-handed will be treated as a new insurer and charged the rates or given the benefits appropriate to his age, according as he is a voluntary or employed contributor respectively (see sections 5 (1) and 9 (4), *supra*, pp. 44, 63).

TRANSFER FROM ONE BRANCH TO ANOTHER OF SAME SOCIETY.

(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. SECT. 31 (2).

SECT. 32 (1).

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

SECT. 32 (2).

(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.

This section is entirely speculative, as no such arrangement as is suggested exists at present, but it is hoped that such a system of exchange may be set up, and this section provides powers for the Insurance Commissioners.

For transfer of members of approved society who emigrate to a special list of members see next section (33).

For rights of emigrants who are deposit contributors see section 42 (*g*), *infra*, p. 152.

EMIGRANTS WHO REMAIN MEMBERS OF APPROVED SOCIETIES.

SECT. 33.

33. *Transfer Values of Emigrants who Remain Members of Approved Societies.*—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.

The society first has the option to keep the emigrant as a member if it likes, but he ceases to be an "insured person," therefore in future the society only receives in respect of him, whatever he pays himself, **"such sum as would have been transferred to the Post Office fund"** (see section 43 (1) (*a*), *infra*, p. 153).

The result of this provision is that the emigrant can only carry to the funds of the branch of the society, independent of the Act, the actual balance which the society has, or actuarially ought to have, in respect of him.

This sum is arrived at by taking the transfer value of the emigrant at his age according to the tables to be prepared under section 31 (1). But in the case of a person who joined over age, the society will not actually possess this money, because part of it will be in the form of a reserve value due to the society by the Commissioners.

The actual cash in hand (actuarially) must therefore be the "transfer value" under deduction of so much of the reserve value as is still unpaid.

SECT. 33. The emigrant who originally came in over age will therefore have no money to take with him unless his transfer value, according to his age, exceeds the balance due of reserve value. *E.g.* if a man was over 35 (assuming that 35 is the period of maximum reserve and also transfer value) at the commencement of the Act, his transfer value will be a constantly diminishing quantity, but the reserve value due in respect of him will also be diminishing by the operation of section 55 (4). On the other hand, if he was 25 years old, his transfer value will go on increasing until he is 35, whereas the reserve value due will be decreasing, therefore the amount which he has to transfer will be increasing doubly.

DOUBLE INSURANCE.

SECT. 34. **34.**—A person shall not be or attempt to become a member for the purposes of this Part of this Act of more than one approved society at the same time, or, being a deposit contributor, to become at the same time a member for the purposes of this Part of this Act of an approved society, but nothing in this Act shall prevent any person who is a member of an approved society under this Part of this Act becoming a member of the same or any other society independently of this Act, or prevent a deposit contributor becoming a member of any society independently of this Act, or affect the right of an approved society to reject or expel from membership any person not being an insured person, or the rights or liabilities of an approved society or of any member thereof arising otherwise than under this Part of this Act; and, subject to the provisions of this Part of this Act, all rules made by a society which becomes an approved society or any branch thereof shall remain and be of the same force and effect as though this Act had not been passed.

Prohibition of Double Insurance.—This section only goes this far, that no man can get more than one employers' contribution or get a share of benefits paid by the State in more than one capacity. Apart from that a man can be a member of as many societies as he likes. He will only count in one society towards making up the minimum of 5000, as he will only be "an insured" person in one society.

"Rights or liabilities . . . arising otherwise than under this Part of this Act." SECT. 34.

See observations on section 11, *supra*, p. 75, and section 72, *infra*.

Questions will arise between members of societies existing at the passing of the Act which subsequently became approved societies and the society. If the member is not "an insured person" his rights will be subject to the rules of the society and any Act dealing with the society, *e.g.* The Friendly Societies Act, 1896 (59 & 60 Vict. c. 25).

He will be entitled to claim the benefits for which he has contracted, and these can only be taken away from him in accordance with the rules of the society before the passing of the Act. These rules themselves may be altered, but only in accordance with the constitution of the society.

The power given by this Act (viz. the Insurance Act) to disregard its rules and constitution contained in section 24 (1) and 25 (2), *supra*, pp. 109, 112, is limited to what is **necessary** to enable it to be approved, and as any society can be approved by forming a separate section this section gives no authority to the society to so alter its rules or constitution as to take away the rights of existing members.

If the members claiming rights under the old rules are "insured persons" for the purpose of the Act they are of necessity bound by the Insurance Act. That is in so far as their subscriptions are paid into the insurance fund under the Act they are earmarked to the benefits of the Act.

E.g. If A. before the Act was paying 4d. a week to his society for certain benefits other than those detailed in the Act, and he subsequently becomes an employed insured person, and his society becomes "approved," then he may drop his contribution direct to the society and be content with the 4d. which is collected by his employer.

In that case he will be entitled to the benefits payable under the Act, but so far as any other benefits payable by the society are concerned he will commence to fall into arrear, and any rights he might have under the rules of the society would of course be considered along with the fact of such arrears, therefore if he wishes still to be entitled to those benefits he must still pay his old subscription. The societies will require to deal with these cases and also with the case of members who were formerly paying more than

SECT. 34. 4d., and who now only wish to pay the balance over 4d. direct to the society in accordance with a scheme to be prepared under section 72, *infra*.

It is always open to these members as laid down in the section above to be members of the same society in the two sections of insured and uninsured persons.

ACCOUNTS—VALUATIONS—SURPLUS AND DEFICIT
(SECTIONS 35 TO 38).

SECT. 35 (1). **35.** *Approved Societies to Keep Proper Accounts.*—(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 herein-after contained;

(*d*) Render such returns as the Insurance Commissioners* may require.

"Keep . . . Books and Accounts . . . Separate . . ."—This means in practice that the "earmarked" funds and the benefits paid out in respect of them are to be kept in books separate from any other funds or benefits. The earmarked funds are the moneys credited or paid over to the society under sections 54, 55, and 56, viz., the contributions paid by or in respect of their members under the Act, subject to the weekly deduction for reserve values, but with the addition of the share of the reserve values fund periodically allotted to the society under section 55 (4) and interest in accumulations of the same.

* Joint Committee, *infra*.

These books will also show the cost of administration chargeable against these funds (see next subsection). SECT. 35 (1).

Valuations (see section 36, *infra*, p. 128); surplus (see section 37, *infra*, p. 130); deficit (see section 38, *infra*, p. 134).

Auditors to be appointed by the Treasury are also to be paid by the Treasury (section 57 (3)).

EXPENSES OF ADMINISTRATION.

(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. SECT. 35 (2).

These subsections **only affect the amount** of expenses which may be **charged against the earmarked funds.** For instance a society doing business other than insurance business, *e.g.* a trade union or a society also insuring for other benefits than those in the Act, would have two sections, but could have the same officials managing both sections. They could only allocate so much of their salaries as the Commissioners allowed against the earmarked funds, but the society could in its other section pay them what they liked, subject only to its own rules.

Special Levy.—See note on section 38 (1) (*c*), *infra*, p. 137.

EFFECT ON EXISTING RULES.

(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. SECT. 35 (3).

This subsection will only affect that section of the society which deals with insurance under the Act. The existing rules and statutes will still control the society in respect of its funds independent of of the Act.

Approved Society Carrying on Other Business, *e.g.* Trade Union.

Sect. 35 (4). (4) In the case of a society or branch transacting other business besides that of insurance business under this Part of this Act, all funds and credits of the society or branch under this Part of this Act shall be as absolutely the security of the members for the purposes of this Part of this Act as if they belonged to a society or branch carrying on no other business than such insurance business, and shall not be liable for any contracts of the society or branch for which they would not have been liable had the business of the society or branch been only that of such insurance, and shall not be applied directly or indirectly for any purposes other than those of insurance business under this Part of this Act.

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

This subsection prohibits a society using the funds collected under the Act for any of its other purposes, *e.g.* a friendly society paying death benefits could not encroach upon any of the earmarked funds for that purpose.

A trade union must not mix these **funds** with those held for "trade" purposes, *e.g.* insurance of tools, strike benefit, travelling allowance when seeking employment, etc.

There is nothing to prevent the society using any funds which it has independently of the Act to assist the "insured" section, except the provisions of section 72 regarding existing funds of societies which become approved, *infra*.

Separate section has been established (see section 23 (1), *supra*, p. 105).

The Triennial Valuation.

Sect. 36 (1). **36.**—(1) A valuation of the assets and liabilities arising under this Part of this Act of every approved society and of

every branch of an approved society shall be made by a valuer, to be appointed by or with the approval of the Treasury, at the expiration of every three years dating from the commencement of this Act, or at such other times as the Insurance Commissioners appoint; the times so appointed may be at shorter or longer intervals than three years and at regular or irregular intervals, and may apply to all approved societies or any particular society or societies. SECT. 36 (1).

(2) Every such valuation shall be made on such basis as may be prescribed. SECT. 36 (2).

This is a valuation only of the "earmarked funds," viz. those which come into the possession of the approved society in virtue of the Insurance Act; so also with the liabilities.

There is a general power to the Insurance Commissioners to order a valuation for any particular society whenever they please.

The **expenses incurred by the Insurance Commissioners** are to be paid out of "money provided by Parliament to such extent as the Treasury may sanction" (see section 57 (3), *infra*).

The Insurance Commissioners have no funds on which they could draw if their expenses were not sanctioned by the Treasury.

Presumably the ordinary procedure will be that auditors and valuators will incur outlays for expenses and then put in a claim against the Insurance Commissioners, and they will pass it on, along with the amount of remuneration to be paid, to the Treasury for confirmation, just as happens at present in the case of members of the army or territorial army who incur outlays and then have to get them back, and sometimes find that certain expenses have not been passed, and they simply lose these expenses. That is the method by which the Treasury in practice keeps a check upon expenses.

The Treasury will no doubt issue regulations showing what expenses will be allowed.

"On such basis as may be prescribed" means prescribed by the Insurance Commissioners.* The valuation of liabilities must always be of a speculative nature depending upon the probability of calls upon the funds in the future. The Insurance Commissioners require to prepare tables of average sickness under section 63 (4) for the purposes of that section, and these will probably also form the basis of these valuations.

* Joint Committee, *infra*.

SECT. 36 (1) & (2). For effect of a finding that the society has a surplus in its earmarked funds over what is thought necessary to meet its probable obligations see section 37 *infra*.

For result of a finding that there is a deficit see section 38, *infra*, p. 138.

ADMINISTRATION OF SURPLUS—ADDITIONAL BENEFITS.

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

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

The additional benefits are limited to these enumerated in Schedule IV., Part II.

This subsection and that dealing with valuations applies to societies administering schemes drawn in accordance with section 13 in the same way as to one giving the usual benefits in section 8.

SURPLUS IN BRANCHES.

SECT. 37 (1) (*b*). (*b*) If the society is a society with branches, any surplus in the central fund of the society, including any surplus transferred from the branches to the society under the provisions of this section, shall, subject to the provisions of the next succeeding section of this Act, be applied in the first instance towards making good any deficiency shown by any of its branches; and the society may distribute the balance of the

surplus, after making good 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: SECT. 37 (1) (*b*).

(*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: SECT. 37 (1) (*c*).

Branch.—See sections 27, *supra*, p. 114; 39 and 40, *infra*, pp. 141 to 147; definition, section 77, *infra;* and regulations to be made by Joint Committee, *infra*.

Each branch has to submit to valuation in the same way as the approved society without branches.

Those branches which have a surplus must forward one-third of that surplus to the central fund of the society. These surpluses, so far as pooled, are used in the first place to fill up deficits (to the extent of three-fourths at least (see section 38, *infra*, p. 134)) in any branches which have deficits. If there is not enough to pay these deficits the money will be divided amongst them, but the Act does not say in what proportion.

If there is enough to cover deficiencies, then what is over goes back to the branches having surpluses in proportion to the surpluses of each which is the proportion in which it was contributed. This will be added to two-thirds of the original surplus, and the whole

* In consultation with the Joint Committee, *infra*.

SECT. 37 (1) (c). used for a scheme of additional benefits applying only to the branch in question, as in the case of a society without branches.

"After Making Good Deficiencies."—Section 38 (1) (*a*) gives to "the society" a discretion as to how much of a deficiency in any particular branch may be made up out of surpluses from other branches, in that it limits the compulsory contribution to three-fourths of the deficiency, but gives a discretion to pay the whole, and if the society find a deficiency due to "*maladministration*" for any branch they may refuse any contribution to the branch in question. The discretion is not granted to any central body but to "the society." It is left to the rules of the society to determine how the society is to give expression to its views; but see section 23 (2) as to constitution of approved societies. **As an example** assume a society with ten branches at a valuation—three branches show a deficit of £100 each; of the other seven three are declared to be actuarially sound, having neither a deficit to make up nor surplus to spend; the other four have surpluses of A. £150, B. £240, C. £300, D. £420. A. pays in to the central fund £50, B. £80, C. £100, D. £140. Total available to meet deficiencies, £370.

The society *must* pay £75 to each of the three in default, which would leave £145 to return, unless they find maladministration proved against any branch.

The society may pay £100 to each, which would only leave £70 to return.

In either case the sum returned must be divided in the proportion of 5, 8, 10, 14.

See notes on section 38, dealing with deficiencies, *infra*.

ADDITIONAL BENEFITS CREATING A DEFICIENCY.

SECT. 37 (1) (d). (*d*) If, at any time after a scheme submitted by a society or branch 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.

This subsection merely provides that if after a society or branch begins to pay additional benefits it finds itself getting into arrears the first step to put it right must be to drop the additional

benefits. "**Society**" means a society without branches. A society with branches does not, as such, give additional benefits. SECT. 37 (1) (*d*).

CONDITIONS FOR RECEIVING ADDITIONAL BENEFITS—CASE OF MEMBER IN ARREAR.

(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. SECT. 37 (2).

The conditions are to be laid down in the scheme, and the scheme is to be approved by the Commissioners (subsection (1) (*a*), *supra*).

Arrears.—The member in arrear would ordinarily be subject to reduction of benefits under the rules contained in section 10, *supra*, p. 65, and Schedule V., *infra*. This section does not alter that condition of affairs, but allows the proposed scheme to take into account the actuarial value of the proposed additional benefits, and then to put that against the actuarial loss which would be realised against the society if full benefits were paid in spite of the arrears, and so use part of the surplus to relieve members in arrear from the reduction in benefits. This subsection is, however, only **permissive, not peremptory.**

DEATH BENEFITS PROHIBITED.

(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. SECT. 37 (3).

This subsection excludes entirely any discretion of the societies or branches outside of the list in Schedule IV., Part II., as to their

SECT. 37 (3). surplus funds (so far as arising out of the Act), and, read along with section 35 (4), ties up the "insurance funds" or earmarked funds of the society, as we have been calling them, absolutely.

DEFICITS.

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

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

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

See notes on section 37 (1) (*c*), *supra*, p. 132.

"Maladministration."—No definition is given of this term, and therefore it remains for the Insurance Commissioners to say what is meant thereby. It must be something less serious than malversation, against which security is to be given in section 26, *supra*, p. 112. Probably it is intended to refer to a too lax administration of the rules by a branch, *e.g.* giving benefits too easily, being too ready to accept statements of insured persons as to their health, exercising the powers under section 10 (6) too leniently, accepting applicants without adequate medical tests if provided for in the rules, etc., etc. See also illegal payment of benefits to members (section 71, *infra*).

METHODS OF CLEARING DEFICITS.

SECT. 38 (1) (*b*). (*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, by the 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:— SECT. 38 (1) (*b*).

(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:

The scheme, whether of the branch or a society, must ultimately be approved by the Commissioners, but in the case of a branch it must receive the approval of "the society" first. How that approval is to be obtained will depend on the rules and constitution of the society.

No. (vi) makes the first five virtually unnecessary, but they remain as a suggestion to societies seeking to draw up a scheme.

(i) **Compulsory Levy.**—Method of collection (see subsection (*c*), *infra*, p. 136). See also compulsory levy for repaying

SECT. 38 (1) (*b*).

excess of expenditure on administration (section 35 (2), *supra*, p. 127).

(ii) **Reduced sickness benefit** for whole period or only part; *e.g.* in place of 10s. they might substitute 7s. 6d. or 7s. during first thirteen weeks, and 5s. during the second thirteen weeks.

(iii) **Deferring the day,** viz. beyond the fourth day.

(iv) Reducing the period during which sickness benefit is payable —this comes to the same thing as making the sickness benefit 5s. in the last part of the period of sickness benefit.

There is no power unless under the general power given in (vi) to tamper with "disablement benefit," which automatically emerges when sickness benefit ceases (see section 8 (1) (*d*), *infra*, p. 50).

COLLECTION OF COMPULSORY LEVY.

SECT. 38 (1) (*c*).

(*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:

The approved societies are left free to collect **the compulsory levy** as they please, but they have power to put the duty upon the employers. The employer on getting due notice from the society that a certain person in his employment is due a compulsory levy has no option, but must pay it, that is buy and affix stamps to the necessary amount, and may recover it from the

worker by deduction from wages. This does not apply to a levy under section 35 (2). SECT. 38 (1) (c).

Low-Paid Labour.—It is submitted that in the case of persons earning less than 1s. 6d. a day the exemption from payments in Schedule II., Part I., *infra*, would not extend to the compulsory levy, and the employer would deduct it from his pay.

No Money Wages.—Under Schedule III. (7), *infra*, where no money wages are paid by the employer or anyone else the employer pays the whole contribution. The compulsory levy can only be made payable by the employer who pays contributions "on behalf of" the insured person. This does not apply to an employer who has no power to recover. It will apply, however, to cases under Schedule III. (4), where the contribution may be recovered as a civil debt.

Prescribed Manner. — Viz. prescribed by the Insurance Commissioners.

ARREARS OF COMPULSORY LEVY.

(*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: SECT. 38 (1) (*d*).

For effect of arrears see section 10, *supra*, p. 65, and Schedule V., *infra*.

The **result** of this subsection may be **shown by an example:** —If the insured person is a man the amount to be contributed by or on behalf of him on which arrears are to be counted is 7d. a week. If the compulsory levy is 1d. a week one week of arrears will fall against him for every seven weeks in which he fails to pay the levy.

As a man can go three weeks per annum into arrear without any loss of benefit he could go twenty-one weeks into arrear of the levy before it began to affect him, assuming he were not in arrears at the time when the levy was put on, and did not go into arrears of the ordinary contribution of 7d.

For a man who is out of work and falling into arrears of the full contribution seven weeks arrears would have the effect of eight weeks (if the levy were 1d. a week) for the purpose of Schedule V.

FAILURE OF SOCIETY TO PREPARE A SCHEME—INSURANCE COMMISSIONERS TO TAKE OVER THE SOCIETY.

SECT. 38 (1) (*e*).

(*e*) If within six months after the declaration of a deficiency, or, where an enquiry as to excessive sickness is pending under this Part of this Act, such longer period as the Insurance Commissioners determine, such scheme as aforesaid has not been submitted to and sanctioned by the Insurance Commissioners, or if at any time thereafter it appears to the Insurance Commissioners that the society or branch to which the scheme relates is not enforcing the provisions of the scheme, the Insurance Commissioners may take over the administration of the affairs of the society or branch under this Part of this Act, and shall, as soon as possible thereafter, take such steps as they may think necessary to make good the deficiency by any or all of the methods mentioned in paragraph (*b*) of this section, and for that purpose they shall be entitled to exercise all or any of the powers given to the society or branch by this Part of this Act.

SECT. 38 (1) (*f*).

(*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:

"Inquiry into Excessive Sickness" (see section 63, *infra*). — The reason for the delay is that the inquiry may result in the society having a claim upon someone to repay part of the expenditure which has caused the deficit. This section

practically allows the Commissioners to sequestrate a recalcitrant society. SECT. 38 (1) (*f*).

The Insurance Commissioners are, however, put under **a statutory limit of three years,** and as there is no body created by the Act which can control the Commissioners this subsection (*f*) could only be enforced by a reference to the Courts of law, and any person having an interest could take action against the Commissioners.

The methods of restoring the society to solvency are limited to those enumerated in subsection (*b*), *supra*, *q.v.*

DISPUTES BETWEEN SOCIETY AND COMMISSIONERS.

(*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: SECT. 38 (1) (*g*).

It is obvious that any finding as to a deficiency will always be largely a matter of opinion, as it is deficiency to meet demands in the future, not existing liabilities.

This section gives a right of appeal to a valuer to be appointed by the Lord Chief-Justice (in Scotland the President of the Court of Session). There is no appeal to the Law Courts on any question under this subsection, viz. (1) whether there is in fact a deficiency; (2) whether a scheme proposed is adequate to deal with it. The appointed valuer is final on these questions.

SCHEME TO MEET DEFICIENCIES—NEW MEMBERS AND TRANSFERRED MEMBERS.

SECT. 38 (1) (*h*). (*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:

SECT. 38 (1) (*i*). (*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.

New members coming in join at ordinary rates of contribution and benefit in spite of the fact that the old members may be under reduced benefits or a compulsory levy. At the next valuation, if a deficiency still exists, the new members might be brought in under a new scheme introduced then.

Old members cannot escape their liabilities by transferring to another society, but may do so by becoming deposit contributors [sections 42, 43 (1)], or ceasing to be insured persons if they are not "employed."

If they are subject to reduced benefits the Insurance Commissioners will stop part of the benefits payable through the new society and credit so much as they stop off to the old society.

If they are subject to a compulsory levy, and it is paid through the employer, it will be quite simple for the Insurance Commissioners to credit what is paid as a levy to the old society

If the levy is being collected direct by the old society it will continue to collect it as before. SECT. 38 (1) (*i*).

Reduced Transfer Value.—Where the question of the deficiency is pending the matter can be adjusted by the old society retaining part of the transfer value (see section 31, *supra*, p. 120). The old society will thus get a capital sum to meet the transferring member's share of the deficiency; the new society, if it accepts him at all, will only do so subject to reduced benefits or increased contributions to make up for the loss of the transfer value.

The share of deficiency may be more than the transfer value; in that case no society will accept the transfer. But if such a society does accept it the member will join the new society as if he were entering insurance for the first time (see section 9 (4), *supra*, p. 63), and in addition the member will be liable to his old society for the balance of his share of the deficiency.

All these arrangements will require some rather complicated accounting, and will no doubt be provided for by regulation by the Insurance Commissioners.

COMPOUNDING FOR SHARE OF DEFICIENCY.

(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. SECT. 38 (2).

The section is permissive and not peremptory upon the societies. If the whole society is on extra levy or reduced benefit it might be undesirable for purposes of administration if a few members decided to pay up a capital sum. **The society may** therefore **refuse to accept** such a settlement.

SOCIETIES WITH UNDER 5000 MEMBERS—POOLING ARRANGEMENTS.

39. (1) Subject to the provisions of this section, all approved societies which at the date of any valuation have SECT. 39 (1).

* Joint Committee, *infra*.

SECT. 39 (1). 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.

SECT. 39 (2). (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.

SECT. 39 (3). (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.

5000 Insured Persons.—A society cannot count honorary members, or members of the society independently of this Act, to make up the number.

"**Localities** in which they carry on business" (see subsection (6), *infra*). For provisions regarding societies operating in **two or more countries**, see section 83 and powers of Joint Committee, *infra*.

The section gives the smaller societies **an option of two methods of becoming approved :—**

Subsection (2)—Voluntary, by joining an association of societies without any geographical limit but having a total of 5000 members. This practically makes them branches of a new society for the purpose of the Act.

Subsection (3)—Compulsory (if the society wishes the privileges

of approval) in the case of any society which has not 5000 members or has not joined an association with 5000 members by being grouped with all others in a similar position in the county or county burgh [**in Scotland** a burgh or police burgh within the meaning of the Local Government (Scotland) Act, 1889, containing a population of 20,000 or upwards (see section 80 (4), *infra*)]. SECT. 39 (1) to (3).

There is **no membership limit** under this subsection, and therefore these groups may be very small, because they will contain the residuum in the county or burgh. All those insured persons who belong to great national societies having 5000 members or more will be already provided for, all small societies which manage to get into large associations under subsection (2) will also be provided for, so that there might be only one or two, or even only one, small society left in the country or burgh, and it would be entitled to claim to be an approved society.

The general powers given to the Insurance Commissioners (section 23, *supra*, p. 105) as to conditions on which they will grant approval and the power to compel Insurance Committees to combine under section 59 (5), *infra*, for certain purposes are quite sufficient to make such small societies as are left out in this way join with those in a neighbouring county in order to be approved, and so make up a group of the required dimensions.

Exemption of works societies in certain cases (see subsection (7), *infra*).

SURPLUSES IN ASSOCIATED OR GROUPED SOCIETIES.

(4) The provisions of this Part of this Act as to the application of surpluses of branches of societies with branches shall apply to such associated and grouped societies as if all the societies in any association or group were branches of a single society, subject to the following modifications:— SECT. 39 (4).

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

(*b*) The approval of the central financial committee or Insur-

SECT. 39 (4). ance Committee shall not be required to any scheme prepared by an associated or grouped society for the distribution of any surplus.

For rules as to branches dealing with surpluses see section 37 (1) (*b*), (*c*), and (*d*).

Subsection (*b*) means that the rules as to surpluses really only apply as to the distribution of one-third of the surplus which is sent in to the central authority; the society in dealing with the remaining two-thirds of its own surplus is answerable only to the Insurance Commissioners, like an independent society with 5000 members.

ASSOCIATED SOCIETIES WITH BRANCHES.

SECT. 39 (5). (5) Where an associated or grouped society is a society with branches, the provisions of this Part of this Act relating to surpluses and deficiencies of societies with branches (except those requiring the approval of a society to a scheme prepared by a branch as to the distribution of a surplus or the making good of a deficiency) shall not apply to the society, but each branch shall, for the purposes of this section, be deemed to be a separate society.

Each branch becomes a separate society for the purpose of this section and a branch of the association or group for the purpose of sharing a proportion of surpluses and deficiencies under section 37, but when any branch comes to make a scheme for dealing with two-thirds of its own individual surplus it is treated as a branch of its own society under section 37.

DOMICILE OF SOCIETIES OPERATING IN MORE THAN ONE COUNTY.

SECT. 39 (6). (6) For the purposes of this section, a society shall be deemed to carry on business only in the county or county borough in which its registered office or other principal place of business is situate:

Provided that, where of the insured persons who are members of a grouped society at the date of any valuation

more than one hundred or more than one-sixth reside in some county or county borough other than that in which the registered office or other principal place of business is situate, the proper proportion of any surplus or deficiency of the society shall, if application for the purpose is made by any of the Insurance Committees concerned, be apportioned to the Insurance Committee of that other county or county borough, such proportion to be determined, in default of agreement between the Insurance Committees concerned, by the Insurance Commissioners. SECT. 39 (6).

"For the purposes of this section," viz. for grouping.

EXEMPTION OF EMPLOYERS' PROVIDENT FUNDS.

(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. SECT. 39 (7).

For conditions of approval of employers' funds see section 25 (1), *supra*, p. 110, and notes thereon.

The reason for the exemption is that the association or grouping of societies is carried out to increase the strength of their solvency. This is unnecessary if there is a substantial guarantee behind the fund.

The condition attached is the same as that in section 25 (1), therefore the only employers' provident fund not exempt is one where the employer is not entitled to representation on the committee of management, and where the employer does not make "substantial

SECT. 39 (7). contributions" to the funds in addition to the compulsory contribution under the Act. Such a society could hardly be accurately described as an "employers' provident fund."

See also section 23, *supra*, p. 105.

AUTONOMY OF GROUPED SOCIETIES.

SECT. 39 (8). (8) Except so far as relates to the power of refusing to make good any part of a deficiency due to maladministration on the part of any society, nothing in this section shall be construed as conferring on any central financial committee or Insurance Committee any powers of control over the administration of associated or grouped societies.

These societies are to be left entirely autonomous except for the regulations necessary to apply the pooling of surpluses and deficiencies, and the only occasion when direct interference is necessary is in the case referred to in this subsection. The societies in these groups may therefore have entirely different constitutions, rules, scales of of benefits (section 13), and tests of membership.

See as to maladministration section 38 (1) (*a*), *supra*, p. 134.

GROUPING OF BRANCHES IN LARGE SOCIETIES.

SECT. 40 (1). **40.** (1) Where a society with branches is so organised that the branches in different geographical areas are grouped together for the purposes of this section, the branches in any such area may, if and to such extent as the rules of the society so provide, and if the number of members of the branches being insured persons in the area exceeds five thousand, be treated for the purposes of the provisions of this Part of this Act relating to valuations, surpluses, and deficiencies as if they formed a separate society.

This will allow the great **national societies** to practically break up into several, viz. for separate countries, but the rules of the society must allow it. By section 83, *infra*.

BRANCHES REINSURING WITH THE 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. SECT. 40 (2).

This section practically makes an alternative to sections 37 and 38, because it allows the branches to agree to pool their assets so far as the liabilities of the Act are concerned, and is supplementary to section 20, which allows societies to reinsure maternity benefit with the Commissioners.

CENTRAL BRANCH OF A SOCIETY.

(3) Where a society with branches has among its members insured persons who are not members of any branch, and the benefits of such members are administered by the society itself, such members shall be treated for the purposes of this Part of this Act relating to valuations, surpluses, and deficiencies as if they formed a separate branch. SECT. 40 (3).

MIXED SOCIETIES, VIZ. CONTAINING MEN AND WOMEN.

41. Where an approved society, not being a society with branches, has amongst its members both men and women, and the rules of the society so provide, the provisions of this Part of this Act with respect to valuations, surpluses, and deficiencies shall apply to the society as if it were a society consisting of two branches, the one comprising the male members and the other comprising the female members. SECT. 41

"Not being a Society with Branches."—This means "branches" as interpreted by section 79, *infra*, and does not prevent a society in fact worked by branches, though registered as one for the purposes of the Act, from adopting the separation of

SECT. 41. funds. The result of applying this provision will be that instead of each half depending upon the solvency of the whole, their duty to support each other will be limited by the provisions of sections 37 and 38 dealing with surpluses and deficits.

DEPOSIT INSURANCE—THE POST OFFICE FUND.

SECT. 42. **42.** Until the first day of January nineteen hundred and fifteen, the following 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:—

SECT. 42 (*a*). (*a*) Contributions by or in respect of a deposit contributor shall be credited to a special fund to be called the Post Office fund:

1st January 1915.—By this provision Parliament has bound itself to reconsider the question of the rights and duties of deposit contributors in 1914. Of course Parliament can, if it chooses, merely continue the *status quo* for a definite period or until further orders.

For Insurance Commissioners' duty to classify deposit contributors see section 60 (1) (*a*), *infra*.

For **county societies of deposit contributors** under the county council in **Scotland** see section 80 (10), *infra*, and Ireland, section 81 (7), *infra*.

For **transfer from societies** to the Post Office **and vice versa** see section 43, *infra*, p. 153.

For special case of **female deposit contributor becoming married** see section 44 (4), *infra*, p. 160.

The Post Office Fund.—Investment of, see section 54, *infra*. This fund must of necessity gradually accumulate a reserve from parts of the balances of deposit contributors who die without having exhausted their accounts for the purpose of benefits (subsection (*f*), *infra*), and of emigrants in the same position (subsection (*g*), *infra*). It will also no doubt get something from unclaimed balances from married women who predecease their husbands (section 44 (4)). The fund will also keep the interest on

money invested as the individual depositors have no right to it. See also section 43 (2) (*a*), *infra*, p. 154, and section 63 (7), *infra*. SECT. 42 (*a*).

FINANCE OF DEPOSIT CONTRIBUTOR'S BENEFITS.

(*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 rights to benefits under this part of this Act shall be suspended on the sums standing to his credit in that fund being exhausted, except that his right to medical benefit and sanatorium benefit shall continue until the expiration of the then current year, and that the Insurance Committee, if it has funds available for the purpose and thinks fit so to do, may allow him to continue to receive medical benefit or sanatorium benefit or both such benefits after the expiration of such year; SECT. 42 (*b*).

(*c*) Such sum as may be prescribed shall in each year be payable in respect of each deposit contributor towards the expenses incurred by the Insurance Committee in the administration of benefits: SECT. 42 (*c*).

(*d*) Such sum as the Insurance Committee may, with the consent of the Insurance Commissioners, determine shall in each year be payable in respect of each deposit contributor for the purposes of the cost of medical benefit: SECT. 42 (*d*).

(*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 SECT. 42 (*e*).

SECT. 42 (e).

commencement of any year the amount so standing to his credit is insufficient to provide such sums, he shall not, unless the Insurance Committee consents, and except subject to such conditions as that committee may impose, be entitled to any benefits during that year:

The effect of this section is as follows for the ordinary male employed contributor. (The same applies to women subject to the fact that 6d. is substituted for 7d. and cash benefits are on the lower scale.)

The depositor accumulates a sum in the Post Office at the rate of 7d. a week.

He is entitled to draw upon this account for benefits. The benefits are payable to him at the rates fixed by the Act until his account is exhausted.

But where his account can pay seven-ninths of the benefit he claims "the State" pays the other two-ninths.

At the commencement of each year (the first year will probably commence at a date six months after the commencement of the Act, because that is when benefits begin to be payable) certain deductions are made from any balance in his Post Office book to meet his allotted share of (1) medical benefit (see subsections (*c*) and (*e*), *supra*); (2) administrative expenses of the Insurance Committee (see subsections (*d*) and (*e*), *supra*); (3) sanatorium benefit (subsection (*e*), *supra*, and section 16 (2) (*a*), *supra*).

If he has at the beginning of the year a sufficient balance to pay these three items then he will be entitled to medical benefit and sanatorium benefit for the ensuing year.

If he has not enough to pay all three the Insurance Committee is to decide what he is entitled to get.

If he has nothing, the Committee will presumably decide that he will get nothing until by contributions he creates the necessary balance.

In all probability the Insurance Committee will set his balance existing or as developed during the year to pay his contributions in the order of (1) medical benefit; (2) sanatorium benefit; (3) administrative expenses; but until these three are satisfied he has no right to any other of the benefits.

The amount of sanatorium contribution is fixed by section 16 (2) (*a*) at 1s. 3d. per year.

The amounts of medical benefit contribution and of expenses will vary under different committees according to local circumstances and the local arrangements made with doctors and chemists. SECT. 42 (*a*) to (*e*).

If, however, we take the estimates originally made by the actuaries for the Government and published as a Parliamentary Paper, Cd. 5081, 1911, we get the following figures at p. 23:—

Estimated annual cost of—

	£		s.	d.
Medical benefit . . .	·328	=	6	6
Cost of administration . .	·200	=	4	0
Sanatorium benefit (fixed by the Act) . .			1	3
Total of these three			11	9

The deposit contributor's account has therefore to find seven-ninths of 11s. 9d. or 9s. $1\frac{2}{3}$d. at the commencement of each year [two-ninths being payable by the Treasury (section 3, *supra*, p. 41)].

This will exhaust $15\frac{2}{3}$ weeks' accumulations. Therefore a deposit contributor will have available for cash benefits $36\frac{1}{3}$ weeks' accumulations at 7d. a week for each full year of contributions, or £1, 1s. $2\frac{1}{3}$d. If we allow two weeks off for holidays or unemployment, he will have practically £1 a year for every year in which he has drawn no cash benefits and has paid 50 weekly contributions.

BALANCE AT DEATH.

(*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: SECT. 42 (*f*).

The balance accruing each year would be £1, 1s. 2d. (see

SECT. 42 (*f*). note on subsection (*e*), *supra*) per annum. In case of a woman the deductions are the same, but the deposit is 1d. a week less, therefore she would only have a balance of 16s. 10d. Of this the depositor can bequeath, if a man, four-sevenths, that is 12s. 1½d., and if a woman, one-half or 8s. 5d.

A depositor who died after 20 years' payments without having drawn any cash benefits would therefore have, if a man, £12, 1s. 11d., and if a woman, £8, 8s. 4d., to leave.

The Balance thereof shall be Forfeited.—The three-sevenths would lapse into the Post Office fund. The Act does not say where that money is to go, but as the whole position is to be reconsidered in 1914 that matter will be dealt with then.

Friendly Societies Act, 1896, Sections 56 to 61.—These sections provide for the requisites for a proper nomination by a deceased member of a friendly society, but are mostly inapplicable, and will require adaptation by the Insurance Commissioners.

A certificate of death must be produced except in cases of death at sea or other accident where the body cannot be found, or any death (in Scotland) certified by the procurator-fiscal as being the subject of inquiry.

The nomination must be in writing and "delivered to the registered office of the society;" the latter provision is not applicable, but the office of the Insurance Committee will no doubt take its place.

The person nominated must not be an officer or servant of the society, unless the husband, wife, father, mother, child, brother, sister, nephew, or niece of the nominator. *Quære*, will this exclusion apply to employees of the Insurance Committees?

Marriage of the depositor *ipso facto* will revoke the nomination.

Intestacy.—"The trustees" are to decide who is by law entitled to the sum. Presumably the Insurance Committee must take the place of "the trustees."

BALANCE DUE TO EMIGRANTS.

SECT. 42 (*g*). (*g*) Where a deposit contributor proves to the satisfaction of the Insurance Committee that he has permanently ceased to reside in the United Kingdom, four-sevenths (or in the case of a woman one-half) of the amount standing to his credit in the Post Office fund may be paid to him.

This gives the same rights to an emigrant as if he had died at the date of emigration, and does not apply to emigrants who are members of approved societies (sections 32 and 33, *supra*, pp. 122, 123). SECT. 42 (*g*).

TRANSFER OF APPROVED SOCIETY MEMBER TO DEPOSIT INSURANCE.

43. (1) If an insured person, being a member of an approved society, ceases to be a member of that society, whether voluntarily or by expulsion, and fails to become within the prescribed time a member of another approved society, then— SECT. 43 (1).

(*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.

Transfer value (see notes to section 31, *supra*, p. 120).

Reserve value (see notes to section 55, *infra*).

Part of that Reserve Value still Outstanding.—No indication is given of how the reserve value credited in respect of a particular individual is to be held as paid off, but taking the method by which the liability of the Commissioners for reserve values is discharged under section 55 (4) it may be presumed that each individual reserve value will be held to be diminished in the same proportion as the whole (see notes on that section, *infra*, and see also note to section 33, *supra*, p. 123).

If he does not become a deposit contributor means if he ceases to be an insured person, viz., ceases to be "employed"

SECT. 43 (1). within the meaning of the Act, and does not become a voluntary contributor. It is to be noted that the Insurance Commissioners keep the control of unclaimed balances, they do not necessarily go to the approved society of which he was a member, as happens at present in case of many insurance societies.

Such Account as may be Prescribed. — The unclaimed balance may be used under section 55 (4) for discharge of reserve values, *q.v.*

TRANSFER OF DEPOSIT CONTRIBUTION TO APPROVED SOCIETY.

SECT. 43 (2). (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.

"The Amount Standing to his Credit."—This is equivalent to contributions paid in less annual charges (see section 42, *supra*, p. 150), and less any benefits paid out.

"Value of the contributions" means the amount by which *cæteris paribus* the society would have been in pocket in respect of him, and will therefore take account of the number of weeks' payment made, the charges per head put upon the funds credited to societies by the Insurance Commissioners to be paid to Insurance Committees, and any benefits which he would have been entitled to receive. As no arrears are to count during the first year (against

employed contributors) the latter part of the section would only apply during that period to voluntary contributors. SECT. 43 (2).

In that very limited class of cases the "value" to the approved society would also be subject to the weekly deduction under section 55 (4), because he must be treated as an individual.

A depositor might have a larger balance in the Post Office than his corresponding "value" in a society, because at one period of his insured life he might have been eligible for benefits which he could not draw because his account was for the time being exhausted; subsequently he might have accumulated a balance by regular contributions without drawing much in benefits. In that case the excess of balance is not to go to the contributor or to his new society but to "the Post Office fund" (see notes to section 42 (1) (*f*), *supra*, p. 151, and section 54, *infra*).

"In Arrear to the Amount of the Deficiency."—Dividing the amount by 7d. in the case of men and 6d. in the case of women will give the number of weeks in arrear for the purpose of section 10 and Schedule V., and the period of insurance for the purpose of that schedule will be the whole period from the time he was first insured.

Deposit contributor joining Navy and Army (see section 46 (3) (*d*), *infra*, p. 174).

Depositor joining an approved society either during the first year after the commencement of the Act, or if he became an insured person during the first year and joins at any subsequent time, will take with him to the society a right **to be credited with a reserve value** equivalent to that which would have been credited to him if he had been a member when he first became an insured person (see section 55 (2), *infra*).

PROVISIONS AS TO SPECIAL CLASSES OF INSURED PERSONS—MARRIED WOMEN.

44. (1) Where a woman who has before marriage been an insured person marries, she shall be suspended from receiving the ordinary benefits under this Part of this Act until the death of her husband, and, if she is a member of an approved society, one-third of her transfer value shall be carried to a separate account called the married women's suspense account, SECT. 44 (1).

SECT. 44 (1).

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 the 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 women 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.

"An Employed Contributor," "Becomes Employed." —See section 1 and Schedule I., and notes thereon.

There are three possible classes of cases to be dealt with—

(1) Married woman not an insured person before marriage

(*a*) Will remain uninsured unless she becomes "employed"; she is not eligible as a voluntary contributor under section 1 (3), *supra*; because she is not dependent upon any regular occupation;

(*b*) If she becomes employed will be a compulsorily insured person, and the fact of her being married makes no difference except in case of maternity benefit (see section 8 (6), *supra*, p. 57; and for special privilege to married

* Joint Committee, *infra*.

women over seventeen see subsection (5), *infra*, p. 161).

(2) Married woman who was a voluntarily insured person before marriage—she cannot remain a voluntary contributor on the ordinary basis, but must come under the special scheme in subsection (2), *infra* (see subsection 7, *infra*, p. 161).

(3) A married woman, who was an employed contributor before marriage and

(*a*) Ceases to be employed, may either drop out or take advantage of the special provisions in subsection (2), *infra* (if a member of a society);

(*b*) Continues to be employed, retains the full rights of an employed female contributor;

(*c*) Ceases to be employed at time of marriage, but again becomes employed before her husband's death, becomes again entitled to benefits, but only on the reduced scale payable to a person of her age becoming employed for the first time (see section 9 (4), *supra*, p. 63);

(*d*) Ceases to be employed at the time of marriage but again becomes employed in widowhood, is put in a much better position than if she had become employed during marriage, because the period of widowhood is wiped out for purposes of arrears (see case 3 (*c*), above).

Quære whether a woman who became employed during her marriage will be restored to the higher standard of benefits on her husband's death, under the provision just referred to. If the employment were continuous she would not satisfy the words of the subsection, viz. "at any time after the death of her husband *becomes* an employed contributor," but that could be got round by her ceasing to be "employed" for a week.

This matter is, however, "subject to regulations" to be "made by the Insurance Commissioners."

"Married Women's Suspense Account" and "Proper Reserve Value."—Provision is made for the married women's suspense account being insolvent in subsection (9), *infra*, p. 163.

Tables of such reserve values are to be prepared by the Joint Committee, *infra*.

SPECIAL VOLUNTARY SCHEME FOR MARRIED WOMEN WHO ARE NOT EMPLOYED PERSONS.

SECT. 44 (2).

(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.

The optional scheme is limited to members of approved societies. **Contributions** are the same as the woman would have had

deducted from her wages by her employer had she been employed at 2s. 6d. a day. SECT. 44 (2).

Benefits are reduced by exclusion of sanatorium and maternity benefits and reduction of sickness benefit from 7s. 6d. to 5s. for thirteen weeks and 3s. for thirteen weeks, and of disablement benefit from 5s. to 3s., and sickness and disablement benefit are not payable in respect of a confinement for two weeks before and four weeks after the birth (see Table D., *infra*).

The society is, however, credited with her full 3d.; there is no deduction of $1\frac{5}{9}$d. for reserve values.

Transfer Value.—When she becomes married a woman, if she has been insured for some time, will probably have a transfer value to her credit in her society. This transfer value is not necessarily the same as that created by section 31, *supra*, p. 120, because the prospective liabilities of the society are different and the Commissioners are to devise regulations for their calculation (subsection (10), *infra*). Under subsection (1), *supra*, one-third of this is retained for the married women's suspense account, the remaining two-thirds are held to her credit and may be paid out to her as a weekly allowance of 5s. for not more than four weeks following a confinement, or held as a kind of savings bank fund against a "rainy day" (see Schedule IV., Part III., *infra*).

Reserve Value.—If the woman does become a voluntary contributor under this scheme the reserve value credited and due to the society in respect of her remains unaffected. If she does not take advantage of the scheme, she becomes suspended from benefits, although remaining a member of the society. As the society is no longer liable to pay benefits to her during coverture, the reserve value originally credited in respect of her becomes greater than the society really requires, it is therefore to be cancelled to an extent not exceeding two-thirds of her transfer value. That transfer value is itself in part due to the reserve value originally credited. What remains over will represent the real transfer value created by her from her own contributions, and that will be available for benefits under Schedule IV. Part III.

See notes to section 8 (6), *supra*, pp. 57, 58.

RIGHTS OF WIDOWS WHO BECOME VOLUNTARY CONTRIBUTORS.

(3) Where the husband of a married woman who has been so suspended from ordinary benefits as aforesaid and who is a SECT. 44 (3).

SECT. 44 (3). 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.

The widow who is not an employed person but who was an insured person before marriage has the option of going into the special married women's scheme at a rate of 3d. or of becoming a voluntary contributor under section 5 (see *supra*, p. 44), and for this purpose her period of marriage is wiped out and she begins again at the rate which would have been the voluntary rate when she was first employed or first became a voluntary contributor. This subsection is purely optional for widows.

The proper reserve value will be the capital sum necessary to compensate the society for not having received contributions from or paid benefits to her during coverture.

MARRIED WOMEN PREVIOUSLY DEPOSIT CONTRIBUTORS.

SECT. 44 (4). (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.

Deposit Contributor.—See section 42, *supra*, p. 148. SECT. 44 (4).
The balance in the Post Office takes the place of transfer value for the purpose of Schedule IV., Part III.

MARRIED WOMAN OVER SEVENTEEN BECOMING EMPLOYED CONTRIBUTOR.

(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 of the age of seventeen or upwards. SECT. 44 (5).

The case of a woman who was already a member of a society is dealt with above (subsection (1)).

It is to be noted that the section does not say that an approved society is bound to accept a married woman on these terms. If the rule in section 30 (2) applies to this case, then a society accepting a woman on these terms will be entitled to be credited with a reserve value in respect of her under section 55 (1), *infra*, p. 218. See also subsection (9), *infra*.

MARRIED WOMEN'S ARREARS.

(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. SECT. 44 (6).

This subsection can only apply to members of approved societies and is peremptory, so that societies who accept married women will require to realise that these arrears will be a dead loss to the society.

MARRIED WOMEN NOT TO BE VOLUNTARY CONTRIBUTORS.

(7) Except as provided by this section, a married woman shall not be entitled to become a voluntary contributor, and, if SECT. 44 (7).

SECT. 44 (7). a woman is before marriage a voluntary contributor, she shall on marriage not be entitled to continue to be such a contributor.

The subsection does not forbid a widow whether she was a voluntary contributor before marriage or not becoming a voluntary contributor if otherwise qualified on the death of her husband.

MARRIED WOMAN UNDER THE VOLUNTARY SCHEME BECOMING EMPLOYED.

SECT. 44 (8). (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.

This subsection is permissive and gives the option to the woman. Sixpence a week will be paid in respect of her, but 3d. will be credited to a special fund with the society "for her benefit," and its administration is left absolutely in the hands of her society. The money, however, belongs to her, and if the society refused unreasonably to make it forthcoming the Court of Session in Scotland would claim a right to interfere on her behalf.

Certificates of Exemption.—The effect of such a certificate would be that instead of the woman getting the reduced rates of benefit provided for in section 9 (4), she would get the benefits provided in Schedule IV., Part V., Table D, plus a right to the actual 3d. a week paid for her, which, however, would not carry any State grant.

INSOLVENCY OF MARRIED WOMEN'S SUSPENSE ACCOUNT.

(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. SECT. 44 (9).

"Transfer value," under subsection (10) (see subsection (2), *supra*, and note).

The married women's suspense account is to provide a fund for compensating societies for taking over widows on the conditions of this section. If it is insolvent it will increase the reserve values debt of the Commissioners. See notes to section 55, *infra*.

MISCELLANEOUS PROVISIONS AS TO MARRIED WOMEN.

(10) Transfer value for the purposes of this section shall be calculated in such manner as the Insurance Commissioners * may prescribe. SECT. 44 (10).

(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. SECT. 44 (11).

(12) Where a deficiency has been found in respect of the society or branch of which a woman is a member at a valuation previous to the time when she became suspended from ordinary benefits under this Part of this Act, and that deficiency has not been made good at the time of her marriage, or where a woman is in arrears at that time, such adjustments in the sums transferred to the married women's suspense account, and in the balance of her transfer value, and in the rates of benefit to which she is entitled under this section, shall be made as the Insurance Commissioners * may prescribe. SECT. 44 (12).

(13) Save as aforesaid, the provisions of this Part of this Act shall apply to a woman who has been married, both during SECT. 44 (13).

* Joint Committee, *infra*, pp. 413, 414.

SECT. 44 (13). and after coverture, in like manner as if she had never been married.

Woman in Arrears or Whose Society is Clearing off a Deficiency.—The Insurance Commissioners are to make regulations so that, one way or another, the woman shall pay her share of that deficiency. See section 38, *supra*, p. 134.

DIVORCE, SEPARATION, OR DESERTION EQUIVALENT TO DEATH OF HUSBAND.

SECT. 44 (14). (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.

PROVISIONS AS TO ALIENS.

SECT. 45 (1). **45.**—(1) This Part of this Act shall apply to persons of the age of seventeen or upwards at the date of entry into insurance who are not British subjects, subject to the following modifications:—

(*a*) No such person shall be qualified to become a member of an approved society for the purposes of this Part of this Act, except upon the terms and subject to the conditions herein-after mentioned;

(*b*) No part of the benefits to which such persons may become entitled shall be paid out of moneys provided by Parliament;

(*c*) The rate of sickness, disablement, and maternity benefit shall, as respects a deposit contributor, be reduced, in the case of men, to seven-ninths, or in the case of women to three-quarters, of the rate to which they

would otherwise be entitled under this Part of this Act; SECT. 45 (1).

(*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.

This section applies to all aliens except those mentioned in subsection (4), *infra*, and those for whom provision is made by mutual arrangements with foreign governments under section 32 (2), *supra*, p. 122, but the latter class will be subject to regulations as to the rights to which they are to be entitled.

The effect of subsections (*a*), (*b*), (*c*), (*d*) is simply to cut out from the benefits any "State" contribution. In respect of medical and sanatorium benefits and expenses of administration aliens will require to pay the same, and therefore they will be an extra burden on their societies to the extent of two-ninths or one-fourth respectively of these three items of expenditure. Societies may make their own rules as to admission of aliens, and will doubtless compensate themselves by an extra levy—that, however, would not be a levy which they could make the employer collect—or by reduction of benefits (see subsection (2) (iii), *infra*).

Employers are under the same liability to pay for aliens as for British subjects, therefore employed aliens to whom the section applies and who do not get into societies of necessity become deposit contributors.

ALIENS JOINING APPROVED SOCIETIES.

(2) Where such a person becomes a member of an approved society the following provisions shall have effect:— SECT. 45 (2).

(i) The contributions payable by or in respect of such person shall be credited to the society;

(ii) The society shall in each year pay to the Insurance Committee the whole of the sums payable in respect of such person for medical benefit and sanatorium benefit;

SECT. 45 (2).

(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.

See note to previous subsection.

Aliens to whom the section applies are not entitled to **"reserve values,"** therefore on the one hand societies will not take them in at full benefit if they join over seventeen, but on the other hand the society will be credited direct with their full contribution of 7d. a week (in case of women 6d.). See section 55 (3), *infra*, p. 220.

WIDOW OF ALIEN ORIGINALLY BRITISH AND OTHER WOMEN IN SIMILAR POSITION.

SECT. 45 (3).

(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.

EXEMPTION.

SECT. 45 (4).

(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. SECT. 45 (4).

Persons exempt by this subsection will have the full rights of British subjects, including the privilege of reserve values.

Arrangement with . . . Foreign State.—See section 32, *supra*, p. 122.

ARMY AND NAVY INSURANCE.

46.—(1) For the purpose of providing seamen, marines, and soldiers with such benefits during their term of service and after their return to civil life as are herein-after 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: SECT. 46 (1).

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.

The object of this section is to provide a method whereby men entering the Army or Navy who have already commenced paying for insurance will be able to carry that insurance through

SECT. 46 (1). the period of service, so that when they get their discharge they will be on equal terms with other men who entered into insurance at the same time and have been in it ever since.

Persons in the naval and military service of the Crown are excepted from the Act by Schedule I., Part II. (*a*) (see *infra*), **"except as otherwise provided."** These words refer to this section.

Those to Whom the Section Applies.—"Soldier" is not defined in this Act, but in the Army Act only includes non-commissioned officers and men, although many officers are employed at less than £160 per annum. Officers are therefore excluded by the schedule.

The native army in India and similar troops in other parts of the Empire are excluded, but not British non-commissioned officers serving with such troops. These non-commissioned officers, like the British officers (in forces other than the Indian Army), are usually merely "seconded" from their British regiments for service with the native troops, and therefore it is perhaps unnecessary to say that they are not within the exception to this subsection, but the words themselves are clear, and the exception only applies to "native soldiers."

Territorial Force (see subsections (7) and (8), *infra*, pp. 182, 183).

The Officers' Training Corps.—It is exempted generally by Schedule I., Part II. (*a*), and it is not part either of the regular army or of the territorial force, and is therefore entirely exempted from the Act.

Seamen and Marines.—Marine Pay and Pensions Act, 1865 (28 & 29 Vict. c. 73), section 2, provides:—

"Seaman or marine means petty-officer or seaman, non-commissioned officer of marines or marine, or **other person** forming part in any capacity of the complement of any of Her (His) Majesty's vessels, or otherwise belonging to Her (His) Majesty's naval or marine force (not being an officer within the meaning of the Act)."

Naval Reserve (see subsections (7) and (8), *infra*, pp. 182, 183).

Exemptions.—(i) There is an optional exemption to those who have completed the period of "first engagement" and have "re-engaged for pension." Those so exempted will be left out unless within a certain time to be laid down by the Insurance Commissioners they exercise the option of being included. (ii) Boys under sixteen (see subsection (6), *infra*, p. 181).

Those at present serving who have completed their first

engagement at the commencement of the Act need never come under this section at all, and would therefore be entirely exempt from the Act until they leave the service, when, if they become employed, they will come under the compulsory provisions of the Act dealing with "employed persons" (see sections 4 (Rates) and 8 and 9 (4) (Benefits), *supra*, pp. 42 to 44, 50 to 60, and 63). SECT. 46 (1).

If they do not become "employed" within the meaning of the Act they will be entitled to come in as voluntary contributors if they satisfy the prescribed conditions (section 1 (3), *supra*, p. 38), and will be subject to the conditions of contributions and benefits laid down for voluntary contributors in sections 5 and 9 (4), *supra*, pp. 44 and 63.

Those who have not completed their first engagement at, or who enlist after, the commencement of the Act will be compulsorily insured for the remainder or whole of that first period. They will have an option to drop insurance payments during the second term, but if they do so they will lose nearly all the benefits for which they have been paying (see **benefits accruing at discharge,** subsection (3) (*g*) and (*h*), *infra*).

Such Sum per Week as may be Prescribed.—The Friendly Society man is dependent upon his society for benefits (see subsection (2), *infra*), the man not in a society depends on the Navy and Army Insurance Fund (see subsection (3), *infra*).

Arrears.—While the soldier or sailor is serving his first term he will have no chance of falling into arrears, but if during his term of re-engagement he does not elect to have contributions deducted from his pay (presumably he would not pay direct as he would require to pay more) he will be falling into arrears with his society, and these will count against him when he comes to be discharged and becomes an ordinary member, employed or voluntary.

ARMY AND NAVY CONTRIBUTIONS AND BENEFITS FOR SOCIETY MEMBERS.

(2) A seaman, marine, or soldier— SECT. 46 (2).

(*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

SECT. 46 (2) (*b*).

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.

Contribution is 3d. a week, in place of 7d., payable out of his pay to extent of 1½d., but the Navy and Army Insurance Fund has to find another $\frac{5}{9}$d. by subsection (iv).

Benefits.—The only benefit payable before discharge from the service is maternity benefit, and, unlike the case of ordinary "insured persons," it is payable in any part of the world (see subsection (3) (*f*), *infra*, p. 175).

Administration.—The society may arrange with the Army

Council or Admiralty to administer the benefit. This is permissive. The society may administer the benefit in accordance with section 18, *supra*, p. 100, if they like, and in case of a soldier serving abroad whose wife was also abroad they could forward the money (30s.) straight to him. SECT. 46 (2).

Neglect of Wife.—A soldier or sailor accused under section 19 of an offence would be handed over to the civil authority to be dealt with (Manual of Military Law).

Sailor's or Soldier's Wife also Insured. — She would be separately entitled to sickness benefit in her own right (section 8 (6), *supra*, p. 57).

Joining a Society.—Soldiers and sailors are to get six months (or more if prescribed by the Insurance Commissioners) in which to make up their minds whether to join an approved society or not.

The duty will no doubt be placed upon company officers to explain the alternatives to the men:—

If he leaves the service in sound health, and does not then belong to, but wishes to join, a society, he will be in the position of a deposit contributor of the same age joining a society (see section 43 (2), *supra*, p. 154, and notes thereon).

If he leaves the service in sound health, and does not then belong to or join a society, he will be in the position of a deposit contributor (see section 42, *supra*, p. 148, and notes thereon).

If he leaves the service, not having joined a society, and **in weak health,** he will be entitled to full benefits at ordinary employed rates from the Navy and Army Insurance Fund (see subsections (3) (4), *infra*, pp. 172 to 182).

If he has joined an approved society before he leaves the service the fact of his being then in bad health makes no difference to the society's liability to him for benefits, but the Navy and Army fund would appear to be guaranteed by the nation through the Army and Navy votes in virtue of section 3, subsection (*c*), whereas the solvency of the society is never guaranteed (section 38).

Reserve Values.—Reserve values for soldiers and sailors will be calculated in the same way as for civilians (see section 55, *infra*, p. 218). That section requires the Commissioners to deduct $1\frac{5}{9}$d. from each weekly contribution coming into their hands to the credit of any society to create a reserve fund. All persons included under this section are treated as members of approved societies for this purpose (see subsection (3) (*a*), *infra*). The Insurance Commissioners only receive 3d. in respect of them, and so they are only to retain

SECT. 46 (2). 1d., which leaves 2d. available to the societies in respect of each man, and another $\frac{5}{9}$d. is paid to the Insurance Commissioners out of the Navy and Army Insurance Fund. That fund is itself in the hands of the Insurance Commissioners (see section 54 (1), *infra*, p. 214), therefore it is a matter of accounting. The Insurance Commissioners must debit the Navy and Army fund with $\frac{5}{9}$d. per week for every man in the Navy and Army, and credit it to the reserve values account. On the other hand they credit the Navy and Army account with 2d. a week for every man who is not a member of an approved society. The difference between the society and the non-society man is that in the case of the society man the society will be credited with 2d. out of the contribution of 3d., but in the case of the Navy and Army fund it will only be credited direct with $1\frac{4}{9}$d. out of the contribution of 3d. in respect of each non-society man, and will be further depleted by $\frac{5}{9}$d. per week for each society man in the Navy or Army. But the Navy and Army fund receives its appropriate share of the reserve values fund under section 55 (4), and is also guaranteed by the State contribution out of Navy and Army votes, subsection (3) (*c*), *infra*.

The Navy and Army fund also receives revenue from a Parliamentary grant under subsection (3) (*b*), *infra*.

NON-SOCIETY MEN.

NAVY AND ARMY INSURANCE FUND.

SECT. 46 (3). (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 approved 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:

Navy and Army Insurance Fund.—Its income will consist of—

(*a*) 3d. a week per man, less deductions for reserve values;

(*b*) Parliamentary grant corresponding to the Parliamentary grant made in respect of benefits received by other insured persons (see section 3, *supra*, p. 41);

(*c*) A grant of indeterminate amount out of the Army and Navy votes.

(*d*) Contributions of discharged men under subsection (*h*), *infra*.

The whole fund is under the Insurance Commissioners in the same way as all other money collected under this Part of the Act, and forms a special part of the National Insurance Fund (see section 54, *infra*, p. 214).

Reserve Values (see subsection (2) (*b*) (iv), *supra*, p. 170).—One penny a week is deducted from the "contribution" of 3d. paid to insurance fund (subsection (1), *supra*, p. 167), and $\frac{5}{9}$d. is to be deducted from the Navy and Army Insurance Fund. During the year following on the commencement of the Act the Insurance Commissioners must credit the Navy and Army fund with the proper reserve values applying to their men as if they were in an approved society, and this is to be paid off as in the case of an approved society (see notes on subsection (2), *supra*, and see subsection (*e*), *infra*).

Parliamentary Grant.—Calculated in the *prescribed* manner,

SECT. 46 (3). viz. as will be prescribed by the Insurance Commissioners, probably the grant will take the form of a *per capita* grant equivalent to the average cost of benefits. It may, however, be an exact equivalent to what would have been paid. In that case, returns will require to be made in respect of each man of amount of periods of illness (excluding first three days' illness each time) in which he was "incapacitated for work," and a claim will be put in for two-ninths of 10s. a week during such period. Claim will also be made for two-ninths of cost of medical and sanatorium benefits and cost of administration. These must be calculated at a *per capita* rate, as in case of deposit contributors (see section 42, *supra*), but the cost will differ in different parts of the country, and it remains to be seen how the Commissioners will deal with the question and to what part of the country they will be assimilated. Troops serving at home might possibly be treated according to the rule in the place they happen to be stationed in; that would not dispose of those serving abroad. [*N.B.*—Soldiers and sailors not belonging to approved societies are to be held as residing in England (subsection (4) (iii), *infra*).]

Grant from Admiralty and Army Council.—This would appear to make "the State," through these departments, practically guarantee the Navy and Army Insurance Fund and its obligations both under this subsection and under subsection, (*h*), *infra*.

SOLDIER OR SAILOR DEPOSIT CONTRIBUTOR BEFORE ENLISTMENT.

SECT. 46 (3). (*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:

For transfer of deposit contributor to approved society see section 43 (2), *supra*, p. 154.

SOLDIERS AND SAILORS SERVING AT DATE OF COMMENCEMENT OF THE ACT.

SECT. 46 (3). (*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 accredited 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 herein-after mentioned: SECT. 46 (3) (*e*).

For notes on reserve values see subsection (2) (*b*) (iv), *supra*, p. 171. Option to men in second period of service (see subsection (1), *supra*, pp. 167-169). The man presently serving who refuses to have deductions made from his pay does not lose his right to come on the Navy and Army Insurance Fund in the event of his being discharged unfit, by reason of ill health, to get into an approved society (see notes on subsection (*g*), *infra*, p. 176).

MATERNITY BENEFIT FOR NON-SOCIETY MAN.

(*f*) Every such man shall, until discharged, be entitled to maternity benefit payable out of the Navy and Army Insurance Fund, and shall be entitled to such benefit, notwithstanding that both he and his wife are at the date of the confinement resident outside the United Kingdom, and the benefit shall be administered by the Admiralty and Army Council either directly or through Insurance Committees: SECT. 46 (3) (*f*).

"Every such man," viz. "who has not joined an approved society." The Admiralty or Army Council may pay the 30s. over to an Insurance Committee for administration, and will probably do so in cases where the husband is serving abroad and the mother at home, or in another part of the country from that in which the mother is residing at the time of the confinement.

For rules as to maternity benefit see section 8 (1) (*e*) and (6) and sections 18 and 19 and notes to subsection (2), *supra*, pp. 50, 53, 57, 100, 102, and 170.

SOLDIER AND SAILOR DISCHARGED MEDICALLY SOUND.

SECT. 46 (3).

(*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 herein-after 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:

Benefits out of the Navy and Army Insurance Fund are for those discharged medically unsound (see subsection (*h*), *infra*).

"Transfer Value which would have been Payable."—This transfer value must be calculated, not in reference to the contribution of 3d. a week under this section, but in accordance with section 31, as if the contribution by or in respect of him had been 7d. a week, and will be in accordance with the tables to be prepared under that section.

This section applies only to a man who is not a member of an approved society.

If he joins a society the transfer value goes to that society. In that case the effect on reserve value created in respect of him will

be calculated exactly as in the case of transfer from one approved society to another under section 31, *supra*, and if he becomes a deposit contributor he will be in the same position as a man transferring to deposit insurance from an approved society (section 43, *supra*). SECT. 46 (3) (*g*).

PROVISION FOR MEN DISCHARGED MEDICALLY UNFIT.

(*h*) A man discharged from service as a seaman, marine, or soldier who proves that the state of his health is such that he cannot obtain admission to an approved society may, if he so elects, on making application to the Insurance Commissioners in the prescribed manner within three months of his discharge, or such longer time as may be prescribed, become, subject to regulations made by the Insurance Commissioners after consultation with the Admiralty and Army Council, entitled to benefits (other than additional benefits) provided under this Part of this Act at the full rate, the cost of which benefits shall be payable out of the Navy and Army Insurance Fund, and such benefits shall be administered by Insurance Committees or otherwise in such manner as may be prescribed by such regulations as aforesaid, and any contributions paid under this Part of this Act by or in respect of him shall be paid into that fund: SECT. 46 (3) (*h*).

Provided that—

(i) no deduction from benefits shall be made on account of any pension to which a man may be entitled;

(ii) the rate of sickness benefit shall be reduced, in the case of a man who entered into insurance when of the age of seventeen or upwards or who is in arrears, to the like extent as it would be reduced had he been an employed contributor and a member of an approved

SECT. 46 (3), (h).

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.

Discharged Soldiers and Sailors.—This provision is optional, but in case of an employed contributor, for whom contributions are compulsory, it is obviously much preferable to the position of a deposit contributor, which is presumably the only alternative.

Prescribed time within which he is to make application and the conditions under which he is entitled to take advantage of these provisions are subject to **regulations by Insurance Commissioners,** who are to consult with the Admiralty and Army Council.

Cannot Obtain Admission to an Approved Society.—Does this mean to any society or to one particular society to which the man has in fact applied? That question will be determined by "regulations" which will no doubt provide some medical test.

A society of deposit contributors formed by a Scottish County Council in virtue of section 80 (10) would, it is submitted, not be

an "approved society," admission to which would bar the man from the Navy and Army fund. SECT. 46 (3) (*h*).

"Benefits . . . at the full rate" means benefits provided by section 8, *supra*, p. 50, and would include, *inter alia*, 5s. a week from date of permanent incapacity until age of seventy. This section therefore supplies a pension of 5s. a week for any soldier or sailor discharged from the service as medically unfit, if such unfitness is not merely for military service but amounts to **"incapacity for work"** and is additional to any ordinary pension or wound pension he may be entitled to. With the consent of the Insurance Commissioners the Admiralty and Army Council might in working this fund take advantage of the powers granted in section 13 *supra*, p. 80, to alter the scheme of benefits.

Pensions are not to be counted, and therefore in case of discharged soldiers would not be counted in order to find if his total remuneration was £160 a year for the purpose of this Act.

Age.—For rates of benefits according to age of entry into insurance see section 9 (3), *supra*, p. 62.

Arrears.—For calculation of arrears and effect on benefits see section 10, *supra*, p. 65, and Schedule V., *infra*. Payments under subsection (1), *supra*, of 3d. are to count for this purpose as full contributions (see subsection (4) (ii), *infra*). The time of entry into insurance for the purpose of fixing scale of benefits will be the date of enlistment, unless in fact it is earlier, or unless enlistment was at a date under the age of sixteen.

A man who entered upon a second term of service for pension and did not consent to deductions from pay would, for this purpose, be in arrear during the period of that second term of service.

Rate of Sickness Benefit not to be Below 5s. per Week.—This does not prevent postponement of sickness beyond the fourth day nor the abolition of sickness benefit under the powers of section 13.

Parliamentary Grant.—Proviso (iii) gives the Navy and Army fund the same rights as an approved society, but as the benefits under this fund are practically guaranteed by subsection (3) (*c*), and as the beneficiaries are all to be the "worst risks," the contribution may amount to much more than 2d. per head per week of the insured persons.

Transfers to Approved Societies.—A man might be in a condition of health when discharged which prevented him getting into an

SECT. 46 (3) (*h*).

approved society and so come on to the Navy and Army fund; there is no provision to deprive him of that privilege when he is afterwards certified to be wholly sound.

But the Navy and Army fund is limited to the benefits in section 8, or their actuarial equivalent under section 13, because the Admiralty and Army Council are, under subsection (*c*), *supra*, only to contribute enough to make the fund solvent—not to give it a surplus for "additional" benefits; and a man who became wholly sound might get better benefits from some approved society; in that case he is entitled to transfer, and will have the same rights against the fund as if it were an approved society (see section 31, *supra*, p. 120). By so transferring he loses all further claim upon the fund, and will therefore share the fortunes of the society of his choice if it should become insolvent and be subject to the provisions of section 38 (*supra*, p. 134) in case of deficits.

Contributions.—Ex-soldiers and sailors in employment will pay the ordinary compulsory rate under section 4 and Schedule II., subject to all the rules and qualifications thereof, and the contributions paid by or in respect of them are to be credited to the Navy and Army fund.

Those not in employment are entitled to claim on the fund, and nothing is said about contributions, but if they do not contribute they will be in arrear (proviso (ii), *supra*), and will therefore quickly come under the provisions of section 10 regarding persons in arrear. If a man does not wish to fall into arrear he will require to pay the employed rate of 7d. The administrators of this fund are not expressly given the power under section 10 (6) to remit 3d. of that 7d., or the employer's share whatever it may be, but it will be competent for the Insurance Commissioners to make regulations to meet that case. In practice such an indulgence would fall upon the tax-payer if we are right in the view that this fund is guaranteed, therefore the Commissioners may not feel entitled to extend that power of remission. In the case of a society making the remission the society takes the risk of insolvency involved.

"DATE OF ENTRY" AND "WEEKLY CONTRIBUTIONS" OF SOLDIERS AND SAILORS.

SECT. 46 (4).

(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; SECT. 46 (4).

(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;

"RESIDENCE" OF SOLDIERS AND SAILORS.

(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.

(*a*) **Society member at date of enlistment** is held to retain his "residence" as at that date.

(*b*) **Man joining society during service** is held to reside at *locus* of society's head office.

(*c*) **Non-society men** are held to reside in England.

(*d*) All persons claiming benefits on Navy and Army fund are held to reside in England.

SECT. 46 (4). The result of this subsection is that all the regulations under this section must be made by "the Insurance Commissioners" in the strict sense of the words, though they may require to be carried out under the jurisdiction of the Scottish, Welsh, or Irish Commissioners.

Ireland.—In Ireland medical benefit does not run, and the "employed rate" is different, but men on the fund living there are under the Insurance Commissioners in London. *Quære* (i) Are they entitled to medical benefit? (ii) Will they require to pay the extra 1½d. on employed rate to avoid falling into arrear?

The Insurance Commissioners will have power to deal with these problems by regulations under subsection (3) (*h*), *supra*, p. 177.

TRANSFER TO ARMY AND NAVY RESERVE EQUIVALENT TO DISCHARGE.

SECT. 46 (5). (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.

Note rule that pensions do not affect benefits, subsection (3) (*h*) (i), *supra*. This will apply to reserve pay.

BOYS UNDER SIXTEEN.

SECT. 46 (6). (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.

There will therefore be no deductions from pay of boys under sixteen.

RESERVES AND TERRITORIALS DURING SERVICE OTHER THAN "TRAINING."

SECT. 46 (7.) (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. SECT. 46 (7).

Army Reserve includes **"The Special Reserve."** [Territorial and Reserve Forces Act, 1907, section 30.]

The Insurance Commissioners have to make regulations to make the provisions of this section fit the case of reserve called up for war or in anticipation of war, or territorials in embodiment. By the Territorial and Reserve Forces Act, 1907, section 17, the territorials may be embodied for service whenever the Army Reserve is called out on permanent service although war may not actually have broken out.

Such regulations will, no doubt, give to all such men the privileges of the Navy and Army fund if they are discharged as medically unfit. They have no application to "Training," see next subsection.

RESERVES AND TERRITORIALS DURING TRAINING.

(8) Where a man of the Naval Reserves, the Army Reserve, or the Territorial Force is being trained and is in receipt of pay out of the moneys provided by Parliament for Navy or Army services, he shall, for the purposes of this Part of this Act, be deemed, whilst so training, to be employed within the meaning of this Part of this Act and to be in the sole employment of the Crown. Provided that this subsection shall not apply to a man who was not immediately before the training an insured person, except in such cases and under such circumstances as may be specified in a special order made by the Insurance Commissioners.* SECT. 46 (8).

This section negatives for the purpose of reserves and territorials in training Schedule I., Part II., subsection (*a*), therefore the Crown (through the Admiralty or War Office) must pay the contribution provided by section 4 and Schedule II., and is entitled to deduct from pay the part which the employer may deduct. In

* Joint Committee, *infra*, p. 415.

SECT. 46 (8). estimating the amount of remuneration account must be taken not only of pay but of rations, and probably barrack or camp accommodation. This, however, only applies to persons who were "insured persons" immediately prior to the training, does not apply to **officers,** but does apply to **non-commissioned officers.**

Insured person would include a person ordinarily an employed contributor who was out of work at the particular time if he was a member of an approved society or if he was a deposit contributor and had any balance to his credit in the Post Office. It would also include a voluntary contributor who was in a like position even although he might not have paid his contribution during the week or for a period prior to the training. It is submitted that a deposit contributor who is out of work and had no balance at his credit in the Post Office at the commencement of the then current year, and had still no balance at his credit, is not **an insured person** within the meaning of the Act, and also that a friendly society member who is in arrear to a greater extent than one-half of his total contributions since entry into insurance, and therefore not entitled to any benefits, is not "an insured person."

ALTERNATIVE SCHEME OF BENEFITS WHERE EMPLOYER ACCEPTS CERTAIN LEGAL LIABILITIES.

SECT. 47 (1). **47.**—(1) The Insurance Commissioners * shall from time to time make special orders specifying any classes of employment in which a custom or practice is shown to their satisfaction to prevail according to which the persons employed receive full remuneration during periods of disease or disablement, or any part thereof, and, where the custom or practice is confined to certain localities, the order shall also specify the localities in which the custom prevails, and, subject to the provisions of this section, the order may contain such incidental, supplemental, and consequential provisions as appear necessary for adapting the other provisions of this part of this Act to cases under this section.

SECT. 47 (2). (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

* Along with Joint Committee, *infra*, p. 416.

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, herein-after mentioned. SECT. 47 (2).

(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: SECT. 47 (3).

Provided that, if any such person is engaged for a term of not less than six months certain, the employer shall be liable to pay full remuneration during any period of disease or disablement lasting less than six weeks, and for the first six weeks of any period of disease or disablement lasting more than six weeks, notwithstanding that the aggregate exceeds six weeks, but, where any such period extends beyond the term of the engagement, the employer shall not be liable to make any payment in respect of any part thereof after the expiration of such term.

"Remuneration."—There is **no definition** of this word **in the Act,** but it includes something wider than "pay" or "wages," and may be other than money.

Schedule III., paragraphs (3) and (4), contemplates "employment" without any money wages, and speaks of **"pecuniary remuneration."** Employment implies remuneration of some sort, therefore it is submitted that "remuneration" includes the value of any provision made for the insured person, *e.g.* house room, garden produce, free coals or firewood, payment of rates and taxes on house, transport of provisions, etc., from railway station to house, "meal and milk" in case of farm labourers, liveries or dresses in case of domestic servants, meals provided on the premises in case of employees in restaurants and other places of public refreshment.

Quære: In some cases workmen engaged in a trade by the usual custom provide their own tools. If by a special contract, either individually or in any particular work, a man were at a weekly wage,

SECT. 47 (3). "tools found," would the value of that special concession be part of his remuneration? Probably not. On the other hand a workman supplying his own tools would be entitled to wear and tear of tools from "wages" to arrive at "remuneration."

These questions fall to be decided by the Insurance Commissioners under section 66 (*c*).

Intention and Effect of the Section.—The section is intended to provide an alternative scheme of contributions for certain employments, *e.g.* agricultural labourers, domestic servants, and clerks where a legal liability exists or a custom prevails for employers to continue "full remuneration" during periods of temporary sickness. The provision is optional, and if an employer wishes to take advantage of it he must undertake the legal liability detailed in subsection (3).

Existing legal liability is unaffected (see subsection (12), *infra*).

Procedure.—The Insurance Commissioners must take the first step by declaring by special order that the custom exists in a certain district or employment or both, irrespective of the question of legal liability. The order will contain information as to what the employer must do to take advantage of it and the obligations thereby undertaken.

The employer desiring to be relieved of the 1d. or ½d. a week, or if he is in fact paying his employee's contribution, 1½d. or 2d. a week, then gives notice to the Commissioners that he wishes to come under the order. When that notice has been given he is entitled to regard himself as coming under this order.

The Liability Undertaken (subsection (3)):—

(1) In case of persons engaged on a contract for six months or more the employer is to be liable to provide "full remuneration" for the first six weeks of any illness, or for a series of shorter illnesses, but the liability ceases with the termination of the period of engagement. This in most cases applies to clerks paid by annual salary and agricultural labourers engaged at the half-yearly terms.

(2) In case of persons engaged for less than six months (*e.g.* domestic servants engaged by the month) the liability is the same, but may extend beyond the period of engagement, and is limited to six weeks in one year. In case of domestic servant "full remuneration" means wages, board, and lodging.

If the servant under notice to leave at the end of a month is taken ill and remains incapacitated beyond the end of the month the employer will require to give her wages, board, and lodging up

to six weeks from the time of her becoming incapacitated. This on the face of it involves keeping the servant in the house beyond the end of the month, but probably a money equivalent could be substituted for board and lodging. The matter may be the subject of regulations by the Insurance Commissioners under subsection (1). The **incapacity** for work **must commence** while the insured person is in the employment. When the employment ceases the employer does not remain liable to give remuneration for any illnesses occurring thereafter during the same year. SECT. 47 (3).

First Three Days' Sickness.—The ordinary insured person only draws "sickness benefit" from the fourth day. In the case under consideration the six weeks counts from the commencement of incapacity. It only applies to illness which makes the employee "incapable of work" (see section 8 (1) *supra*, p. 50), but there is nothing to suggest that it does not commence with the incapacity. The result is that the society or the insured person's balance in the Post Office is only relieved of liability really for five and a half weeks.

Persons in the Service of the Crown.—See section 53, *infra*, p. 213.

EFFECT OF ALTERNATIVE SCHEME ON CONTRIBUTIONS AND BENEFITS.

(4) This part of this Act shall apply in respect of persons so employed as aforesaid, subject to the following modifications:— SECT. 47 (4).

(*a*) Sickness benefit shall not be payable in respect of any period during which full remuneration is payable by the employer under this section, but, for the purpose of calculating the rate and duration thereof, shall be deemed to have been paid for six weeks before the date as from which it becomes actually payable:

(*b*) The employed rate shall be reduced by two pence (or, where the employed contributor is a woman, one penny halfpenny):

(*c*) The weekly contributions payable by the employer shall be reduced by one penny (or, where the employed contributor is a woman, one halfpenny), and the

SECT. 47 (4)

weekly contributions payable by the employed contributor shall be reduced by one penny:

Contributions.—The employed rate is reduced from 7d. for a man and 6d. for a woman to 5d. and 4½d. respectively. The employer may deduct 3d. and 2d. respectively from the wages of the employees in place of 4d. and 3d. The employer may, if he pleases, pay the whole 5d. or 4½d. Contributions are not payable during the six weeks period, even although sickness benefit is not being paid (see subsection (*e*) *infra*).

Benefits.—Sickness benefit is reduced by the period of six weeks, therefore the insured person who has an illness lasting longer than six weeks will commence drawing the rate of 10s. or 7s. 6d. a week according as he or she is a man or woman after the six weeks, but can only draw it for a maximum of twenty weeks, even although the insured person only fell sick a short time before the termination of his or her engagement, and has therefore drawn "full remuneration" less than six weeks, and that is always assuming the insured person is otherwise entitled to that benefit (see rules as to deposit contributors, contributors in arrear, contributors entering insurance over the age of sixteen, members of societies which are making up for a deficit by reduced benefits, etc.). All these things, however, in no way affect the employer's liability to give full remuneration for first six weeks or until the termination of the engagement.

Sickness Benefit when Unemployed.—See subsection (5), *infra*, p. 198.

Medical benefit and sanatorium benefit are unaffected, therefore the insured person, if not excluded for some other cause (see sections 15 and 16), will be entitled to medical attendance and medicines during the first six weeks in the same way as an ordinary insured person, and any such insured person otherwise entitled will, if recommended by the Insurance Committee (section 16 (3), *supra*, p. 98), be entitled to be sent to a sanatorium.

While in the Sanatorium.—Sickness benefit (viz. sick pay), will only be available for dependants (if any) (under section 12 (2) (*a*)) for twenty weeks in place of twenty-six, and will only begin to be payable at the seventh week (see subsection (5), *infra*).

PARLIAMENTARY GRANT IN RESPECT OF EMPLOYERS' LIABILITY.

(*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: SECT. 47 (4).

By the undertaking of the employer the insurance fund is supposed to be relieved of a liability valued at 2d. (1½d. for women) per week, but the contributions also being reduced by 1½d. or 2d. per week, the society or Post Office fund is depleted of the whole amount; but Parliament is supposed to find two-ninths of the "benefits," therefore the society or Post Office fund is credited with a corresponding grant, viz. for 1 year $\frac{2}{9} \times 52 \times \frac{3}{2}$d. = 1s. 5⅓d. for women, and $\frac{2}{9} \times 52 \times 2$d. = 1s. 11⅑d.

CONTRIBUTIONS NOT PAYABLE DURING ILLNESS.

(*e*) Contributions shall not be payable in respect of any period of disease or disablement during which full remuneration is payable under this section if the prescribed notice has been given:

(*f*) The rules of an approved society or Insurance Committee as to notices and proof of disease and disablement may extend to periods of disease and disablement during which full remuneration is payable under this section.

Prescribed Notice.—This will be provided for by the Insurance Commissioners by regulation. Subsection (*f*) is permissive; the Insurance Commissioners may or may not be content with the rules of the society or Insurance Committee which are primarily designed for ordinary contributors entitled to full benefits. Provisions as to rules, see section 14 (2), *supra*, p. 83.

PERSONS UNDER THIS SECTION TEMPORARILY UNEMPLOYED.

SECT. 47 (5). (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.

Temporarily Unemployed.—The whole provisions of this section are permissive and optional on the part of each employer. An insured person who is unemployed and whose last employer had accepted this alternative scheme will be deemed to remain under the reduced scale of contributions while so unemployed. Arrears will therefore accumulate at the rate of 5d. a week for a man and 4½d. for a woman in place of 7d. and 6d. Definition of temporary unemployment, see section 79, *infra*, p. 274.

Contributions.—If the insured person wishes to avoid arrears he or she will require to pay 5d. or 4½d. per week respectively, but for the purpose of counting number of weeks in arrear his arrears will be calculated at these rates per week.

Benefits.—Sickness benefit will be reduced in duration as though he were in employment under this section, and will not be payable for any illness less than six weeks or for the first six weeks of any illness.

Continuation of Previous Disease (see section 8 (5), *supra*, p. 56).—In the ordinary case if an insured person had twenty weeks' sick pay in one year and again claimed sick pay within twelve months of the end of that period he could only draw sick pay for six weeks the second time. Under the scheme of this section the employer is each time liable for the first six weeks, unless *in fact* the second period is

SECT. 47 (5).

a real continuation of the same illness, but that does not extend the limit of his liability beyond a total of six weeks in any one year. The society to which the insured person belongs is also affected, *e.g.* A, a person to whom this section applies, is ill in January and February for six weeks; that clears the employer's liability for the year. He, being then unemployed, becomes ill of a different disease in June and remains ill for more than twenty-six weeks; the society will require to pay twenty weeks' benefit at full rates—10s. for a man, 7s. 6d. for a woman, if he or she is otherwise entitled thereto, but will only commence to pay at the seventh week.

PERSON UNDER THIS SECTION BECOMING VOLUNTARY CONTRIBUTOR.

SECT. 47 (6).

(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.

SECT. 47 (6). "Where such a person . . . **is entitled to become a voluntary contributor at the employed rate** (see sections 1 (3) and 5, *supra*, pp. 38 and 44).

Therefore persons who were under the provisions of this section and become voluntary contributors pay contributions of 5d. and 4½d. respectively, subject to the same limitation of sickness benefit as in case of persons employed under this section, or of such persons when temporarily unemployed (subsection (5), *supra*). Such persons may, if they like, become entitled to full sickness benefit by paying the full rate, viz. 7d. or 6d. for twenty-six weeks. The approved society to which such a person belongs *may* accept less, but is apparently bound to accept the twenty-six payments as sufficient.

EXTENDING THE PROVISIONS OF THIS SECTION TO DISTRICTS OR EMPLOYMENTS WHERE CUSTOM IS NOT PROVED.

SECT. 47 (7). (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.

SECT. 47 (8). (8) Any question as to whether an employer is entitled to avail himself of the provisions of this section as respects any persons employed by him shall be determined by the Insurance Committee, subject to appeal to the Insurance Commissioners.

These subsections put the whole matter in the hands of the Insurance Commissioners. By subsection (1) they determine whether a custom already exists, by subsection (7) they may extend it, but **the Insurance Commissioners cannot compel any employer** or class of employers **to adopt this section.**

* Along with Joint Committee, *infra*, p. 416.

PAYMENT OF REDUCED CONTRIBUTION IMPLIES ADMISSION OF LIABILITY UNDER THIS SECTION.

(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. SECT. 47 (9).

In the Same Locality.—Where a locality is defined in the Special Order the meaning is plain. Where no locality is defined the expression must be interpreted by the Insurance Commissioners under subsection (8), *supra*.

WITHDRAWAL FROM THE SPECIAL CLASS.

(10) An employer who has given such notice as aforesaid may, by giving three months' previous notice to the Insurance Committee, withdraw his notice as from the commencement of the next calendar year, and in such case, as from that date, this section shall cease to apply in respect of the persons employed by him in the class of employment to which the notice of withdrawal relates. SECT. 47 (10).

Notice is to be given to the Commissioners, subsection (2), *supra*, p. 184. Notice of withdrawal is to be to the Committee.

THIS SECTION DOES NOT APPLY TO PERSONS EARNING LESS THAN 10S. A WEEK.

(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. SECT. 47 (11).

"Remuneration."—See note to subsections (1), (2), and (3), *supra*, p. 185.

SECT. 47 (11). Board and lodging are always equivalent to 10s. a week or very near it, therefore practically all domestic servants would be included.

Apprentice clerks often get less than 10s. a week, and would therefore be excluded, and would come under the provisions of Schedule II., Part I., with regard to contributions.

EXISTING LEGAL LIABILITY UNAFFECTED.

SECT. 47 (12). (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.

Legal Liability.—The Act does not affect this, but it depends upon contract express or implied, and can therefore be excluded by express contract in the case of all contracts of service entered into after the passing of the Act. If a legal liability exists, *e.g.* of a farmer to give his ploughman full "remuneration" for six weeks. then the fact that he has not elected to come under this section will not affect that liability, therefore the ploughman who is sick will have his full rights under this Act in addition to "remuneration" from his employer. It is impossible to go into the whole law of master and servant in order to discuss the various cases in which there may be such a liability. It may, however, be mentioned that while no decided case on the point exists, an opinion was given during the passage of the Bill through the House of Commons by distinguished counsel in England that an employer of a domestic servant is liable to pay him or her one month's wages and board wages in lieu of notice if he discharges the servant on account of inability to work by reason of illness.

PROVISIONS FOR MERCANTILE MARINE.

SECT. 48. **48.** In the application of this Part of this Act to masters, seamen, and apprentices to the sea service and the sea fishing service, the following provisions shall have effect:—

BENEFITS.

SECT. 48 (1). (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 (57 & 58 Vict. c. 60), 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: SECT. 48 (1).

CONTRIBUTIONS.

(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 employer's 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: SECT. 48 (2).

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;

SECT. 48 (2).

(*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:

The liability of owners is defined in the Merchant Shipping Act, 1906 (6 Edw. VII. c. 48), section 34, as follows:—

EXPENSES OF MEDICAL ATTENDANCE IN CASE OF ILLNESS OR INJURY.

"1. If the master of, or a seaman belonging to, a ship receives any hurt or injury in the service of the ship, or suffers from any illness not being venereal disease or an illness due to his own wilful act or default (or to his own misbehaviour), the expense of providing the necessary surgical and medical advice and attendance and medicine, and also the expenses of the maintenance of the master or seaman until he is cured, or dies, or is returned to a proper return port, and of his conveyance to the port, and in the case of death the expense (if any) of his burial, shall be defrayed by the owner of the ship without any deduction on that account from his wages.

"2. If the master or a seaman is, on account of any illness, temporarily removed from the ship for the purpose of preventing infection, or otherwise for the convenience of the ship, and subsequently returns to his duty, the expense of the removal and of providing the necessary advice and attendance and medicine and of his maintenance while away from the ship shall be defrayed in like manner.

"3. The expense of all medicines, surgical and medical

advice, and attendance given to a master or seaman whilst on board his ship shall be defrayed in like manner. SECT. 48 (2).

"4. In all other cases any reasonable expenses duly incurred by the owner for any seaman in respect of illness, and also any reasonable expenses duly incurred by the owner in respect of the burial of any seaman who dies whilst on service shall, if duly proved, be deducted from the wages of the seaman."

By the Merchant Shipping Act, 1894 (57 & 58 Vict. c. 60), section 200, every ship is bound to carry a supply of medicines, and foreign-going ships having 100 persons on board to carry a doctor.

This liability is limited to the time up to the sailor's being brought home. If he is there discharged ill the liability of the owner would not continue.

Medical, sickness, and disablement benefit are suspended during these periods, but the sailor, if an insured person, will become entitled to these benefits, if he is still ill, from the time of landing.

The rate and duration of sickness benefit, that is, after he lands. *E.g.* if he has been six weeks ill at sea he can only draw twenty weeks' sick pay at full rate after he lands for the same illness or any subsequent illness occurring within twelve months of the termination of that illness, whether the termination was at sea or after landing (section 8 (5), *supra*, p. 56).

Special benefits are granted to seamen who join the Seamen's National Insurance Society (see subsection (7), *infra*).

Interpretation of Terms.—Subsection (10), *infra*, lays down that expressions in this section are to have the same meaning as in the Merchant Shipping Acts, 1894-1907, with the addition that sea-fishing service is to be included both under "Foreign-going ships" and "Home trade ships."

Apprentice.—No definition in Merchant Shipping Acts, but see sections 105 *et seq.* of the Merchant Shipping Act, 1894.

(i) Ordinary sea service.

(ii) Fishing service.

Coasting trade (section 625, Merchant Shipping Act, 1894).

Foreign-going ships (Merchant Shipping Act, 1894, section 742) "includes every ship employed in trading or going between some place or places in the United Kingdom and some place or places beyond the following limits, that is to say the coasts of the United Kingdom, the Channel Islands and the Isle of

SECT. 48 (2). Man, and the Continent of Europe between the Elbe and Brest inclusive."

That is a ship trading with the Baltic is a "foreign-going ship," but one trading with Hamburg is not, and a ship may be a "foreign-going ship" one voyage and a "home trade ship" the next.

Home trade ship (Merchant Shipping Act, 1894, section 742) includes ships going or trading between some place or places in the United Kingdom and these same limits last mentioned.

Master (Merchant Shipping Act, 1894, section 742) "includes every person (*except a pilot*) having command or charge of any ship."

Seaman (Merchant Shipping Act, 1894, section 742) "includes every person (except masters, pilots, and apprentices duly indentured and) employed or engaged in any capacity on board any ship." It therefore includes, *e.g.*, pursers, stewards, engineers, stokers, cooks, as well as sailors in the colloquial sense of the word.

Ship (Merchant Shipping Act, 1894, section 742) "means every description of vessel used in navigation not propelled by oars." Under this Act fishing vessels are specially included, therefore probably this definition should be modified as "not solely propelled by oars."

"**Ships** engaged in regular trade **on foreign stations.**" This must mean British-owned ships trading between foreign ports without touching at or working from any port in the United Kingdom.

The employed rate will be the ordinary one except in case of "foreign-going ships or ships engaged in regular trade on foreign stations" (see interpretation of terms, *supra*).

In the latter case the employer pays 2d. a week and the sailor 4d. in the ordinary case of remuneration exceeding 2s. 6d. a day. In the cases of lower paid men the master's contribution is in each case increased by 1d. a week. The employer pays every week in which the man is employed, but the man need only pay in four weeks out of five.

This is best explained by an example. A. is employed for the whole year—his employer will pay $52 \times 2d. = 8s. 8d.$ A. will have 4d. a week deducted for the first forty-two weeks; he will then be held as having paid fifty-two and a-half weeks' contributions, therefore no more will be taken from him for the last ten weeks, and his employer will not be entitled to make the deduction during these weeks (Schedule III. (3)).

If A. were employed thirty-two weeks he would count as having

paid for forty weeks, and therefore would be only twelve weeks in arrear for the purpose of section 10 and Schedule V. if he remained in arrear for the rest of the year. SECT. 48 (2).

Subsection (b).—The practical effect of the provision as to the employed rate is that on an average the master pays 2d. and the man $3\frac{1}{5}$d. a week. This is supposed to equalise the position of the man who gets the ship's doctor and full remuneration when sick on board with the man ashore who gets nothing except under the Act. In order to enable him to get his proper share of the Parliamentary grant, in addition to any benefits actually paid, it is assumed that the difference in contributions has actually been expended in order to arrive at the two-ninths payable from the Parliamentary grant. That is to say, in the case of a man employed during the whole year of fifty-two weeks, in addition to a Parliamentary grant of two-ninths of any money actually expended, his society will receive $\frac{2}{9}$ths of $\frac{2}{5}$ths of $52 \times 2\text{d.} + 42 \times 4\text{d.}$ That is as nearly as possible two shillings.

FOREIGN SEAMEN NOT ENTITLED TO BENEFITS.

(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: SECT. 48 (3).

This subsection refers to a British employer of a foreign sailor. Employer's contribution is that part of the "employed rate" which is not recoverable from the employed person, viz. 3d., 4d., 5d., or 6d. per week, according to his "rate of remuneration" (see Schedule II., Part I.), and these payments are to be credited to the "Seamen's National Insurance Society" (see subsection (6), *infra*).

Ships "engaged in regular trade on foreign stations" (see note, *supra*).

A British subject employed on board a foreign-owned ship, *e.g.* foreign trawler plying in and around British waters and trading

SECT. 48 (3). with British ports, would not be an "employed person" within this part of this Act, as his employer would not be subject to the jurisdiction of our Courts; on the other hand a foreigner having a place of business in this country and employing British subjects would be liable to the jurisdiction, and could therefore be made to pay (in Scotland at any rate by arresting to found jurisdiction).

THE SEAMEN'S NATIONAL INSURANCE SOCIETY CONSTITUTION.

SECT. 48 (4). (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:

SECT. 48 (5). (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:

SECT. 48 (6). (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:

The society will not necessarily include all seamen, because they

* Joint Committee, *infra*, p. 414.

may join any other society. For dual membership see subsection (9), *infra*. SECT. 48 (4 to 6).

Apprentices may be under sixteen years of age, but they cannot be employed persons until they are sixteen, and therefore cannot be members of the Seamen's National Insurance Society.

SEAMEN'S NATIONAL INSURANCE SOCIETY BENEFITS.

(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: SECT. 48 (7).

Provided that—

(*a*) the scheme shall provide for making a proper proportion of the sums credited to the Seamen's National Insurance Society under the last foregoing subsection applicable towards the payment of pensions or superannuation allowances granted by other approved societies to members with such sea service that, had they been members of the Seamen's National Insurance Society, they would have been entitled to pensions under the scheme; and

(*b*) in the case of the transfer of a member

* Joint Committee, *infra*, p. 414.

SECT. 48 (7). 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:

The society is to be "approved" whether it has 5000 members or not. It will, therefore, be subject to all the rules as to surpluses and deficits in sections 37 and 38, and will be credited with reserve values and its members' contributions earmarked to the extent of $1\frac{5}{9}$d. per head per week to the reserve values fund under section 55, *infra*, p. 218. But as the society will draw full contributions from all its members except those on "foreign-going ships," and is excused by subsection (1), *supra*, p. 194, from paying sickness or disablement benefit to its members when on board ship, or providing them with medical attendance or medicines during that period, and as the society will also draw contributions from employers in respect of foreign seamen employed on British ships to whom no benefit is paid, it is anticipated that the Society will have a surplus. This surplus will be dealt with subject to a scheme to be prepared by the Board of Trade, and will be in whole or in part earmarked for pensions and superannuation of allowances.

Preference to Men Engaged on Foreign-going Ships (see note on definition, *supra*, p. 198).—This is a direction to the Board of Trade only enforceable in accordance with any scheme they may produce. The idea of course is that those engaged in the home and coasting trade are more at home, and will therefore on the average receive a larger amount of benefits during their period of active work, but this is also already considered in subsection (2), which reduces the employed rate by 2d. (see notes to subsection (1), *supra*).

Transfer Values (see section 31, *supra*, p. 120).

PROVISION FOR SEAMEN RETIRED IN ILL HEALTH.

SECT. 48 (8). (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: SECT. 48 (8).

The first part of the section is imperative. Seamen retired in ill health must be retained in the society, as in the case of the Navy and Army fund.

The second part is permissive, and will depend upon the rules which are to be controlled by the Board of Trade and on the financial position of the society. Unlike the Navy and Army fund, this society is no more guaranteed than any ordinary approved society.

SEAMEN BELONGING BOTH TO THE SEAMEN'S NATIONAL AND TO ANOTHER APPROVED SOCIETY.

(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 become 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: SECT. 48 (9).

SECT. 48 (9), This subsection is permissive, and is matter of arrangement between the two societies. If the approved society objects the men may demand a transfer to the Seamen's National Society.

INTERPRETATION OF TERMS.

SECT. 48 (10). (10) Expressions in this section have the same meaning as in the Merchant Shipping Acts, 1894 to 1907, but the expressions "foreign-going ships" and "home trade" ships include ships engaged in the sea fishing service, and the expression "ship engaged in regular trade on foreign stations" means a ship engaged regularly in trade between ports outside the British Islands when trading between such ports, but, for the purposes of this provision, a ship shall not be deemed not to be engaged in such a trade by reason only that she puts into a port in the United Kingdom for the purpose of survey or repair:

See notes to subsection (2), *supra*, pp. 197, 198.

PROVISIONS AS TO IRISH SEAMEN.

SECT. 48 (11). (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:

"Residence" of Seamen.

(12) Members of the Seamen's National Insurance Society shall, for the purposes of this Part of this Act, be deemed to reside in England, and the medical benefit and sanatorium benefit of such members shall be administered by the society instead of by the Insurance Committee, and the provisions of this Part of this Act relating to the administration of those benefits shall apply accordingly subject to such modifications as may be prescribed;* but nothing in this provision shall prevent the society agreeing with Insurance Committees for the administration of those benefits by the Committees in relation to individual members of the society. Sect. 48 (12).

Ireland.—See section 81, *infra*, p. 290, and Schedule II., Part II., *infra*, p. 384. An Irish seaman who joins the Seamen's National Insurance Society will be held as domiciled in England, and when in Ireland the society will require to find medical attendance for him unless the Board of Trade Regulations provide otherwise. If he does not belong to that society and has a permanent residence in Ireland (the conditions are cumulative) the employed rate on foreign-going ships which in Ireland is 5½d. will be further reduced to 4½d., of which the employer in the ordinary case will pay 1½d. and the seaman 3d.

Deemed to Reside in England.—This enables him to draw benefits when on shore in any part of the world, whereas if he is a member of an ordinary society he cannot have any benefits when out of the United Kingdom.

Provision for Persons over Sixty-Five at the Commencement of the Act.

49.—(1) If any person who is of the age of sixty-five or upwards and under the age of seventy at the commencement of this Act is employed within the meaning of this Part of this Act, the like contributions shall, until he attains the age of Sect. 49 (1).

* By the Joint Committee, *infra*, p. 414.

SECT. 49 (1). 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.

SECT. 49 (2). (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.

By section 1 (4), *supra*, p. 40, persons becoming employed persons for the first time over the age of sixty-five are excluded from the provisions of the Act, and persons over sixty-five are barred from becoming voluntary contributors for the first time. "Except as hereinafter provided" in that subsection refers to the present section.

They are treated as employed persons for all purposes of contributions, but the benefits they may get will be limited by special arrangement (see *infra*).

Parliamentary grant is made to the approved society or Post Office fund direct in proportion to contributions, and the benefits will be arranged accordingly.

PERSONS OVER SIXTY-FIVE JOINING APPROVED SOCIETIES.

SECT. 49 (3). (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.

The society receives 9d. or 8d. a week, according to whether the insured person is a man or a woman, and makes its own contract as to what it will give for that contribution. Any allowance for sickness benefit can only last until the insured person becomes seventy years old.

Deposit Contributors over Sixty-Five.

(4) If such a person does not become a member of an approved society as aforesaid he shall become a deposit contributor, and accordingly all contributions payable in respect of him (including contributions out of moneys provided by Parliament) shall be carried to his credit in the Post Office fund, but the benefits to which he becomes entitled shall be such as may be determined by the Insurance Committee. Sect. 49 (4).

The deposit contributor (see section 42) depends for benefits on his actual deposit; in this case it will be 9d. a week. The Insurance Committee has to decide what it can give for the few years up to the age of sixty-five for that contribution; the maximum sum collected for the whole five years will be only £9, 15s. They may, of course, grant medical benefit beyond the age of seventy if they can make the necessary arrangements with a doctor.

Parliamentary Grant.

(5) No part of the cost of benefits under this section shall be payable out of moneys provided by Parliament. Sect. 49 (5).

The grant of 2d. a week takes the place of the two-ninths of benefits.

Provisions as to Seasonal Trades.

50. Where it is proved to the satisfaction of the Insurance Commissioners that a trade or business carried on by any employers is of a seasonal nature and subject to periodical fluctuation, and that 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, Sect. 50.

SECT. 50. 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.

This section **does not apply to** businesses where the employers take on special labour for the busy season, *e.g.* **fruit- and hop-pickers.** These persons are more likely to come under the exemptions in Schedule I., Part II. (*i*) and (*j*) (see *infra*, p. 380).

The conditions are cumulative—(i) seasonal slack times; (ii) constant employment. The Insurance Commissioners are to take action of their own accord by special order (see section 113 and Schedule IX., *infra*). An example might be painters who have a spring and autumn rush of work. Assuming that it was arranged to double the contributions during March, April, August, and September, they could be omitted in November, December, January, and February, in which case during the former four months the master would pay 6d. a week and deduct 8d. from the men's pay, and in the latter months there would be no contributions or deductions.

The arrangement can only apply to "such persons," viz. those in **regular employment.** What is to be done in the case of a man in who leaves his particular employer's employment during a period of extra or reduced contribution must be determined by regulations to be issued with the special order. Obviously any approved society which the man happens to belong to will require to see that he puts himself right or treat him as being in arrears to the extent of the contributions unpaid. In such a case there is no provision for coming on the employer for past contributions which but for the special order would have been payable ("Trade or Business," see notes to Schedule I., *infra*, p. 380).

PROVISION FOR INMATES OF CHARITABLE INSTITUTIONS.

SECT. 51 (1). **51.**—(1) Where the managers of any institution carried on for charitable or reformatory purposes prove that the persons who are inmates of and supported by the institution receive maintenance and medical attendance when sick, the Insurance

Commissioners may grant a certificate of exemption to those managers, and, where such a certificate of exemption is granted, any such inmates who are employed by the managers of the institution shall not, in respect of such employment, be deemed to be employed within the meaning of this Part of this Act: SECT. 51 (1).

Provided that it shall be a condition of such exemption that the managers shall be liable to pay in respect of any such inmate who, having been an inmate of the institution for more than six months, leaves the institution, the following sums:—

(*a*) In the case of a person who was at the time of entering the institution below the age of 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.

"Charitable or Reformatory Purposes."—This Act does not define "charitable." In England "charitable" has a technical meaning given to it by 43 Eliz. c. 4, commonly called "*The Statute of Elizabeth*," viz.:—(i) Relief of the indigent; (ii) the advancement of learning; (iii) the advancement of religion; and (iv) the advancement of objects of general public utility (see Romilly in *Morris* v. *Bishop of Durham* (1805, 10 Vesey junior, p. 522, at p. 532), and the case of *Income Tax Commissioners* v. *Pemsel* ([1891] A. C. 531), where the meaning of "*charitable purposes*" under the Income Tax Acts is discussed).

In Scotland the expression charitable is not tied down by any statutory definition; on the other hand it does not include the advancement of learning, or religion, or general utility *per se*. The

* By the Joint Committee, *infra*, p. 417.

SECT. 51 (1).

question of what are "charitable purposes" has been frequently discussed of recent years in cases where wills have been challenged as void for uncertainty where two wide powers of selection in objects of the testator's bounty are left to trustees. The common law of Scotland recognises a bequest to "charitable purposes" to be selected by trustees or anyone else named by the testator as a good will. As to what are included in charitable purposes in Scotland and the exclusion of religious and public purposes see dissenting judgment by Lord Moncreiff in *Grimond's Trs.* v. *M'Intyre* (1904, 6 F. 285), which was affirmed and adopted by the House of Lords in 1905 (7 F. (H.L.) 90). More recent decisions in which the question has been considered in Scotland are—*Brown's Trs.* v. *M'Intosh* (1905 (O.H.) 13 S. L. T. 72); *Paterson's Trs.* (1909, S. C. 485). See also Lord M'Laren in *Allan* (1908, S. C. 807).

It is an open question, however, whether in Scotland the expression "charitable institution" in this Act is to be construed according to the common law of Scotland, or whether, being used in an imperial statute, we may apply to it the interpretation which will be applied in England. The Lord Chancellor (Halsbury) in the case of *Blair* v. *Duncan* (4 F. (H.L.) 1, at p. 2) distinguished between a decision on the interpretation of the Income Tax Acts, which he said would be binding in Scotland though given in an English case, and the interpretation of a Scottish deed. But see *Baird's Trs.* v. *Lord Advocate* (1888, 15 R. 682), where a trust devoted to "the mitigation of spiritual destitution" was *held* not to be a "charity" within the meaning of the Income Tax Acts.

Reformatory Purposes.—This expression is also left without a definition. It will include reformatory or industrial schools under section 44 of the Children Act, 1908 (8 Edw. VII. c. 67), and Borstal institutions under section 4 of the Prevention of Crime Act, 1908 (8 Edw. VII. c. 59). It might also be held to include "detention" prisons under section 13 of the latter Act. It may also extend to other similar institutions if certified. The question whether any particular institution is included in the definition is to be determined by a "certificate" from the Insurance Commissioners, and they will no doubt determine whether any institution comes within the section on a popular interpretation of the words.

"Inmates of and supported by" refers to recipients of the charity or reformatory treatment, not to officials such as nurses, teachers, or servants, and the exception exempts inmates who may be put to some work and may be paid wages for it, *e.g.* inmates of a

blind asylum. See also use of the word inmate under section 12 and disposal of benefits due to such inmates. "Inmate and supported by" is something more than inmate under section 12; it refers to persons who are kept in the institution whether well or ill, and it is submitted that the officials are not "supported by" the institution as they work for a salary. See, however, Schedule I., Part II. (*b*), in case of institutions supported by national or local authorities. SECT. 51 (1).

Conditions of Exemption.—The institution must on sending the inmate out place or restore him or her to the position he or she would have occupied had he or she been in regular employment during the period when an inmate.

Subsection (*a*), "such capital sum" (see section 9 (4), *supra*, p. 63). If the period in the school or reformatory is regarded as spent in "completing his education" there will be nothing to pay, but the society will claim to be credited with "reserve value" (see section 55, *infra*).

Subsection (*b*), "calculated in the prescribed manner," viz. to be prescribed by regulations of the Insurance Commissioners.*

The exemption, and therefore the conditions, only apply where the inmate is "employed."

SUSPENSION OF BENEFITS OTHERWISE DUE TO INMATES.

(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. SECT. 51 (2).

The inmate remains a member of his approved society if he was a member when admitted to the institution. Thereafter no contributions are payable by or for him, because even if employed he is exempted from contributions; arrears, therefore, commence to accumulate against him. But if for part of the time he is employed in the institution, then but for the exemption in subsection (1) contributions would have been payable in respect of him, and under proviso (*b*) contributions to that extent will require to be paid to his society when he comes out. If his period in the institution is less

* By the Joint Committee, *infra*, p. 417.

SECT. 51 (2). than six months he will be in arrears for the time when he was in the reformatory, because there is no duty on the institution to make it up to him; but if he is in more than six months the arrears are cancelled, but his society is entitled to draw contributions from the institution for so much of the period as he was employed. If he was not employed at all during that period his society would get nothing, but would require to let him come "on to full benefit" again at once.

ELEMENTARY SCHOOL TEACHERS.

SECT. 52. **52.** Where a person who has been employed to teach in a public elementary school ceases to be employed within the meaning of this Part of this Act by reason of becoming a teacher to whom the Elementary School Teachers (Superannuation) Act, 1898 (61 & 62 Vict. c. 57), 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.

Elementary school teachers are excluded from the Act (see Schedule I., Part II. (*d*)) in England and Wales if the Elementary School Teachers Superannuation Act, 1898 (61 & 62 Vict. c. 57), in Scotland if the Education (Scotland) Act, 1908 (8 Edw. VII. c. 63), section 14, applies, and in Ireland if the National School Teachers (Ireland) Act, 1879, applies.

See section 80 (18) for application to **Scotland,** section 81 (17) for application to Ireland.

Under the Education (Scotland) Act, 1908, section 14, when a

* By the Joint Committee, *infra*, p. 417.

superannuation scheme is in operation the Education Department deducts a sum equal to 6 per cent. of the salaries payable to the teachers from any grant due to the school board, and the board deducts 4 per cent. from the salaries paid, therefore 2 per cent. is paid by the rates. SECT. 52.

Teachers in elementary schools are treated like any other employed persons, unless a "scheme" of superannuation applies to them. If such a teacher is a member of an approved society he or she can continue to be so as a "voluntary contributor" when he or she comes under a "scheme," in which case the teacher will have his rights under this Act against the approved society and his rights against the superannuation fund as well.

If the teacher does not become a voluntary contributor he or she will cease to be a contributor at all, and also being no longer an "insured person" will cease to be a member of the society "for the purposes of this Act," and the Board of Education claims for the superannuation fund the value of all contributions paid by or in respect of him while in their service.

PERSONS IN THE EMPLOYMENT OF THE CROWN.

53.—(1) This Part of this Act shall apply to persons employed by or under the Crown, other than those with respect to whom special provision is made by this Part of this Act, in like manner as if the employer were a private person: SECT. 53 (1).

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.

See exception (*b*), Schedule I., Part II., and section 46, *supra*, p. 167.

MODIFICATION OF SECTION 47 FOR CROWN SERVANTS.

(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 remunera- SECT. 53 (2).

SECT. 53 (2). tion 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.

See section 47, *supra*, p. 184, and substitute two-thirds for full remuneration, remembering that remuneration is more than merely wages, and substitute three months for six weeks. The department will be the employer, and must give notice to the Insurance Commissioners of its intention to adopt the alternative scheme.

FINANCIAL PROVISIONS.

SECT. 54 (1). **54.** *National Health Insurance Fund.*—(1) All sums received in respect of contributions under this Part of this Act and all sums paid out of moneys provided by Parliament under this Part of this Act in respect of the benefits thereunder and the expenses of administration of such benefits shall be paid into a fund, to be called the National Health Insurance Fund, under the control and management of the Insurance Commissioners, and the sums required to meet expenditure properly incurred by approved societies and insurance committees for the purposes of the benefits administered by them and the administration of such benefits shall be paid out of that fund.

SECT. 54 (2). (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.

The National Health Insurance Fund includes the whole money dealt with in the first part of the Act. All other funds, *e.g.* the Post Office fund, the Navy and Army fund, the fund of the Seamen's National Insurance Society, and the funds of all the approved societies in England, except in so far as handed over for investment under section 56, are simply credits in the National Insurance Fund as in a bank. Note, however, the exception in

section 73, where an employer appears to be allowed to pay a contribution direct to his works superannuation fund as a substitute for payments to the insurance fund by the ordinary contribution.

In Scotland there is a separate fund vested in the Scottish Insurance Commissioners (section 80 (2)) which will contain all contributions and Parliamentary grants collected in or made to Scotland, and the rules of this section applies to that fund *mutatis mutandis*. The Scottish fund will contain no part of the Navy and Army fund or of the funds of the Seamen's National Insurance Society funds; it will contain the funds of Scottish approved societies, including Scottish branches of English or national societies (for splitting up of the funds of the big national societies see section 83 (3), *infra*), and a Scottish Post Office fund for deposit contributors.

Expenditure properly incurred by approved societies, viz. in payment of the cash benefits allowed by the Act or any scheme sanctioned by the Insurance Commissioners under sections 13, 37, and 38, and cost of administration of such benefits.

Expenditure properly incurred by the Insurance Committee, viz.—

(i) Expenditure on cash benefits to deposit contributors and expense of administering the same. These have to be debited against the Post Office fund and against the separate account of each person receiving benefit in that fund (section 42).

(ii) Expenditure on medical and sanatorium benefits and expense of administering these for all insured persons resident within their area except members of the Navy and Army fund. These are to be charged against the separate accounts as above of deposit contributors and against money credited to each approved society in the insurance fund in respect of its members in the area of each Insurance Committee.

(iii) General duties of Insurance Committees under section 60, *infra*, *e.g.* section 60 (1) (*b*), providing lectures on health questions, etc. Who is to pay for these? All the money in the insurance fund is earmarked to different societies or to the Post Office fund. This expenditure must therefore be charged against these funds in some way. Presumably it will be charged on general expenses and levied on societies and deposit contributors at a rate *per capita* (see notes on section 61, *infra*, pp. 237, 238).

SECT. 54 (2). **Moneys Provided by Parliament.**—It is clear that the Insurance Commissioners will require to requisition the Treasury for its two-ninths of "**expenditure properly incurred**" on benefits and cost of administration, and the Commissioners when paying out the full amount will debit the various funds with seven-ninths. The expenses incurred by the Commissioners themselves are to be paid by Parliamentary grants (section 57 (3), *infra*, p. 226).

INVESTMENT ACCOUNT.

SECT. 54 (3). (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 fund 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. SECT. 54 (4).

(5) The accounts of the National Health Insurance Fund shall be audited by the Comptroller and Auditor-General in such manner as the Treasury may direct. SECT. 54 (5).

(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. SECT. 54 (6).

Investment Account.—Owing to the waiting periods for benefits provided in section 8 (8), *supra*, p. 58, varying from six months to two years, the Insurance Commissioners will start with an accumulated fund to meet the calls for benefits. Thereafter the funds in their hands will continue to grow (if the actuarial calculations turn out to be sound) until they have accumulated a reserve fund credited to all the different funds under the Act. This fund they are to divide into two parts, of which they retain all that is due to the Post Office fund and to the Navy and Army fund and three-sevenths of what is due to the approved societies. Four-sevenths of what is for the time being credited to the societies (in case of women one-half) must be handed over to the societies for investment by them) see section 56 (1) (*b*)), or invested to their order for them.

The Amount Standing to the Credit of—

(1) **The Societies** will be $5\frac{4}{9}$d. out of each weekly contribution by men and $4\frac{1}{2}$d. by women, plus that share of the other $1\frac{5}{9}$d. for men or $1\frac{1}{2}$d. for women which may have been credited to the particular society in terms of section 55 (4) *infra*, p. 221, *q.v.*, less the amounts drawn by the society in terms of the Act for benefits and cost of administration.

(2) **The Post Office Fund.**—Contributions by and in respect of contributors, less benefits drawn and deductions made in respect of medical and sanatorium benefits and administration expenses (see section 42), plus three-sevenths of the balances left by deceased and emigrated deposit contributors (section 42 (*f*) and (*g*)), and also

* By Joint Committee, *infra*, p. 414.

SECT. 54 (3) to (6).

excess balances of deposit contributors entering approved societies under section 43 (2) (*b*), *supra*, p. 154.

Note.—Under section 4 (4) the Insurance Commissioners may hold a certain fund of employers' contributions not available to any society or individual.

Temporary Investments.—This refers to floating balances, *e.g.* at the commencement of each financial year numerous payments will require to be made for annual services, such as medical benefit, salaries, etc. Money will accumulate for this purpose during the year. It is to be contrasted with the investment account which is intended for the permanent reserve, which must be built up.

RESERVE VALUES.

IN RESPECT OF WHOM CREATED.

SECT. 55 (1).

55.—(1) The Insurance Commissioners shall cause tables to be prepared showing, in cases in which such provision is necessary, the capital sums (in this Part of this Act referred to as "reserve values") which it is necessary to provide in respect of members entering into insurance at ages over the age of sixteen to meet the estimated loss (if any) arising through the acceptance by an approved society of such persons as members upon the terms and conditions as regards contributions and benefits prescribed by this Part of this Act.

SECT. 55 (2).

(2) On a person of the age of seventeen or upwards joining an approved society for the purposes of this Part of this Act, there shall be credited to the society the reserve value (if any) appropriate to such person in accordance with such tables.

The sums so credited to a society in respect of reserve values shall carry interest at the rate of three per centum per annum.

For the purposes of the Act all "employed persons," whether members of friendly societies or not, become insured persons *for the purposes of the Act* for the first time when the Act comes into operation, so also all voluntary contributors under forty-five years of age who come in within the first six months (section 5, *supra*, p. 44).

They all commence at the flat rate, according to Schedule II.,

whatever their age. The approved societies must undertake to give them the benefits provided in the Act (viz. section 8 and Schedule IV.), and in the case of existing societies which become "approved" any accumulated funds they may happen to possess are disregarded for this purpose. For the disposal of these funds see section 72, *infra*, p. 265. In order to enable them to do so the societies are given a credit with the Insurance Commissioners of a lump sum for each existing member who becomes "an insured person" under the Act and each new member who joins within one year of "the commencement of the Act," and who in either case is seventeen years of age or over and under fifty at the time of becoming an insured person and a member of the Society. SECT. 55 (1) & (2).

Subsection (2) makes it clear that **reserve values are not limited to persons who come into insurance** as members of approved societies **during the first year.** It applies to every case where owing to the provisions of the Act a society is compelled to admit a person over seventeen years of age at a lower rate of contribution than the rate appropriate to his age. The classes are:—

(1) Persons members of approved societies at the commencement of the Act and those who join and become insured persons (i) if voluntary contributors under forty-five and joining within the first six months (section 5 (1) (*a*)); (ii) if employed contributors being under fifty and joining within the first year (section 9 (3)).

(2) Persons who become deposit contributors as voluntary contributors during the first six months or as employed contributors during the first year and are then over seventeen, who at any subsequent time transfer to an approved society (section 43 (2) (*a*)).

(3) Persons becoming "insured" over seventeen who have been completing their education since that age (section 9 (4)).

(4) Married women suspended during coverture resuming contributions in widowhood (section 44 (3)). In that case the money is to be found in cash from the married women's suspense account.

Reserve Values to Carry Interest at 3 per Cent. per Annum. —This provision has two effects—(1) It increases the fund on which the societies which are entitled to reserve values have to draw upon.

SECT. 55 (2). The amount of interest added will of course decrease every year as the capital of the reserve value is paid off in terms of subsection (3), *infra*. (2) It decreases the amount of money which but for that provision would be available under that subsection for paying off these values, and so increases the time which will elapse before the $1\frac{5}{9}$d. per week is set free for additional benefits.

DEDUCTIONS FROM WEEKLY CONTRIBUTION TO PAY OFF CREDITS FOR RESERVE VALUES.

SECT. 55 (3). (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 halfpenny), and the amounts so retained shall, together with any other moneys available for the purpose, be applied in manner provided by this Part of this Act towards discharging the liabilities of the Insurance Commissioners to approved societies in respect of the reserve values created by this section.

The Weekly Deduction—

(1) Only applies to members of approved societies. Deposit contributors do not have a reserve value credited to them because they are not entitled to benefits on an insurance basis but only on a savings bank basis (section 42).

(2) Does not apply to voluntary contributors coming in within first six months over forty-five; they pay the voluntary rate according to age under section 5, *supra*, p. 45.

(3) Does not apply to men over sixty-five at the commencement of the Act (section 49 (3), *supra*, p. 206).

(4) Does not apply to aliens (section 45 (2), *supra*, pp. 165, 166).

(5) Will continue until the whole reserve values created in respect of **persons becoming insured during the first year** are cleared off. See section 8 (*a*),

supra, p. 59. The fact appears to have been overlooked that reserve values may go on being created for this class until every person who became a deposit contributor within the first year joins a society or becomes seventy years of age. Parliament will then have to determine how the other reserve values which will have been created are to be treated. SECT. 55 (3).

Any other Moneys Available for the Purpose.—*E.g.* money held by the Insurance Commissioners under section 4 (4), *q.v.*, *supra*, p. 43, and lapsed transfer values under section 43 (1) (*b*), *supra*, p. 153).

Shall be Retained by the Insurance Commissioners.—The true meaning of this provision is that this part of the 7d. a week is not necessarily available to the society to which the man in respect of whom it is paid belongs. The $1\frac{5}{9}$d. is retained by the Commissioners, but retained for a purpose, viz. to enable the societies to pay benefits to their older members. The reserve values with the interest upon them are a debt due by the Commissioners to the societies, and that debt is liquidated by the periodical distribution of the money accumulated by deducting $1\frac{5}{9}$d. from each 7d. and $1\frac{1}{2}$d. from each 6d. (women's contribution), in terms of subsection (4), *infra*. The money is not therefore accumulated as a separate fund in the hands of the Commissioners, but is divided among the societies and either spent on benefits or accumulated as funds which are treated in the manner provided in sections 54 and 56, *q.v.* When the reserve values are all paid off in this way each society will stand upon its own feet and will be credited with the full contribution of 7d. and no more, the State of course still adding two-sevenths to what the societies are able to pay in the way of benefits with the 7d.

Discharge of Liability for Reserve Values.

(4) The Insurance Commissioners shall periodically apportion amongst the several societies, including the Navy and Army Insurance Fund, the sums retained by them, and the sums, if any, otherwise available for the discharge of such liabilities as aforesaid, in proportion to the amount of reserve values for the time being credited to the several societies, and shall credit to each society the amount so apportioned, and any balance of the sums so credited to a society, after providing for SECT. 55 (4).

SECT. 55 (4). 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.

As explained in notes to subsection (3), **the credit of reserve values** is a debt due to the approved societies. The practical way in which this subsection will work out is as follows:—if we assume two societies each with 9000 members, they will each contribute to the fund for this purpose 14,000d. per week or £3033, 6s. 8d. a year, assuming that all contributions are paid every week. They will pay this sum whether their members are young or old.

But if one of them, A., contains a large number of old members, and the other, B., consists of mostly young members, A. may be credited with £5000 of reserve values and B. with £500, so that when the total collected is redistributed A. will get ten times as much as B.

From what A. gets £150 will be attributed to interest (assuming the payment is annual). If £450 is available for A. then £300 will be regarded as having been paid out of the £5000 due to A., and next year if £450 is again available only £141 will be attributable to interest and £309 to reduction of capital.

As the money is always to be distributed in proportion to the amount due to each every society * will receive the final payment simultaneously.

The reserve value due to any society **may** be **reduced**—

(i) By reason of a member in respect of whom reserve value has been credited transferring to deposit insurance (section 43 (1), *supra*, p. 153).

(ii) By a debit balance due to the Commissioners by the society being discharged by a reduction of the reserve value still standing to the credit of the society.

OFFENCES IN REGARD TO.

SECT. 55 (5). (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

* The four countries may differ, but all the societies in each country will be paid off simultaneously.

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. SECT. 55 (5).

As to the effect of the penalty see section 9 (4), *supra*, p. 63. The false statement is also an "offence" under section 69 (1), *infra*, p. 260, punishable with three months' imprisonment.

FINANCIAL ARRANGEMENTS BETWEEN INSURANCE COMMISSIONERS AND APPROVED SOCIETIES.

56.—(1) The Insurance Commissioners * shall, subject to the approval of the Treasury, make regulations with respect to crediting and debiting to the several societies sums received and paid by the Insurance Commissioners on behalf of and 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,— SECT. 56 (1).

(*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.

See *supra*, notes to sections 54 (3) and 55 (3).

(*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.

See notes to section 54 (3), *supra*, p. 216.

(*c*) provide for crediting to each society interest at the

* Joint Committee aloue, *infra*, p. 414.

SECT. 56 (1).

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.

See note to section 55 (4), *supra*.

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 the 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.

Remain to the Credit of the Society.—The effect of the society exercising this option will be that they will be creditors against the insurance fund for the whole amount of the balance, and therefore will not suffer loss through the depreciation of the investments, and will get no benefit from any increase in value. They will, however, get interest.

INVESTMENTS BY APPROVED SOCIETIES.

SECT. 56 (2).

(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

* Joint Committee alone, *infra*, p. 414.

stocks, mortgages, or other securities issued by any local authority within the meaning of the Local Loans Act, 1875, (38 & 39 Vict. c. 83), 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.* SECT. 56 (2).

For trust investments see Trustee Act, 1893, and Colonial Stock Act, 1900.

INSURANCE COMMISSIONERS INVESTING ON BEHALF OF SOCIETIES.

(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. SECT. 56 (3).

APPLICATION OF INTEREST AND DIVIDENDS.

(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. SECT. 56 (4).

This subsection simply means that interest or dividends accrue

* In consultation with the Joint Committee, *infra*, p. 415.
† Joint Committee alone, *infra*, p. 414.

SECT. 56 (4). to the funds invested which, *ex hypothesi*, are funds under the Act, and therefore are earmarked to the purposes of the Act.

Otherwise as the Insurance Commissioners may Prescribe.—This is a very wide power, and might include, *e.g.*, putting such interest to discharge of arrears under section 10 (6), *supra*, p. 71.

CONSTITUTION OF INSURANCE COMMISSIONERS.

SECT. 57 (1). **57.**—(1) As soon as may be after the passing of this Act there shall be constituted for the purposes of this Part of this Act Commissioners (to be called the Insurance Commissioners), with a central office in London, and with such branch offices as the Treasury may think fit, and the Commissioners shall be appointed by the Treasury, and of the Commissioners so appointed one at least shall be a duly qualified medical practitioner who has had personal experience of general practice.

In section 80 (1), which deals with appointment of the Commissioners for **Scotland,** the qualification for the medical commissioner that he shall have "had personal experience of general practice" is omitted. The same also applies to Ireland and Wales.

For summary of duties of Insurance Commissioners see *supra*, pp. 13 to 19, and Joint Committee, *infra*, pp. 408 to 418.

SECT. 57 (2). (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.

APPOINTMENT AND REMUNERATION OF INSURANCE OFFICERS.

SECT. 57 (3). (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. SECT. 57 (3).

This section makes it clear that all the expenses properly incurred by the Insurance Commissioners and their officers are a charge not upon the insurance funds but on the tax-payer—this to be contrasted with the expenses of Insurance Committees which are a charge upon the insurance funds.

DOCUMENTS AND ORDERS TO BE RECEIVED IN EVIDENCE WHEN SIGNED OR SEALED.

(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. SECT. 57 (4).

Order or Other Instrument.—Is not merely a letter by the secretary, but a formal document purporting to express a decision of the Commissioners.

This throws the onus on any person disputing the authenticity of a document *ex facie* regular to prove that it is not genuine. The section applies equally to criminal and civil proceedings.

Powers of Inspectors.

Sect. 57 (5). (5) The Insurance Commissioners may empower any inspector appointed by them to exercise in respect of any approved society or any branch of an approved society all or any of the powers given by section seventy-six of the Friendly Societies Act, 1896 (59 & 60 Vict. c. 25), 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.

The Friendly Societies Act, 1896 (59 & 60 Vict. c. 25), **section 76 (5),** grants following powers to the inspector appointed thereunder, viz.:—To require production of the books or documents of the society; to put officers on oath, and examine them on the business of the society under oath.

Advisory Committee.

Sect. 58. **58.** The Insurance Commissioners shall, as soon as may be after the passing of this Act, appoint an Advisory Committee for the purpose of giving the Insurance Commissioners advice and assistance in connexion 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.

As there are no separate Advisory Committees for the four divisions of the United Kingdom it may be assumed that the Advisory Committee will be accessible to each of the four bodies of Commissioners (see also provision for "Joint Committee," section 83, *infra*, p. 303, and Treasury Regulations, *infra*, p. 408).

INSURANCE COMMITTEE APPOINTMENT AND CONSTITUTION.

59.—(1) An Insurance Committee shall be constituted for every county and county borough. SECT. 59 (1).

(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— SECT. 59 (2).

(*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 the 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

SECT. 59 (2).

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.

Insurance Committees are local representative bodies. The administrative area is a "county or county burgh," but a county may be divided into districts (see subsection (4), *infra*).

"County" means administrative county (section 79, *infra*, p. 275). In Scotland Clackmannan and Kinross are one county, Elgin and Nairn are one county (section 80 (5), *infra*, p. 279).

County borough **in Scotland** means burgh or police burgh having a population of 20,000 or upwards. Dumfries and Maxwelltown are to be regarded as one burgh (section 80 (4), *infra*, p. 279), and the combined area for this purpose is to be a "county burgh."

Size of Insurance Committee.—In England there are to be not less than forty nor more than eighty members, in **Scotland** not less than twenty-five nor more than eighty (section 80 (6)).

Subject to alteration by the Insurance Commissioners under subsection (3), *infra*, the committee shall be made up as follows:—

Three-fifths representatives of insured persons; one-fifth members appointed by the local authority; two members representing medical practitioners—one, two, or three, according to the size of the committee, **medical practitioners** appointed by the local authority. These are in addition to the one-fifth already provided for. Remainder nominated by the Insurance Commissioners.

In a committee of twenty-five the distribution would be as follows:—

Fifteen representatives of insured persons; five members appointed by the local authority, of whom two must be women (proviso (i)); two members appointed by the medical practitioners;

one medical practitioner appointed by the local authority; two members nominated by the Insurance Commissioners, of whom one must be a medical practitioner and two must be women. In the case of a committee of twenty-five this could only be accomplished by appointing a lady doctor. Note, however, power of Commissioners in Scotland to vary constitution of the committee (section 80 (6), *infra*, p. 280). SECT. 59 (2).

A committee of sixty-five would contain:—

Thirty-nine representatives of insured persons; thirteen nominees of local authority, including at least two women; two representatives of local medical practitioners; two medical practitioners appointed by local authority; nine nominees of Insurance Commissioners, including at least two women and one medical practitioner. In such a committee, therefore, there would be five medical practitioners out of sixty-five.

Association of Medical Practitioners.—There is no special provision in the Act for creating such associations, but the Insurance Commissioners are to issue regulations for the purpose ((1) (*c*) *supra*; see also section 62, *infra*).

Method of appointing representatives of each group is to be governed by regulations to be issued by the Insurance Commissioners.

The regulations must provide for some method of representing approved societies, but must provide for representatives of deposit contributors, even if "an association of deposit contributors" has not been formed.

In Scotland deposit contributors in any area may be provided for by a special society run by the local authority (section 80 (10), *infra*, p. 283). This will be an "approved society," and will have representation as such. This is limited, however, to counties, and does not apply to burghs.

Representatives of local authorities (town and county councils) **in Scotland** must have certain qualifications (see section 80 (7), *infra*, p. 281).

Representation of Local Authorities in Respect of Paying Part of Costs of Benefits.

(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 repre- SECT. 59 (3).

SECT. 59 (3). sentation of the council and make a corresponding diminution in the representation of the insured persons.

For power to the local authority to pay part of cost of medical and sanatorium benefits see sections 15 (7) and 17 (2), *supra*.

The Insurance Commissioners are to decide what change is to be made in the proportion of representation.

PROCEDURE IN INSURANCE COMMITTEES.

SECT. 59 (4). (4) The Insurance Commissioners may make regulations as to the appointment, quorum, term of office, and rotation of members and proceedings generally (including the appointment of sub-committees consisting wholly or partly of members of the committee) of the committee, and the employment of officers and the provision of offices by the committee, including the use by the committee, with or without payment, of any offices of a local authority, but subject to the consent of such authority, and any such regulations may provide for the constitution of district insurance committees, and for apportioning amongst the several district insurance committees any of the powers and duties of the Insurance Committee and regulating the relations of district insurance committees to the Insurance Committee and to one another:

Provided that the regulations so made shall require the Insurance Committee of every county (except in cases where, owing to special circumstances, the Commissioners consider it unnecessary) within six months after the commencement of this Act to prepare after consultation with the county council and submit for approval to the Commissioners a scheme for the appointment of district insurance committees for the county, and prescribing the area to be assigned to each such committee, and in particular the scheme shall provide for the appointment of a district insurance committee for each borough (including the City of London and a metropolitan borough) within the

county having a population of not less than ten thousand, and for each urban district within the county with a population of not less than twenty thousand, but, if the Insurance Committee or, on appeal, the Insurance Commissioners consider it expedient in the case of any such borough (outside London) or urban district, any adjoining areas may be grouped with such borough or urban district for the purpose of the appointment of a district insurance committee. SECT. 59 (4).

(5) Any Insurance Committee may, and shall if so required by the Insurance Commissioners, combine with any one or more other Insurance Committees for all or any of the purposes of this Part of this Act, and, where they so combine, the provisions of this Part of this Act shall apply with such necessary adaptations as may be prescribed. SECT. 59 (5).

Local Authorities.—The whole procedure of Insurance Committees is to be subject to regulations to be issued by the Insurance Commissioners. It is to be noted—

(1) **Place of Meeting.**—The Insurance Commissioners are to arrange, if possible, for meetings to be held in the premises of local authorities. The latter *may* give these free of charge, but the provision is not peremptory (see provision for meetings of approved societies, section 27 (2), *supra*, p. 116).

(2) **District Committees.** — **Burghs** with a population of 10,000 are entitled to a separate district committee.

Urban districts with a population of 20,000 are entitled to a district committee.

N.B.—A burgh of 10,000 inhabitants will probably not contain 5000 insured persons in one society, therefore an approved society or approved group will often extend over an area served by more than one Insurance Committee, but the society is held to carry on its whole business in the *locus* of its head office, and the head office of a group is the office of its central finance committee (see section 39, and particularly subsection (6) thereof).

(3) **Combination of Committees.**—As committees in populous areas may be split up into district committees, so com-

SECT. 59 (5).

mittees in small or sparsely populated areas may combine (subsection (5), *supra*), and landward areas may be thrown in with urban areas.

(4) **In Scotland** "borough" and "urban district" mean burgh or police burgh within the meaning of the Local Government (Scotland) Act, 1889, and **the population limit is abolished** (section 80 (14), *infra*, p. 287). It would therefore appear that every burgh or police burgh in Scotland is entitled to its own district Insurance Committee (with a minimum membership of twenty-five), but may have the surrounding rural area attached to it.

(5) **The Insurance Committee are not to be paid,** but travelling expenses may be provided (section 61 (2), *infra*, *q.v.*, p. 236).

(6) **Appointment of Officers.**—The **Insurance Commissioners** are to **decide** what officers the Insurance Committee may appoint, *e.g.* clerks, auditors, and in the administration of medical and sanatorium benefit to all insured persons and cash benefits to deposit contributors, inspectors, etc., and **the Insurance Committee** have to **pay** these officers (section 61, *infra*, p. 236).

INSURANCE COMMITTEES.

POWERS AND DUTIES.

SECT. 60 (1).

60.—(1) The Insurance Committee of a county or county borough shall, in addition to the other powers and duties conferred and imposed on it by this Part of this Act, have the following powers and duties:—

(*a*) It shall make such reports as to the health of insured persons within the county or county borough as the Insurance Commissioners, after consultation with the Local Government Board, may prescribe, and shall furnish to them such statistical and other returns as they may require, and may make to them such other reports on the health of such persons and the conditions affecting the same, and may make such suggestions with regard thereto as it may think fit

and the Insurance Commissioners shall forward to the councils of the counties, boroughs, and urban and rural districts, which appear to them to be affected by or interested in any such reports, returns, or suggestions, copies of such reports, returns, and suggestions, and the reports and returns so made shall include such reports and returns as will enable an analysis and classification to be made of the persons who are deposit contributors : SECT. 60 (1).

(*b*) It shall make such provision for the giving of lectures and the publication of information on questions relating to health as it thinks necessary or desirable, and may, if it thinks fit, for that purpose make arrangements with local education authorities, universities and other institutions :

(*c*) It shall keep proper books and accounts in the prescribed form and shall, when required, submit such accounts to audit by auditors appointed by the Treasury.

Powers and Duties Generally (see summary, *supra*, pp. 19 to 21).—This section throws somewhat vague duties on the Insurance Committees which will be made specific by the orders and regulations of the Insurance Commissioners. It is difficult to see where they are to derive any income for these purposes, which necessarily involve the employment not only of clerks but of skilled investigators (see note to section 61, *infra*).

Medical Officer of Health to Advise Insurance Committees.

(2) For the purpose of assisting Insurance Committees in the exercise and performance of their powers and duties under this Part of this Act, and with a view to promoting co-operation between such committee and the councils of counties, boroughs, and urban and rural districts, any medical officer of health may, at the request of an Insurance Committee and with the consent SECT. 60 (2).

SECT. 60 (2). of the council by whom he is appointed, attend meetings of the committee and give such advice and assistance as is in his power.

This provision is permissive, and no provision is made for payment to the medical officer of health, who will require to regard such attendances as part of his ordinary duties.

SPECIAL PROVISION AS TO THE CITY OF LONDON.

SECT. 60 (3). (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.

SECT. 61 (1). **61.**—(1) All sums available for sanatorium benefit in a county or county borough, and all sums payable in respect of the members of approved societies and deposit contributors resident in the county or county borough for the purposes of medical benefit and administrative expenses in any year, shall be paid or credited to the Insurance Committee at the commencement of that year.

SECT. 61 (2). (2) There shall also be paid to the Insurance Committee in every year by each approved society having members who are insured persons resident in the county or county borough, in respect of each such member, the sum of one penny towards the administrative expenses of the committee:

Provided that, if the special circumstances of any county are such that the Insurance Commissioners consider that the travelling expenses of the members of the committee should be repaid to them by the committee, the Insurance Commissioners may authorise such repayment, and in such case may increase the said sum of one penny to such sum, not exceeding twopence, as they may determine.

ECT. 61 (3). (3) It shall be lawful for any local authority, out of any fund

or rate out of which the expenses of the authority are payable, to subscribe such sums as it may think fit towards the general purposes of the Insurance Committee. SECT. 61 (3).

I. Sums Available for Sanatorium Benefit—

(i) 1s. and 3d. per annum per insured person (section 16 (2)) payable at the commencement of the year by the Insurance Commissioners and debited to the extent of $\frac{7}{9}$ths or $11\frac{2}{3}$d. against credits of approved societies with the insurance fund and against each individual deposit contributor in his account in the Post Office fund (section 42 (*e*)).

(ii) 1d. per insured person payable from general taxation through the Insurance Commissioners, who may, however, retain the whole or part of it for research work.

(iii) Any sums agreed to be paid by local authorities or the Treasury under section 17 (2).

II. Sums Payable for the Purpose of Medical Benefit.—This is subject to agreements between the Insurance Committee and the various societies involved, and failing agreement, to be determined by the Insurance Commissioners (section 15 (6), *supra*, p. 94).

In case of deposit contributors the insurance Committee decide subject to approval by the Insurance Commissioners, what is the average cost of their medical benefit, and that sum will be deducted from the account of each in the Post Office fund (section 42 (*d*), *supra*, p. 149).

There may also be a sum payable (by agreement) by the local authority and the Treasury under section 15 (7) and (8), *supra*, p. 95.

III. Sums Payable for Administrative Expenses.—These are the expenses of administering medical and sanatorium benefit and administering cash benefits to deposit contributors. The first two are part of cost of medical and sanatorium benefits, and must be estimated and charged for with them. The last is a charge on the deposit contributor's balances in the Post Office fund (section 42 (*c*)).

IV. Sums Payable in Respect of the Administrative Expenses of the Committee.—This means general expenses not attributable to any particular benefit, *e.g.* expenses incurred in carrying out the duties enumerated in section 60, *supra*.

To meet these the committee appear to be limited to 1d. per

SECT. 61 (1) to (3).

head per annum, and to meet travelling expenses of members another 1d. per head per annum payable only by members of approved societies.

A committee working in an area of 20,000 inhabitants with, say, 6000 insured persons, if all are members of approved societies, would have £25 for this purpose with another £25 for travelling expenses, viz. £1 per head for a committee of 25.

It is clear that it is some very limited source of expense that this is meant to cover, probably only stationery and light. All other expenses must be debited to some one of the benefits if any money is to be available.

In a large city of say 250,000 inhabitants there might be 60,000 or 70,000 insured persons, of whom 60,000 might be in approved societies.

Such a committee would have £250 for this purpose; such a committee would not, however, in all probability require to pay travelling expenses.

V. Voluntary grants by local authorities under subsection (3).

"Any Local Authority."—See note to section 59, *supra*, p. 233.

LOCAL MEDICAL COMMITTEES.

SECT. 62.

62. Where a local medical committee has been formed for any county or county borough or for any area for which a district committee has been formed and the Insurance Commissioners * are satisfied that such committee is representative of the duly qualified medical practitioners resident in the county or county borough or such area as aforesaid, they shall recognise such committee, and, where a local medical committee has been so recognised, it shall, subject to regulations made by the Insurance Commissioners,* be consulted by the Insurance Committee or district committee, as the case may be, on all general questions affecting the administration of medical benefit, including the arrangements made with medical practitioners giving attendance and treatment to insured persons, and shall perform such other duties, and shall exercise such

* In consultation with the Joint Committee, *infra*, p. 418.

powers, as may be determined by the Insurance Commissioners.* SECT. 62.

This is a voluntary unpaid body with no powers except those of advice. If "recognised" it appears to have a right to be consulted, but no power to make the Insurance Committee follow its advice.

It may, however, acquire powers from the Commissioners.

LIABILITY OF OWNERS, LESSEES, AND OCCUPIERS OF PROPERTY, AND OF LOCAL AUTHORITIES FOR COST OF EXCESSIVE SICKNESS.

PROVISION FOR INQUIRY AND CLAIMS.

63.—(1) Where it is alleged by the Insurance Commissioners or by any approved society or Insurance Committee that the sickness which has taken place among any insured persons, being, in the case where the allegation is made by a society or committee, persons for the administration of whose sickness and disablement benefits the society or committee is responsible, is excessive, and that such excess is due to the conditions or nature of employment of such persons, or to bad housing or insanitary conditions in any locality, or to an insufficient or contaminated water supply, or to the neglect on the part of any person or authority to observe or enforce the provisions of any Act relating to the health of workers in factories, workshops, mines, quarries or other industries, or relating to public health, or 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 SECT. 63 (1).

* In consultation with the Joint Committee, *infra*, p. 418.

SECT. 63 (1). 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.

This is a penal section making certain persons and local authorities liable for costs incurred by approved societies or insurance committees in sickness benefit which has either been excessive over a period of at least three years or has been due to an epidemic. For persons made liable see subsection (2), *infra*.

Liability may be imposed for sickness due to any of the following **causes**:—

(i) Nature of the employment of the insured persons.
(ii) Conditions of employment.
(iii) Failure to observe statutory provisions or regulations under such Acts as the Public Health Acts, etc.
(iv) Failure to observe statutory provisions as to "the housing of the working classes" or regulations under such Acts.
(v) Insufficient or contaminated water supply.
(vi) Failure to observe or enforce "*any public health precautions.*"

Procedure.—The Insurance Commissioners or any Insurance Committee or approved society alleging that such excessive sickness or epidemic is due to any such cause makes a claim against the person or authority accused of neglect. **Failing agreement as to the claim** the claimant applies to "the Secretary of State" or "the Local Government Board" for an inquiry. No guidance is given in the Act as to when the inquiry should be ordered by "the Secretary of State" and when by "the Local Government Board," but apparently when a decree is sought against the local authority the application should be to the Board, and when it is sought against an individual it should be to "the Secretary of State," because by subsection (6) if a decree is obtained against a local authority it may be enforced by the Local Government Board by stopping the amount awarded from grants in aid of local taxation from the Treasury.

In Scotland.—The Local Government Board generally means (in this Act) the Local Government Board for Scotland, but for the purpose of subsection (6) (*infra*, p. 250), it means "the Secretary for Scotland" [section 80 (3)], so that in Scotland it would appear to be always the Secretary for Scotland who should be applied to for inquiry.

The inquiry is to be carried out by "a competent person"

appointed by the Secretary of State or the Local Government Board. For **procedure** on inquiries see subsection (5). SECT. 63 (1).

Persons who may be found liable are—

(i) The employer where the disease is traced to the nature or conditions of work (subsection (2) (*a*)).

(ii) Owner, occupier, or lessee where it is traced to insanitary condition of premises (subsection (2) (*b*)).

(iii) Local authority where it is traced to failure to carry out statutory duties (subsection (2) (*b*)).

(iv) Local authority or water company in case it is traced to water supply (subsection (2) (*c*)).

"Act relating to the Health of Workers . . ."—See notes to subsection (2) (*b*).

THE AMOUNT WHICH MAY BE CLAIMED.

(2) If, upon such inquiry being held, it is proved to the satisfaction of the person holding the inquiry that the amount of such sickness has— SECT. 63 (2).

(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 ten 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:—

In case of excessive sickness **not** attributable to **"epidemic or endemic or infectious disease"** an average over three years has to be taken. For average expectation see subsection (4), which lays down that any disease for which workmen's compensation is

SECT. 63 (3). payable is to be excluded, *q.v.* The amount which may be claimed is the amount of expenditure in excess of the average, and unless it amounts to 10 per cent. over the average there is no claim. In case of epidemic, endemic, or infectious disease there is no period laid down. This, of course, is much the most serious liability, as owing to the very nature of the disease its effects may be very far spreading and all traceable to one common origin.

The question of fact is to be decided by "the competent person." His decision is final, and (in England) he may make an order on the person or authority found responsible to pay which may be enforced by an order of the High Court (see subsection (5), *infra*, p. 248).

"Ordered by him" in Scotland (see section 80 (11), *infra*, p. 285).—The question of fact is determined by "the competent person," but he is to report his finding to "the authority appointing him," who may be either the Secretary for Scotland or the Local Government Board for Scotland, and any action which may be taken under this section by "the competent person" is to be taken by such authority after considering the report. The Secretary for Scotland or Local Government Board may therefore make an order upon the person or authority found liable. There is **no procedure for any review** of the finding in fact by "the competent person," or of the decision come to by the Secretary of State or Local Government on his report. See subsection (5), *infra*, p. 248.

EMPLOYERS.

SECT. 63 (2) (*a*). (*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:

"Conditions or Nature of Employment."—This is subject to the exception in subsection (4), *infra*, p. 247, of industrial diseases under the Workmen's Compensation Act, etc. (See also section 11, *supra*, p. 73).

As this is something additional to and exclusive of failure to observe any precautions imposed by the Factory and other Acts it appears to impose an obligation for disease accruing without any fault, *e.g.* ophthalmia or other eye troubles caused by long applica-

tion to fine work such as engraving, lacemaking, etc.; diseases due to sewer gas which are not traceable to accident contracted by men working in sewers (*vide* case of *Broderick* v. *London County Council*, [1908] 2 K. B. 807); similar diseases contracted in mines not scheduled under the Workmen's Compensation Act; consumption in clerks attributable to bending over desks, similarly seamstresses, and quarry men working at stone which goes into a fine powder in working; pneumonia caused by working in linen factories in atmosphere artificially laden with heated vapour, or due to working in cold storage works or artificially cooled parts of breweries. SECT. 63 (2) (*a*).

Neglect of Statutory or Public Health Precautions (see note to subsection (*b*), *infra*).—Where these are traced to the employer as such he is liable.

LOCAL AUTHORITIES OR PRIVATE INDIVIDUALS FOR NEGLECT OF STATUTORY OR OTHER PUBLIC HEALTH PRECAUTIONS.

(*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: SECT. 63 (2) (*b*).

Under this subsection the local authority, that is, the ratepayers, may be held liable if the excessive sickness can be attributed to failure to exercise any statutory powers, and employers and owners and occupiers of premises for any failure in any duty laid upon them by such Acts.

"Any such Act," viz. "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,

SECT. 63 (2) (*b*).

or any regulations made under any such Act" (subsection (1), *supra*).

These Acts must be referred to for the obligations imposed, as it is impossible to go into them all in detail here, but they may be summarised as follows:—

I. Acts Relating to the Health of the Workers.—Metalliferous Mines Regulation Act, 1872 and 1875 (35 & 36 Vict. c. 27); Alkali Works Regulation Acts, 1881 and 1892 (44 & 45 Vict. c. 37, 55 & 56 Vict. c. 30); Coal Mines Regulation Acts, 1887-1911 (50 & 51 Vict. c. 58, 57 & 58 Vict. c. 52, 1 & 2 Geo. V. c. 50); the Quarries Act, 1894 (57 & 58 Vict. c. 42); Shop Hours Act, 1892 and 1904 (55 & 56 Vict. c. 62 and 4 Edw. VII. c. 31); Shops Act, 1911 (1 & 2 Geo. V. c. 54); Factory and Workshops Acts, 1901-1907 (1 Edw. VII. c. 22 and 7 Edw. VII. c. 39).

II. Public Health: In Scotland.—Public Health (Scotland) Act, 1897 (60 & 61 Vict. c. 38); Public Health (Scotland) Amendment Act, 1891 (which was not repealed by the last named Act); Burgh Police (Scotland) Act, 1892 (55 & 56 Vict. c. 55); Infectious Diseases Notification Act, 1889 (52 & 53 Vict. c. 72).

In England.—The following are the principal statutes:—Public Health Act, 1875 (38 & 39 Vict. c. 55), 1890 (53 & 54 Vict. c. 59); (London), 1891 (54 & 55 Vict. c. 76), 1896 (59 & 60 Vict. c. 19), 1904 (4 Edw. VII. c. 16).

III. Housing of the Working Classes.—Housing of the Working Classes Act, 1890 (53 & 54 Vict. c. 70). (See in that connection amending Acts (57 & 58 Vict. c. 55 and 59 & 60 Vict. c. 31), the Local Government (Scotland) Act, 1894 (57 & 58 Vict. c. 58, section 24 (6)), and the same, 1903 (3 Edw. VII. c. 39), the Housing and Town Planning Act, 1909 (9 Edw. VII. c. 44).)

"Failure to Observe or Enforce any Public Health Precautions."—This is apart from and in addition to all statutory obligations, and extends the widest possible power to "the competent person" to find any individual or local authority guilty of some failure, to do something which in his view would have prevented the particular excessive sickness, *e.g.* failure to isolate a patient suffering from a contagious or infectious disease.

Insanitary Condition of any Premises.—This may be due to fault on the part of the "owner," "lessee," or occupier.

"Owner" under the Public Health (Scotland) Act, 1897, means the person entitled to receive the rents of the premises, including trustee, factor, tutor, or curator. Fault on the part of any of these

would probably make the "owner" in the strict sense of the word liable under this section. SECT. 63 (2) (*b*).

"Occupier" is there defined as the person having the management or control for himself or as agent of another, or the master or person in charge of a ship.

Quære.—Is a ship included in the word "premises"? It is submitted that it is. An epidemic might be and often is started from a ship. An owner or master of a ship who neglected to obey quarantine regulations or to take reasonable precautions in the matter of spread of disease—*e.g.* landing smallpox patients—might be made liable under this section.

The owner will in general be liable for failure to keep the drains in a sanitary condition.

The occupier will be liable for insanitary conditions not due to fault in the fabric, *e.g.* dairyman, greengrocer, or butcher allowing food to become contaminated by some failure of sanitary precautions and so spreading disease, it may be an epidemic. Such persons are also liable for breach of statutory duties in respect of sale of unsound meat, or contaminated milk.

The lessee may be liable, though not an occupier, if he has sublet to an occupier and has failed in some duty which he was bound to perform.

"Bad Housing or Insanitary Conditions in the Locality." —These words are quite general, and have no reference to any particular statutes, so that "the local authority" may be held liable if "the competent person" thinks excessive sickness is due to either of these causes without proving any neglect of statutory duty or any fault, because "neglect" is alternative, not cumulative. There is no definition of what these expressions mean, and therefore "the competent person" must take them in the ordinary popular sense of the words and decide if he thinks that is the true cause. By subsection (3), *infra*, *q.v.*, "the local authority" may be able to pass on the liability to the "owner, lessee, or occupier" of the property in question, but the local authority can only do that if it proves fault against the owner, lessee, or occupier.

BAD OR INSUFFICIENT WATER SUPPLY.

(*c*) Where the excess or such part thereof as aforesaid is due to an insufficient or contaminated water supply, it shall be made good by the local authority, company, SECT. 63 (2) (*c*).

SECT. 63 (2) (c).

or person by whom the water is supplied, or who having imposed upon them the duty of affording a water supply have refused or neglected to do so, unless the local authority, company, or person prove that such insufficiency or contamination was not due to any default on the part of the authority, company, or person, but arose from circumstances over which they had no control.

Unless the Local Authority, Company, or Person Prove. —This subsection is governed by the words of subsection (2), *supra*: "found by the person holding the inquiry." The proof is therefore to be to the satisfaction of that person, not of any law court called upon to enforce his order.

This subsection puts the liability upon the local authority or any private company or person responsible for water supply, if "the competent person" thinks the excessive sickness was due to "insufficiency" or "contamination" of water supply, and that that was due to "default." The onus is laid upon the parties accused of showing that they were not in default. No rule can be laid down as to what will satisfy "the competent person" in this matter, and each case must depend upon its own facts; the result will depend upon what he may think could reasonably be expected in the way of anticipating the scarcity or contamination which he holds has caused the excessive sickness.

PROCEDURE FOR PASSING ON LIABILITY OF LOCAL AUTHORITY TO PRIVATE PERSONS.

SECT. 63 (3).

(3) Where any such inquiry as aforesaid is held in respect of bad housing or insanitary conditions in any locality, it shall be lawful for the local authority to serve notice upon the owner, lessee, or occupier of any premises which are the subject-matter of the inquiry, and, where it is proved that such a notice has been served and that any such extra expense as aforesaid, or any part thereof, has been caused by the act or default of such owner, lessee or occupier, the person holding the inquiry may order the owner, lessee or occupier to repay

to the local authority the amount of the extra expenditure or part thereof which has been so caused. SECT. 63 (3).

"The competent person" decides first that the sickness is due to bad housing or insanitary conditions, and makes an order (in Scotland the authority appointing him makes the order) on the local authority to pay, which is enforced under subsection (2) (*b*), *supra*, and (5), *infra*. If the competent person also holds that the excessive sickness is due to bad housing in particular property or insanitary condition of particular premises, then the local authority can get an order from him (in Scotland, from the authority appointing him) on the owner, occupier, or lessee, as the case may be, to repay.

"Act or Default."—Is failure to pull down or turn tenants out of houses which "the competent person" classes as "bad housing" default? Presumably it is.

Quære.—If the local authority is held liable for not having ordered property to be pulled down, is the owner who was never asked to pull it down liable to repay the local authority?

Where it is Proved.—Under subsection (2) (*b*) a private individual may be held primarily liable if his default is held proved "to the satisfaction of the competent person," but in this subsection these words are not used. It is not, therefore, clear that the local authority can pass the liability on to the private individual on the "*ipsi dixit*" of the competent person or authority appointing him. A person sued under an order of the competent person given under this subsection could put in a defence denying the facts and he could not be met, as he would be under subsection (2) (*b*), with the argument that the statute only requires proof "to the satisfaction of the competent person." Thus under this subsection a private individual accused could claim the protection of the ordinary law courts.

CALCULATION OF AVERAGE SICKNESS.

(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 SECT. 63 (4).

SECT 63 (4). 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.

Tables for Valuations (see section 36, *supra*, p. 129).

Workmen's Compensation Act.—Industrial diseases at present (1912) scheduled are—anthrax; lead poisoning or its sequelæ; mercury poisoning or its sequelæ; phosphorus poisoning or its sequelæ; arsenic poisoning or its sequelæ; ankylostomasis poisoning by nitro- and amido- derivatives of benzene or its sequelæ; poisoning by carbon bisulphide or its sequelæ; poisoning by nitrous fumes or its sequelæ; poisoning by nickel carbonyl or its sequelæ; poisoning by gonioma kamassi or its sequelæ; chronic ulceration or its sequelæ; epitheliomatous cancer or ulceration of the skin or of the corneal surface of the eye, due to pitch, tar, or tarry compounds; scrotal epithelioma (chimney sweep's cancer); nystagmus; glanders; miner's beat hand; miner's beat knee; miner's beat elbow; inflammation of the synovial lining of the wrist joint and tendon sheaths; cataract in glass workers; telegraphist's cramp.

PROCEDURE ON INQUIRIES—POWERS OF THE "COMPETENT PERSON"—COSTS.

SECT. 63 (5). (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. SECT. 63 (5).

Procedure is to be regulated by Insurance Commissioners.

"Powers of Inspector of the Local Government Board under the Public Health Acts."—In Scotland means Public Health Scotland Act, 1897 (60 & 61 Vict. c. 38), and any Acts amending the same. See section 193 of that Act and note to subsection (2) (*b*), *supra*; see also section 80 (3), *infra*, p. 278.

In England.—Public Health Acts, 1875 to 1904. See note to subsection 2 (*b*), *supra*.

Enforcement of Orders.—The subsection refers to "an order made by such person (in Scotland by the authority appointing him, section 80 (11)) under this section," not merely the subsection, and therefore includes orders on local authorities or private individuals to pay the cost of excessive sickness, not merely the cost of the inquiry. These orders may "by leave of the High Court" (in Scotland, the Court of Session) be enforced as an order of Court. It is submitted that this merely supplies a simple procedure for giving executive authority to the order, and does not give any right of review to the High Court.

Presumably the Court would assume to itself the right to refuse its consent if it were shown that the statutory procedure had not been complied with, but otherwise nothing could affect the finding in fact of the competent person except an allegation of corruption such as would reduce an arbiter's award. See, however, note to subsection (3), *supra*.

If the High Court did not give its consent the claimant would raise a civil action founding on the finding in fact of the person appointed to inquire and the order following thereon, and basing his claim on this section, to which the defender could have no answer.

Costs.—The society or Insurance Committee is to be freed of costs whenever the demand for inquiry is "certified as reasonable," even though no fault is proved. If fault is proved it will get costs against the accused party; if it is not proved, from the Treasury; but the party accused will have to pay his own costs though acquitted if the person appointed certifies that the demand for inquiry was reasonable.

RECOVERY OF MONEY AWARDED AGAINST LOCAL AUTHORITIES.

SECT. 63 (6). (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.

"Any Other Method of Recovery."—Civil action as suggested above.

In Scotland, Local Government Board in this section means Secretary of State for Scotland (section 80 (3), *infra*, p. 278).

DISPOSAL OF MONEY AWARDED TO INSURANCE COMMITTEES.

SECT. 63 (7). (7) For the purposes of this section, any expenditure on any benefit administered by an Insurance Committee shall be deemed to be expenditure of that Committee, but any sums paid to any such Committee under this section to meet extra expenditure on sickness benefit or disablement benefit shall be dealt with for the benefit of deposit contributors in accordance with regulations made by the Insurance Commissioners.

Benefit administered by an Insurance Committee, viz. medical and sanatorium benefit for approved societies (sections 15 and 16), and all benefits for deposit contributors (section 42).

No provision is made as to how the individual deposit contributors are to receive the benefit of these sums, but that is to be matter of regulation (deposit contributors, see section 42, *supra*, p. 148).

DISPOSAL OF MONEY AWARDED TO INSURANCE COMMISSIONERS.

SECT. 63 (8). (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. SECT. 63 (8).

PROCEEDINGS ON BEHALF OF ASSOCIATION OF DEPOSIT CONTRIBUTORS.

(9) Where an association of deposit contributors resident in any county or county borough has been formed under regulations made by the Insurance Commissioners, the Insurance Committee for the county or county borough shall, if so required by the association, take proceedings under this section on behalf and at the expense of the association. SECT. 63 (9).

Association of Deposit Contributors. — Is a voluntary association and would have no source of income except voluntary subscriptions. This does not refer to a "society" of deposit contributors formed in Scotland or Ireland under sections 80 (10) and 81 (7). These societies would have all the rights of ordinary approved societies under this section.

PROVISION OF SANATORIA, ETC.

64.—(1) If under any other Act of the present session any sum is made available for the purposes of the provision of or making grants in aid to sanatoria and other institutions for the treatment of tuberculosis or such other diseases as the Local Government Board with the approval of the Treasury may appoint, such sum shall be distributed by the Local Government Board with the consent of the Treasury in making grants for those purposes, and the Treasury before giving their consent shall consult with the Insurance Commissioners: SECT. 64 (1).

Provided that such sum shall be apportioned between England, Wales, Scotland, and Ireland in proportion to their respective populations ascertained in accordance with the

SECT. 64 (1). returns of the census taken in the year nineteen hundred and eleven.

By the Finance Act, 1911 (1 & 2 Geo. v. c. 48), section 16 (1) (*b*), a sum of £1,500,000 is made available for this purpose.

So the distribution will be—

	Population.	Grant.
England and Wales . .	36,075,000	£1,201,382
Scotland	4,759,000	155,946
Ireland	4,381,000	142,672
Total . .	45,216,741	£1,500,000

The whole cost of erection of sanatoria is not to be paid out of this grant. Local authorities may or may not erect sanatoria if they please, but if they do, and the Insurance Commissioners approve of what they propose, they will get a share of the grant.

COUNTY COUNCILS TO ERECT, MAINTAIN, AND MANAGE SANATORIA.

SECT. 64 (2). (2) If any such grant is made to a county council, the Local Government Board may authorise the county council to provide any such institution, and, where so authorised, the county council shall have power to erect buildings and to manage and maintain the institution and for that purpose to enter into agreements and make arrangements with Insurance Committees and other authorities and persons, and to do all such things as may be necessary for the purposes aforesaid, and any expenses of the county council, so far as not defrayed out of the grant, shall be defrayed out of the county fund as expenses for general county purposes, or, if the order of the Local Government Board so directs, as expenses for special county purposes charged on such part of the county as may be provided by the order.

SECT. 64 (3). (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. SECT. 64 (3).

(4) An Insurance Committee may, with the consent of the Insurance Commissioners, enter into agreements with any person or authority (other than a Poor Law authority) that, in consideration of such person or authority providing treatment in a sanatorium or other institution or otherwise for persons recommended by the Committee for sanatorium benefit, the Committee will contribute out of the funds available for sanatorium benefit towards the maintenance of the institution or provision of such treatment, such annual or other payment, and subject to such conditions and for such period as may be agreed, and any such agreement shall be binding on the Committee and their successors, and any sums payable by the Committee thereunder may be paid by the Insurance Commissioners and deducted from the sums payable to the Committee for the purposes of sanatorium benefit. SECT. 64 (4).

The Local Government Board are to empower the county councils to spend the rates upon this object and to apportion the "State" grant. For conditions as to inspection see section 77 (3), *infra*, p. 272. There appears to be no limit as to the amount to be spent out of the rates upon it. The insurance fund is not implicated in this expense at all. The Insurance Committee are to make

SECT. 64 (4). arrangements in accordance with the money at their disposal for sending insured persons to these new institutions or to any existing institutions (section 16 (1), *supra*, pp. 96, 97). Poor law hospitals are barred.

Sums payable for the purpose of sanatorium benefit, viz. a maximum of 1s. 4d. per insured person (sections 16 and 61 *supra*, pp. 97, 236) out of the insurance fund and possible grants from the Treasury and local authorities (section 17 (2) and (3), *supra*, p. 100).

POWER TO INSURANCE COMMISSIONERS TO MAKE REGULATIONS.

SECT. 65. **65.** The Insurance Commissioners may make regulations for any of the purposes for which regulations may be made under this Part of this Act or the schedules therein referred to, and for prescribing anything which under this Part of this Act or any such schedules is to be prescribed, and generally for carrying this Part of this Act into effect, and any regulations so made shall be laid before both Houses of Parliament as soon as may be after they are made, and shall have effect as if enacted in this Act:

Provided that, if an address is presented to His Majesty by either House of Parliament within the next subsequent twenty-one days on which that House has sat next after any such regulation is laid before it, praying that the regulation may be annulled, His Majesty in Council may annul the regulation, and it shall thenceforth be void, but without prejudice to the validity of anything previously done thereunder.

Subject only to an address to His Majesty by either House of Parliament all the regulations made by the Insurance Commissioners are to have statutory effect.

List of regulations to be made, see *supra*, p. 18.—For those handed over to joint committee see Treasury Regulations, 11th Jan. 1912, *infra*, pp. 408-418.

DECISION OF QUESTIONS OF INTERPRETATION BY INSURANCE COMMISSION AND STATED CASE TO HIGH COURT ON POINTS OF LAW.

66.—(1) If any question arises— SECT. 66 (1).

(*a*) as to whether any employment or any class of employment is or will be employment within the meaning of this Part of this Act or as to whether a person is entitled to become a voluntary contributor; or

(*b*) as to the rate of contributions payable by or in respect of any insured person; or

(*c*) as to the rates of contributions payable in respect of an employed contributor by the employer and the contributor respectively;

the question shall be determined by the Insurance Commissioners, in accordance with regulations made by them for the purpose: Provided that—

(i) if any person feels aggrieved by the decision of the Insurance Commissioners on any question arising under paragraph (*a*), he may appeal therefrom to the county court, with a further right of appeal upon any question of law to such judge of the High Court as may be selected for the purpose by the Lord Chancellor, and the decision of that judge shall be final;

(ii) the regulations of the Insurance Commissioners may provide for questions under paragraph (*b*) being determined, in the case of any person who is or is about to become a member of an approved society, by the society;

(iii) the Insurance Commissioners may, if they think fit, instead of themselves deciding whether any class of employment is or will be employment within the

SECT. 66 (1). meaning of this Part of this Act, submit the question for decision to the High Court in such summary manner as subject to rules of court may be directed by the court, and the court, after hearing such parties and taking such evidence (if any) as it thinks just, shall decide the question, and the decision of the court shall be final.

SECT. 66 (2). (2) This section shall come into operation on the passing of this Act.

Any person feels aggrieved is wider than merely the parties to the proceedings before the Commissioners, and might include any person whose interests were affected by the decision as a precedent.

It will be observed that so far as it is possible to oust the jurisdiction of the Courts the Insurance Commissioners are made the final court of appeal on every question except that arising under subsection (1) (*a*), viz. whether a person is employed within the meaning of the Act and not exempted by Schedule I., Part II.

In Scotland the appeal is from the Insurance Commissioners to the Sheriff Court, and from the Sheriff by stated case on questions of law in accordance with Workmen's Compensation Act, 1906, Schedule II. (17) (*b*).

That **appeal is by stated case to** either division of **the Court of Session.** Under the Workmen's Compensation Act there is a further appeal to the House of Lords; in this Act the decision of the Court of Session is final (see section 80 (16), *infra*, p. 288).

In England the appeal is to a single judge nominated by the Lord Chancellor, and his decision is final.

The provision in proviso (iii) allowing the Commissioners themselves to submit a case to the High Court (in Scotland, Court of Session) gives a wider power to the Court, because it allows of the Court hearing evidence or making such other inquiry as they think necessary. Procedure will be regulated by order of Court (in Scotland, Act of Sederunt), and therefore **in England** the question may be tried by a division of the Court of Appeal instead of by a single judge as under proviso (i).

See also civil proceedings under section 70, *infra*, p. 263, and section 71, *infra*, p. 265.

SETTLEMENT OF DISPUTES.

67.—(1) Subject to the provisions of the foregoing section every dispute between— SECT. 67 (1).

(*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 person, society, or branch (as the case may be) under this Part of this Act or any regulation made thereunder, shall be decided in accordance with the rules of the society, but any party to such dispute may, in such cases and in such manner as may be prescribed, appeal from such decision to the Insurance Commissioners.

(2) Every dispute between an insured person and the Insurance Committee, relating to anything done or omitted by such person or the Insurance Committee under this Part of this Act, or any regulation made hereunder, shall be decided in the prescribed manner by the Insurance Commissioners. SECT. 67 (2).

(3) The Insurance Commissioners may authorise referees appointed by them to decide any appeal or dispute submitted to the Insurance Commissioners under this section. SECT. 67 (3).

(4) The Insurance Commissioners may make regulations as to the procedure on any such appeal or dispute, and such regulations may apply any of the provisions of the Arbitration Act, 1889, but, except so far as it may be so applied, the Arbitration Act, 1889, shall not apply to proceedings under this section, and any decision given by the Insurance Commissioners or a referee under this section shall be final and conclusive. SECT. 67 (4).

SECT. 67 (1) to (4).

The Rules of the Society.—These, of course, are subject to any statutes under which societies may be constituted or registered. The usual procedure under such rules or statutes will be conducted, and any appeals provided for will remain, but a **final appeal** will lie under this section to the Commissioners or the Referees appointed by them.

With the exception of the appeal to the High Court (in Scotland, Court of Session) on questions arising under section 66 (*a*) this section appears to make the Insurance Commissioners the final judges in every question as to the rights and liabilities of insured persons or of approved societies and their branches under the Act.

The Arbitration Act.—The provisions of the Arbitration Act, 1889, sections 7 (*b*) and 19, regarding appeals on points of law to the Court, are excluded by the provision that the decision of the Referee or the Insurance Commissioners is to be final. The Arbitration Act does not apply to Scotland.

PROHIBITION AGAINST LEVYING DISTRESS AGAINST A PERSON IN RECEIPT OF SICKNESS BENEFIT IN CERTAIN CASES.

SECT. 68 (1).

68.—(1) Where the medical practitioner attending on any insured person in receipt of sickness benefit certifies that the levying of any distress or execution upon any goods or chattels belonging to such insured person and being on premises occupied by him, or the taking of any proceedings in ejectment or for the recovery of any rent or to enforce any judgment in ejectment against such person, would endanger his life, and such certificate has been sent to the Insurance Committee and has been recorded in manner herein-after 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. SECT. 68 (1).

(2) A certificate granted for the purpose of this section shall continue in force for one week or such less period as may be named in the certificate, but may be renewed from time to time for any period not exceeding one week, up to but not beyond the expiration of three months from the date of the grant of the original certificate, but no such renewal shall have effect unless sent to the Insurance Committee and recorded as aforesaid: SECT. 68 (2).

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. SECT. 68 (3).

(4) A certificate or renewal thereof granted under this section shall forthwith be sent to the Insurance Committee, and the Committee shall, unless it has reason to suspect its genuineness, record it in a special register without fee, and such register shall, at all reasonable times, be open to inspection; and, where so recorded, its genuineness shall not be questioned in any proceedings against a sheriff or other officer for failure to levy any distress or execute any warrant. SECT. 68 (4).

(5) Where the time within which a warrant may be executed is limited, any period during which the warrant SECT. 68 (5).

SECT. 68 (5). cannot be executed by reason of the provisions of this section shall be disregarded in computing the time within which the warrant may be executed.

The scope of this prohibition is very limited.

(1) It only applies if the doctor certifies that the levying of distress (**in Scotland, "using of any diligence,"** section 80 (17)) or taking proceedings for ejectment would **endanger the life** of the insured person.

(2) Even that protection can only last one month unless security is given for payment of rent or any other debt for which the arrestments are proposed.

(3) It only applies to a person in receipt of sickness benefit, not to a person permanently incapacitated and drawing disablement benefit; not to a deposit contributor who has exhausted his balance at the Post Office (see section 42, *supra*, p. 150); not to a man in an approved society who by reason of arrears is not entitled to sickness benefit (see section 10, *supra*, pp. 65 to 71); not to a person laid up through accident and drawing workman's compensation or damages (section 11, *supra*, pp. 71 to 77).

Registrar of the County Court in Scotland means "Court exercising jurisdiction in the proceedings" (section 80 (17)). That might be the Sheriff Court or the Court of Session, whichever had made the order for arrestment.

Offence against this section is punishable with fine of £50 on summary conviction. See note to next section, 69 (1).

How Far the Protection Goes.—It covers not only decrees for rent but any "judgment debt" (in Scotland "amount decerned for," section 80 (17)) which may be enforced by distraint of goods. It is only for rent that a person can be ejected from his house, but it would be just about as fatal to a sick man to carry off his furniture and bedding as to eject him. It only applies for one month unless security is given for rent or the amount of the debt.

OFFENCES.

SECT. 69 (1). **69.**—(1) If, for the purpose of obtaining any benefit or payment or the crediting of a reserve value under this Part of this Act, either for himself or for any other person, any person knowingly makes any false statement or false representation, he shall be liable on summary conviction to imprisonment for

a term not exceeding three months with or without hard labour. SECT. 69 (1).

Declaration of age is necessary under section 4 (3) and 8 (3) (persons reaching age of seventy); section 4 (4) (*a*) (persons becoming employed after the age of sixty-five); section 5 (1) (contributions payable by voluntary contributors); section 9 (1) (reduced benefits for persons under twenty-one); section 9 (3) (persons becoming insured over the age of seventeen and more than one year after the commencement of the Act); section 55 (provisions regarding reserve values). For method of fixing age see section 79, last paragraph, *infra*, p. 275.

Birth Certificates (see section 114, *infra*, p. 364).

Any false statement or false representation is the offence referred to.

Other Offences.—Obstructing an inspector (section 112 (3), *infra*, p. 362); offences under the unemployment part of the Act (see section 101, *infra*, p. 339); wrongful distress under section 68 (3), *supra*, p. 259; failure of employer to pay contributions (subsection (2), *infra*, section 4, *supra*, p. 42, and Schedule II., *infra*, pp. 382-385); false statement in connection with reserve values (section 55 (5), *supra*, p. 222); neglect of wife by husband entitled to maternity benefit (section 19, *supra*, p. 102).

Summary Conviction.—In England, see Summary Jurisdiction Act, 1879 (42 & 43 Vict. c. 42); in **Scotland**, Summary Jurisdiction Act, 1908 (8 Edw. VII. 65).

FAILURE BY EMPLOYER TO PAY CONTRIBUTIONS OR ANY OTHER PERSON TO OBEY THE REGULATIONS.

(2) If any employer has failed to pay any contributions which under this Part of this Act he is liable to pay in respect of an employed contributor, or if any such employer, any insured person, or any other person is guilty of any other contravention or of 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 SECT. 69 (2).

SECT. 69 (2). of the employer to make any such contributions, to pay to the Insurance Commissioners a sum equal to the amount of the contributions which he has so failed or neglected to pay, which sum when paid shall be treated as a payment in satisfaction of such contributions:

Provided that no person shall be liable to any penalty in respect of any matter if he has acted in conformity with any decision in respect thereto by the Insurance Commissioners, or, if the matter is one which the Insurance Committee is competent to decide, in conformity with its decision.

This subsection makes every failure by an employer or an insured person, or anyone else concerning whose conduct the Insurance Commissioners make regulations, guilty of a quasi-criminal offence punishable by fine but not imprisonment.

Failure of the employer to pay contributions is an offence, and it is not qualified by the words, "knowing that he was liable to do so," so that on a strict reading if an employer is doubtful on the subject and awaits a decision of the Court of Session under section 66, and if the decision is against him, he will be liable to a fine. For civil proceedings see next section (70).

On Summary Conviction.—See note to subsection (1), *supra*.

Failure of contributor to pay is never an offence, because there is no power to compel him to pay except through his employer. If he is a voluntary contributor or an employed contributor out of work and fails to pay he falls into arrear and is entitled to smaller or no benefits (section 10, *supra*, p. 65).

Regulations Made Thereunder.—For list of occasions on which regulations are to be made by Commissioners see pp. 18, 19. This does not refer to the rules of approved societies, as the societies' rules will themselves provide penalties for their breach.

Officers of approved societies will, however, have to obey a code of regulations to be produced, and any failure by them would be an offence punishable under this section. Under section 72 any registered friendly society must prepare a scheme for dealing with existing members who become insured persons. Failure to do so would be an offence under this Act. See notes, *infra*, p. 266.

Insurance Committees will also be subject to regulations. *Quære* are the whole committee responsible for any breach thereof? Probably the duty of complying with the regulations, as of keeping

books and accounts, will be laid upon some salaried clerk or secretary who will be liable for the fine if he disobeys them. SECT. 69 (2).

Insured persons will be required by regulation to present books or cards periodically to their approved society or to the Post Office, and failure to do so will be an offence.

Satisfaction of Contributions.—When the employer has been compelled to pay under this section, the arrears against the insured person caused by his neglect will be written off.

CIVIL PROCEEDINGS AGAINST EMPLOYER TO ENFORCE CONTRIBUTIONS.

70.—(1) Where an employer has failed or neglected to pay any contributions which under this Part of this Act he is liable to pay in respect of a person being a member of an approved society in his employment, and by reason thereof that person has been deprived in whole or in part of his right to any benefits which would otherwise have been payable to him, he shall be entitled to take proceedings against the employer for the value of the right of which he has been so deprived, and in any such proceedings the employer may be ordered to pay to the Insurance Commissioners a sum equal to the value so ascertained, which sum when paid shall be carried to the credit of the society of which such person is a member, and thereupon such person shall thenceforth be entitled to receive from the society benefits at the same rate as he would have been entitled to had the contributions been properly paid, together with the difference between the amount of the benefits (if any) he has actually received and the benefits he would have received had the contributions been properly paid. SECT. 70 (1).

(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. SECT. 70 (2).

It is clear by subsection (2) that this **civil** remedy **and** the **quasi-criminal remedy** in the last section **are cumulative.**

The employed person must be a member of an approved society,

SECT. 70 (1) & (2).

and he must show that he is losing or about to lose benefits which he would have got but for his employer's neglect.

The quasi-criminal procedure compels the employer to pay to the Insurance Commissioners the actual contributions which he should have paid and also a fine.

The civil proceedings enable the insured person to recover "the value of the right of which he has been so deprived," that is the difference between the benefits, if any, which he is actually receiving or has actually received and the benefits he would have been entitled to if the contributions had been paid. What that difference is will depend upon the amount of arrears standing against the man and how much of these are due to failure on the part of the employer to pay contributions. The civil remedy only applies to members of approved societies.

Example.—A. has been in insurance for five years, and is in arrears to the extent of fifteen weeks, owing to periods of unemployment in which he did not pay his contributions. He gets employment as a gillie for fifteen weeks. B., his employer, thinks that the employment is casual and not for the purpose of his business, and that therefore it is one of the exceptions under Schedule I., Part II. (*h*), and so does not pay the contributions. Neither the fact that A. knows the contributions are not being paid nor that B. thinks they are not due affects the liability of B. either under this or the preceding section. B. falls ill and applies to his society for benefits; he is informed that he is now thirty weeks in arrear and can therefore only draw benefit at 8s. 6d. in place of 10s. a week. B. will be liable to pay to the Insurance Commissioners 1s. 6d. a week for the period of A.'s illness down to the time of the claim being made upon him; B. will also be liable under section 69 to pay 7d. a week for the period of fifteen weeks when A. was in his employment and a fine not exceeding £10.

Incidentally, as the action has to be taken in the civil Courts the question of law, viz whether or not the employment was within the Act, will come before the Court. This makes another method by which this question can come into the Courts of law in addition to stated case under section 66, *supra*, p. 255.

When the money due under this section has been paid up, A becomes entitled to the full benefit which but for the failure of the employer he would have been entitled to. It is evidently assumed that quasi-criminal proceedings under section 69 will be taken to recover the contributions which should have been paid.

Repayment of Benefits Improperly Paid.

71. If it is found at any time that a person has been in receipt of any payment or benefit under this Part of this Act without being lawfully entitled thereto he, or in the case of his death his personal representatives, shall be liable to repay to the Insurance Commissioners the amount of such payment or benefit, and any such amount may be recovered as a debt due to the Crown and when so recovered shall be carried to the credit of the society of which such person was a member, or if he was not a member of any approved society, of the Post Office fund. Sect. 71.

There is no exception in this section of benefits paid in accordance with a finding of the Commissioners, therefore if subsequent to benefits having been paid a decision of the Commissioners or of the Court shows that they never should have been paid, or facts are discovered concerning arrears, the amount paid can be recovered as above. It must, however, be recovered by legal process, so that this again brings in the law Courts to decide whether or not a man is entitled to benefits in particular cases. These cases involve interpretation of the rules of approved societies as well as of the Act.

Existing Funds of Friendly Societies—Scheme of Benefits to be Drawn up.

72.—(1) Every registered friendly society which provides benefits similar to any of those conferred by this Part of this Act, shall submit to the Registrar of Friendly Societies a scheme for continuing, abolishing, reducing, or altering such benefits as respects members who become insured persons and for continuing, abolishing, or reducing the contributions of such members, so, however, that the combined effect of the alteration of the benefits and contributions shall not prejudicially affect the solvency of the society, and, if the scheme or a supplementary scheme shows on an actuarial valuation that, owing to the Sect. 72 (1).

SECT. 72 (1). alterations in the benefits and contributions effected by the scheme, any part of the existing funds of the society is set free as not being required to meet the liabilities of the society, the scheme or the supplementary scheme shall provide for the application of the part of the funds so set free in any one or more of the following ways:—

(*a*) towards the cost of the provision of other or increased benefits payable by the society independently of this Part of this Act to existing members whether insured persons or not;

(*b*) in reduction of the contributions payable by such members in respect of the benefits payable by the society independently of this Part of this Act;

(*c*) towards the payment or repayment of contributions payable under this Part of this Act by such of its existing members as are entitled and elect to receive benefits under this Part of this Act through the society.

Every registered friendly, whether it is or intends to be an approved society, must draw a scheme. The provision is peremptory and a society which fails to do so will have committed an offence under this Act (see section 69 (2), *supra*, p. 261). Is the secretary liable to a penalty?

That scheme need not make any change, in which case those members who are insured persons will require to continue to pay their old contributions, and will also have their contributions under the Act deducted from their wages under the Act. In that case the society, if it wishes to be approved, will create a separate section of "insured persons" and confer upon them the benefits enumerated in the Act as supplementary to the old scheme of benefits. This proposal must, however, have the sanction of the Registrar of Friendly Societies.

If the society wishes to be approved and does not wish to increase the payments of its members it must draw a scheme cutting out of its present benefits for insured persons an amount equivalent to 4d. a week of the subscription, because that 4d. a week is earmarked to the benefits enumerated in

the Act. If its former subscription was more than 4d., say 6d., it may keep the total contribution the same and draw a scheme for using the balance, say 2d. a week. SECT. 72 (1).

The existing reserve funds of the society will first be earmarked to form a reserve fund for payment of the society's existing liabilities to its present members under the rules. The remainder of the funds may be devoted to the purposes set forth above—(*a*), (*b*), (*c*)—and are therefore limited to benefits of one kind or another for "existing members." These are defined below (subsection (4)) as "at the **passing of the Act.**" Therefore any society will be barred from giving any share of its accumulated funds, as at 16th December 1911, to members joining after that date.

The other or increased benefits under (*a*) may be anything approved by the Registrar of Friendly Societies, and are not limited to the list of "additional benefits" in Schedule II., Part II., *e.g.* might include death benefits.

The reason why the reserve funds are set free is because under section 55 a new reserve fund is created on which the society can draw for all the benefits enumerated in the Act and covered by the contributions imposed by the Act.

Note.—It is open to any society under section 13, *supra*, p. 80, to adopt a scheme of benefits excluding or reducing sickness and disablement benefit.

Trade unions and unregistered societies do not require to submit any such scheme.

APPLICATION TO SOCIETIES WITH BRANCHES.

(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 or supplementary 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. SECT. 72 (2).

INCORPORATION OF SCHEME IN SOCIETY'S RULES, ETC.

SECT. 72 (3). (3) Any scheme adopted by a society or branch of a society in accordance with its rules 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.

SECT. 72 (4). (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.

SECT. 72 (5). (5) This section shall come into operation on the passing of this Act.

As to seamen, marines, and soldiers see sections 46 and 48.

EMPLOYERS' PROVIDENT FUNDS.

SECT. 73 (1). **73.**—(1) Where at the passing of this Act a superannuation or other provident fund has been established for the benefit of the persons employed by one or more employers, the provisions of the last foregoing section shall apply with the necessary adaptations and with this modification that, where under the Act, deed, or other instrument establishing the fund or otherwise any sum is payable by the employer towards benefits secured by the Act or deed, and those benefits include benefits similar to any of those conferred by this Part of this Act, the scheme may provide for allowing the employer to deduct from any contributions payable by him as aforesaid towards benefits of a nature similar to those under this Part of this Act an amount not exceeding the amount of the employer's contributions payable by him under this Part of this Act.

The passing of the Act, 16th December 1911.

For conditions under which employers' provident funds may become approved societies see section 25, *supra*, p. 110, and section 39 (7), *supra*, p. 145. SECT. 73 (1).

"The provisions of the last foregoing section shall apply," that is, a scheme must be drawn up for adjusting the fund to the new state of affairs.

"Contributions Payable . . . towards Benefits of a Nature Similar to those under this Part of this Act." —It will be necessary to split up the employer's contribution as fixed at the time of making the scheme, and attribute part of it to such things as funeral benefits and old age pensions beyond the age of seventy. The remainder, if attributable to the cost of sickness benefit and superannuation so far as payable before seventy and to men "incapable of work" may be cancelled, its place being taken by contributions under this Act, but that can only be the case if the fund becomes an approved society in accordance with sections 25 and 39 (7).

A society formed on this basis may submit a scheme under section 13, *supra*, p. 80, entirely excluding or modifying sickness or disablement benefit and spending the money on superannuation.

PROVISION FOR CREDITING PROSPECTIVE VALUE OF ADDITIONAL BENEFITS.

(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 herein-before 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. SECT. 73 (2).

The idea of this section is that as the main burden of superannuation and pension allowances may be postponed to some years

SECT. 73 (2). hence, the actuaries, in reporting on the solvency of the scheme, should take into account the fact that eighteen and a half years or thereby hence there will be another $1\frac{5}{9}$d. per member per week available for benefits.

MINORS.

SECT. 74. **74.** Any member of an approved society who is a minor may execute all instruments and give all acquittances necessary to be executed or given under the rules of such society, but shall not be a member of the committee, or a trustee, manager, or treasurer of such society or any branch thereof.

Necessary to be Executed.—The section does not extend the contractual capacity of minors in any way except for the purposes of membership of a society. The provision was not necessary for societies which are registered friendly societies as they had it already. Friendly Societies Act, 1899 (59 & 60 Vict., c. 25), section 36 (2) (*q.v.*).

POWER TO REGISTER UNDER FRIENDLY SOCIETIES ACTS.

SECT. 75. **75.** Any society for the purpose of carrying on business under this Act, either alone or together with any purpose mentioned in section eight, subsection (1), of the Friendly Societies Act, 1896, may, after the passing of this Act, be registered as a friendly society under the Friendly Societies Act, 1896, notwithstanding that the contributions under this Act are not voluntary.

The Friendly Societies Act, 1896.—Section 8 (1) (*q.v.*) uses the expression "providing by **voluntary subscriptions** of the members," etc. Hence the necessity for this section.

APPLICATION OF ACTS OF PARLIAMENT TO APPROVED SOCIETIES.

SECT. 76 (1). **76.**—(1) Except in so far as may be inconsistent with this Part of this Act, any business transacted under this Part of this Act by any approved society shall be treated as part of the ordinary business transacted by societies of the class

to which that society belongs, and any enactment applying to the society in relation to the transaction of such ordinary business shall apply accordingly in relation to the business transacted by the society under this Part of this Act. SECT. 76 (1).

(2) This section shall apply to an approved society which is a separate section of another body, subject to the necessary adaptation. SECT. 76 (2).

Societies of the Class to which that Society Belongs.—This section is inserted to make it clear that societies existing and constituted under various Acts of Parliament remain subject to all the provisions of those Acts, except in so far as modified expressly or by implication by this Act, and where those Acts affect those societies in the carrying out of insurance against sickness, then the provisions of those Acts will apply to that business as supplementary provisions to anything enacted in this Act. *E.g.* the Friendly Societies Act, 1896, for societies which are or become friendly societies, so also the Shop Clubs Act, 1902; the Trade Union Acts, 1875 and 1876; the Industrial and Provident Societies Act, 1893; the Building Societies Act, 1874; the Assurance Companies Act, 1909; the Collecting Societies and Industrial Assurance Companies Act, 1896; the Companies Act, 1908. Therefore any new society which is formed must consider whether it is advisable to bring itself under any of these Acts, and must adjust its constitution in view of these Acts, and Regulations to be issued by the Joint Committee. See Treasury Regulations, 8 (1) (*a*), (2) and (3), *infra*, p. 412.

For conditions of approval of societies and arrangements for creating separate sections see section 23, *supra*, pp. 105 to 109.

POWERS OF 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 SECT. 77 (1).

SECT. 77 (1). 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.

SECT. 77 (2). (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.

SECT. 77 (3). (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.

"Their Powers and Duties under this Part of this Act."

Section 8 (1) (*c*). Power with the approval of the Treasury to extend sanatorium benefit to other diseases besides tuberculosis.

Section 16 (1). Power to approve of the treatment of persons suffering from tuberculosis in sanatoria or otherwise by local authorities. When the Local Government Board have approved the Insurance Committees are to make arrangements with the local authority for the treatment of "insured persons."

Section 60 (1) (*a*). Power to consult with Insurance Commissioners as to reports to be asked for from Insurance Committees.

Section 63, *q.v.* Powers to order inquiries and arrange for decrees being obtempered in connection with excessive sickness (which is excluded from this section).

Section 64. Power to apportion grant of £1,500,000 in aid

of erection of sanatoria by local authorities, and to arrange for co-operation between local authorities in that matter. By subsection (3) the Board may impose conditions as to inspection in granting this money. SECT. 77.

Scotland, application to (see section 80 (3), *infra*, p. 276).

Expenses to be paid by such authorities and persons as the Board may direct. This gives an absolutely autocratic power to the Board to charge expenses against anybody. The debt must be recovered by process of law, but the Court would only be able to consider whether the expenses were incurred and the Board had ordered them to be paid.

For expenses of inquiries into excessive sickness see notes on section 63, *supra*, p. 249.

GENERAL POWER TO INSURANCE COMMISSIONERS "TO REMOVE DIFFICULTIES."

78. If any difficulty arises with respect to the constitution of Insurance Committees, or the advisory committee, or otherwise in bringing into operation this Part of this Act, the Insurance Commissioners,* with the consent of the Treasury, may by order make any apppointment and do anything which appears to them necessary or expedient for the establishment of such committees or for bringing this Part of this Act into operation, and any such order may modify the provisions of this Act so far as may appear necessary or expedient for carrying the order into effect: Provided that the Insurance Commissioners shall not exercise the powers conferred by this section after the first day of January nineteen hundred and fourteen. SECT. 78.

The power granted under this section only amounts to a power to alter the machinery of the Act, not its substantive provisions. It deals with difficulties "in bringing the Act into operation." If the Insurance Committee scheme is found impracticable they might appoint Sub-Commissioners (under the words "make any appointment"). *Quære*, would these words authorise them to appoint and pay with the consent of the Treasury a medical staff if the doctors refuse to comply with the conditions of the Act in its present form?

* See powers of Joint Committee, *infra*, p. 418.

INTERPRETATION OF TERMS.

SECT. 79. **79.** For the purposes of this Part of this Act, unless the context otherwise requires,—

The expression "branch," in relation to a society, shall not include any branch of the society which is not itself separately registered;

The expression "disease or disablement" means such disease or disablement as would entitle an insured person to sickness or disablement benefit;

The expression "dependants," in relation to any person, includes such persons as the approved society or Insurance Committee shall ascertain to be wholly or in part dependent upon his earnings;

* A person whose normal occupation is employment within the meaning of this Part of this Act shall, for the purpose of reckoning the number and rate of contributions, be deemed to continue to be an employed contributor notwithstanding that he is temporarily unemployed, but, if such period of unemployment extends beyond twelve months, he shall not continue to be an employed contributor unless the approved society of which he is a member or, if he is not a member of such a society, the Insurance Committee, is satisfied that his unemployment is due to inability to obtain employment, and is not due to any change in his normal occupation;

He shall not Continue to be an Employed Contributor. —That means that to get any benefits he must become a voluntary contributor paying the voluntary rate (see section 5, *supra*, p. 44). In that case he starts afresh, and for the purpose of the rate of contribution is regarded as coming into employment again for the first time.

* The effect of this definition is that when out of employment he falls into arrears week by week if he does not pay the full contribution (viz. both his own and his employer's).

Similarly if he again becomes an employed contributor he will only get benefits according to his age (section 9 (4), *supra*, p. 63). SECT. 79.

Normal Occupation.—*Quære*, what is the normal occupation of a man who is regularly employed a few months in the year, *e.g.* gillies, yacht-hands, etc.? Presumably it is the occupation on which he is wholly or mainly dependent for his support, see notes to Schedule I., Part II. (*i*), *infra*, p. 380.

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;

See section 10 (1), *supra*, p. 65.

Membership of an approved society means membership for the purposes of this Part of this Act;

The expression "valuer" means a person possessing actuarial qualifications as may be approved by the Treasury;

The expression "county" means administrative county;

The Scilly Isles shall be deemed to be a county and the council of those Isles the council of a county, but the Insurance Committee for the Scilly Isles shall be constituted in such manner as the Insurance Commissioners prescribe;

Monmouthshire shall be deemed to form part of Wales;

A person shall be deemed according to the law in England, Wales, and Ireland, as well as according to the law in Scotland, not to have attained the age of seventeen until the commencement of the seventeenth anniversary of the day of his birth, and similarly with respect to other ages.

APPLICATION TO SCOTLAND—THE SCOTTISH COMMISSIONERS.

80. This Part of this Act in its application to Scotland shall be subject to the following modifications:— SECT. 80 (1).

(1) For the purpose of carrying this Part of this Act into effect in Scotland, there shall be constituted, as soon

SECT. 80 (1).

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 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:

Medical Practitioner.—The qualification, "having had personal experience of general practice" (see section 57 (1), *supra*, p. 226), does not apply to the Scottish medical commissioner. SECT. 80 (1).

Payment of Salaries and Remuneration (see section 57 (3), *supra*, p. 226).

Powers and Duties of Insurance Commissioners (see summary, *supra*, pp. 13 to 19).

Inspectors (see section 112, *infra*, p. 361).

Referees (see section 67 (3), *supra*, p. 257).

SCOTTISH NATIONAL HEALTH INSURANCE FUND.

(2) All sums received from contributions under this Part of this Act in respect of insured persons resident in Scotland, and all sums paid out of moneys provided by Parliament in respect of benefits under this Part of this Act to such persons, and the expenses of administration of such benefits shall be paid into a fund to be called the Scottish National Health Insurance Fund, under the control and management of the Scottish Insurance Commissioners, and the sums required to meet expenditure properly incurred by approved societies and Insurance Committees for the purposes of such benefits and the administration of such benefits shall be paid out of that fund, and the foregoing provisions of this Act, with respect to the National Health Insurance Fund, shall, with the necessary modifications, apply to the Scottish National Health Insurance Fund accordingly: SECT. 80 (2).

Resident in Scotland.—It is the residence of the insured person, not of the employer, which determines whether the contribution payable by or in respect of him goes to the Scottish or other Insurance Fund, *e.g.* a contractor whose place of business is in London might have men employed in Scotland, or a business in London may have travellers in Scotland whose wages are paid from London. The contributions will be deducted in London, but when the employed person sends his card or other evidence that con-

SECT. 80 (2). tributions have been paid to his society or to the Post Office it will be credited to the Scottish Insurance Fund, and *vice versâ*.

Residence is a question of fact, is a trite statement of law which does not help us much, but it is to be observed that it is quite different from domicile and much more easily changed. Difficulties may arise where a man is employed one week in Scotland and another in England. If he has a permanent home, where his family reside, in either the one or the other he will be held to remain resident where his permanent home is; but if he or she is unmarried and has no permanent home the residence for the purpose of the Act will shift with every actual change.

In case of **Deposit Contributors.**—Change of residence is of no importance to the individual, as the Post Office being a national institution he will always be able to draw such benefits as his account entitles him to; but for the management of the funds his credit and the liabilities in respect of him will require to be shifted from one fund to another. Regulations will be issued by the Joint Committee under section 83 (2) for this purpose.

In case of a **Member of Approved Societies.**—He will require to transfer from his society in the one country to a society in another country. A society whose head office is in any one country may have members in any of the other countries for the purpose of the Act, but by section 83 (3), *infra*, p. 303, *q.v.*, any such society must treat the members resident in the different countries as belonging to different societies "for the purpose of *valuations, surpluses, deficiencies, and transfers.*"

Therefore even for members of societies which are spread over the whole four countries a transfer will be necessary in case of every change of residence. The Joint Committee will require to deal with this matter by regulation. See Treasury Regulations, 11th January 1912 (8), *infra*, p. 412.

See notes on Schedule I., *infra*.

See notes to sections 54, 55, and 56, *supra*, pp. 214-226.

INTERPRETATION OF TERMS.

SECT. 80 (3). (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 (60 & 61 Vict. c. 38): SECT. 80 (3).

See section 63 (1) and (5), *supra*, pp. 239, 248.

(4) The expression "county borough" means a burgh or police burgh within the meaning of the Local Government (Scotland) Act, 1889 (52 & 53 Vict. c. 50) (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: SECT. 80 (4).

(5) References to a county and the county council thereof shall, as regards— SECT. 80 (5).

(*a*) the counties of Kinross and Clackmannan; and

(*b*) the counties of Elgin and Nairn;

SECT. 80 (5). 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:

Sums Payable out of Local Taxation Account (see section 63 (6), *supra*, p. 250).

Local Government Board.—Summary of powers and duties of, under this Act (see note to section 77, *supra*, p. 272).

Public Health (Scotland) Act, 1897 (60 & 61 Vict. c. 38), sections 7 and 8. **Section 7** deals with the appointment of a member of the Board to conduct special inquiries. **Section 8** deals with the appointment of Commissioners to conduct inquiries.

Secretary for Scotland (i) takes the place of the Local Government Board for purposes of section 63 (6); (ii) is to make regulations or giving representation of burghs under 20,000 inhabitants on the councils of counties in which they happen to be situated for the purposes of this Act. The duties of county councils under this Act may include—(*a*) paying half of excess expenditure on medical and sanatorium benefit under sections 15 (7) and 17 (2), *supra*, pp. 95, 100, and section 22, p. 104; (*b*) erecting and managing sanatoria under section 64, *supra*, p. 251; (*c*) liability for cost of excessive sickness under section 63; (*d*) granting subscriptions to Insurance Committees (section 61 (3)); (*e*) appointing representatives to the Insurance Committee under section 59 (1) (*b*) and (3); (*f*) making arrangements for dividing a county into districts (subsection (8), *infra*, and section 59 (4), proviso, *supra*, p. 232); (*g*) organisation of county society of deposit contributors under subsection (10), *infra*, p. 283.

Arrangements between Burgh and County Councils (see section 22, *supra*, p. 104).

SIZE OF INSURANCE COMMITTEES.

SECT. 80 (6). (6) The minimum number of an insurance committee for any area containing a population of less than forty thousand shall be twenty-five instead of forty; and, where a number less than forty is fixed, the constitution of the committee may be varied as may be

prescribed, so, however, that the proportion of members to be appointed by insured persons and by a county or town council and the number of members possessing a medical qualification shall not be altered: SECT. 80 (6).

See notes to section 59, *supra*, p. 230.

Minimum Number.—This is one of the particulars in which the Insurance Commissioners might alter the Act (see section 78, *supra*, p. 273), if it was found impracticable to create committees of twenty-five.

INSURANCE COMMITTEE.

QUALIFICATION OF LOCAL AUTHORITIES' REPRESENTATIVES.

(7) No person, except a medical practitioner qualified as such, shall be qualified for appointment as member of an Insurance Committee by a county or town council unless he is a member of a local authority within the county under the Public Health (Scotland) Act, 1897, or of the town council, as the case may be; but this requirement shall not apply to women if women so qualified are not available: SECT. 80 (7).

The representatives must be either—(i) medical practitioners; or (ii) members of the local authority; or (iii) women.

This will apply to the original representation allowed by section 59 (2) (*b*) and any further representation under section 59 (3).

"Local Authority" under Public Health (Scotland) Act, 1897 (60 & 61 Vict. c. 38), section 12, is—

(i) "In burghs subject to the Burgh Police (Scotland) Act, 1892, the Town Council or Burgh Commissioners;

(ii) "In other burghs (viz. Edinburgh, Glasgow, Aberdeen, Dundee, and Greenock), the Town Council or Board of Police as the case may be;

(iii) "In districts where the county is divided into districts under the Local Government (Scotland) Act, 1889, and subject to the provisions of section 17 of that Act as amended by this Act, the District Committee;

(iv) "In counties where the county is not so divided, the County Council, subject to the provisions of section

SECT. 80 (7). 78 (3) of the Act of 1889 as amended by 19 (7) of the Local Government (Scotland) Act, 1894."

APPOINTMENT OF DISTRICT COMMITTEES.

SECT. 80 (8). (8) Before submitting for approval a scheme prescribing areas to be assigned to district committees, the Insurance Committee of a county shall consult with the county council, or any committee thereof appointed for the purpose, and shall consider any representation received from them:

See section 59 (4), proviso, *supra*, p. 232.

SUSPENSION OR ALTERATION OF BENEFITS.

SECT. 80 (9). (9) Where, owing to sparseness of population, difficulties of communication, or other special circumstances, they consider it desirable, an Insurance Committee shall have power, with the consent of the Scottish Insurance Commissioners, to modify or suspend any benefits for the administration of which they are responsible; but, where such modification or suspension takes place, provision shall be made by the Committee, with the like consent, for the increase of other benefits or the grant of one or more additional benefits to an amount equivalent to the value of the modification or suspension:

"For the administration of which they are responsible," viz. sanatorium and medical benefit, and in case of deposit contributors all benefits. See also powers of approved societies under section 13, *supra*, p. 80, with regard to sickness and disablement benefit, and as to medical benefit, section 15 (2), proviso, *supra*, p. 87.

Additional Benefits. — List of benefits allowed to be substituted (see Schedule IV., Part II., *infra*, p. 395).

COUNTY SOCIETY OF DEPOSIT CONTRIBUTORS.

(10)—(*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 Scottish 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 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 Scottish Insurance Commissioners, the provisions of the scheme

SECT. 80 (10).

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;

Representation of the Council.—It is not intended that the council as such shall manage the society; the scheme will provide a constitution for that purpose. But—

Appointment of officers must be subject to the veto of the council.

Giving of security, viz. security against malversation by officers under section 26, *supra*, p. 112.

Membership.—Insured persons not members of any other approved society. If an insured person is a member of another society he need not be a member "for the purposes of the Act," but may be a deposit contributor if he likes (section 34, *supra*, p. 124), but in that case he may take advantage of the society to be formed by the county council, because membership of an approved society means membership for the purpose of this Act. See section 79, *supra*, p. 275. But a member of an approved society within the meaning of the Act could not transfer to the county society.

Reduction of Benefits.—The society is not to be allowed to offer the full benefits detailed in section 8, but it is submitted that if the society is successful and shows a surplus this will not prevent it giving "additional benefits." See also power in Scotland to abolish certain benefits, subsection (*a*), *supra*, and notes thereon.

Such Further Modifications.—Under this power the Insurance Commissioners could make the county society an approved society although it did not have 5000 members.

Reserve Values.—The society must be formed, if at all, within the first year; it will therefore be entitled to be credited with reserve values. And if any person who becomes a deposit contributor within the first six months, if as a voluntary contributor, or the first twelve

months if an employed contributor, and does not join such a society because no such society is started in the district in which he happened then to be resident, or because he does not wish to do so, and subsequently joins it, the society will also be entitled to be credited with a reserve value in respect of him (see section 55 and notes thereon, *supra*, p. 219). SECT. 80 (10).

Resident in the County.—For interpretation of resident see notes on subsection (2), *supra*, p. 278.

MODIFICATION OF SECTION 63.

(11) A person appointed in terms of the section of this Act relating to excessive sickness 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: SECT. 80 (11).

For effect of this subsection see section 63 (1) (2) and notes thereon, *supra*, pp. 240, 242.

This section substitutes the authority ordering the inquiry for the person making the inquiry as the executive authority.

LEVYING OF EXPENDITURE ON THE RATES IN COUNTIES.

(12) Expenses incurred by a county council under this Part of this Act shall be defrayed out of the general purposes rate; provided that, notwithstanding anything contained in the Act of 1889, the ratepayers of a police burgh shall not be assessed by the county council for any such expenses unless the police burgh is, for the purposes of this Part of this Act, held to be within the county; and provided further that, with respect to every burgh within the meaning of the Act of 1889, which is, for the purposes of this SECT. 80 (12).

SECT. 80 (12).

Act, held to be within the county, subsection (3) and subsection (4) 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;

Anything Contained in the Act of 1889 (see sections 26 and 60 of that Act).—Police burghs having a population of 20,000 or more are "**county burghs**" for the purpose of this Act, and may therefore have an Insurance Committee of their own (section 59 (1), *supra*, p. 229). All smaller police burghs are within the county, and are entitled to a district Insurance Committee of their own under section 59 (4), *supra*, p. 232, as modified by subsection 14 of this section, *infra*, p. 287.

Smaller burghs, under section 22, *supra*, p. 104, may come to an arrangement with the county council to assess themselves for their share of expenditure on excess cost of medical and sanatorium benefit, but this does not include the other liabilities of the local authorities.

In Scotland.—By this subsection it is made compulsory for the smaller burghs to contribute. Act of 1889, section 60 (3) and (4), is to be read thus:—

"(3) Every such burgh (viz. under 7000 population) shall contribute to the county fund in aid of the expenditure thereout for the expenses incurred by the county council under this Part of this Act.

"(4) For the purpose of every such contribution the rateable value of the burgh, as appearing on the valuation roll of the burgh, shall be included in the rateable value of the county, and the item of the consolidated rates applicable to the expenditure . . . shall be ascertained accordingly as if such burgh were one of the parishes in the county, but the amount . . . apportioned to the burgh . . . shall be paid by the town council out of the police assessment. . . ."

Act of 1889, section 66: "The county council annually, not later than the month of October in each year, shall cause a requisition to be sent to the town council of the burgh requiring them to pay the sum or sums which, under the provisions of this Act, they are liable to contribute to the county fund in aid, etc. . . ."

Exception to this Subsection as to Rating.—By section 64 (2) (see *supra*, p. 252) it is provided that in dealing with erection of sanatoria the Local Government Board may order the county council to put a special rate on one part of the county for this

purpose in place of laying it on the general purposes rate. *It is submitted* that the subsection under discussion does not take away this power *quoad* Scotland. Part of a county might be already adequately served in this matter, and it might be desirable to enter into agreement with a neighbouring county (under section 64 (3)) for the purpose of serving the rest of the county, *e.g.* for Ross-shire to combine with Inverness-shire in dealing with the outer islands if the mainland of both counties were already adequately provided for. SECT. 80 (12).

Note.—By subsection (4), *supra*, p. 279, all the **burghs and police burghs which are not county burghs** and which therefore do not have an Insurance Committee, although they have a District Insurance Committee (subsection (14)) of their own are to be entitled to be represented on the county council for the purpose of all its duties under this Act.

CHARGES ON RATES IN TOWNS.

(13) Expenses incurred by a town council under this Part of this Act (whether under requisition from the county council or otherwise) shall be defrayed out of the public health general assessment, but shall not be reckoned in any calculation as to the statutory limit of that assessment; and references to the borough fund or borough rate shall be construed accordingly: SECT. 80 (13).

"BURGHS," "URBAN DISTRICTS," AND "DISTRICT COMMITTEES" IN SCOTLAND.

(14) The expression "borough" and the expression "urban district" mean a 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 SECT. 80 (14).

SECT. 80 (14). boroughs and urban districts in the subsection of this Act relating to the appointment of district committees for these areas shall not apply:

SECT. 80 (15). (15) The expression "Lord Chief Justice" means the Lord President of the Court of Session:

The Act of 1889.—The definitions are in section 105 of that Act, viz.:—

Burgh means any royal or Parliamentary burgh.

Police Burgh.—The definition in the Act of 1889, section 105, was repealed by the Local Government (Scotland) Act, 1894, section 54, and the definition in the Burgh Police (Scotland) Act, 1892, section 4 (25) substituted, *i.e.*—"Police burgh shall mean a populous place, the boundaries whereof have been fixed under the General Police Acts or under any Local Police Act or under this Act (viz. the Act of 1892)."

Rural District means "district of a county." Section 77 of the Act of 1889 provides, *inter alia*, that "the county council shall . . . from time to time divide the county into districts for the purposes in this section mentioned in such manner that each district shall comprise a group of electoral divisions, and that each parish so far as within the county shall be wholly included in one district. . . ."

Council of a Rural District means "district committee," and by the Act of 1889, section 78, *q.v.*, consists of "the county councillors for the electoral divisions in the district with one representative from the parochial board of each parish, . . . one representative of each burgh. . . ."

Population Limit (see section 59 (4), proviso and notes thereon, *supra*, pp. 232, 233).—This only applies to burghs (10,000) and urban districts (20,000). In Scotland every royal and police burgh and every district of a county will have a District Insurance Committee.

"STATED CASE" IN SCOTLAND.

SECT. 80 (16). (16) The expression "county court" means the sheriff court; and, in lieu of an appeal from the county court upon any question of law, there shall be substituted an appeal from the sheriff upon any question of law in terms of subsection (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: SECT. 80 (16).

For cases in which there may be an appeal on points of law from the Commissioners to the Sheriff and from him by stated case to the Court of Session see section 66 (1) and notes thereon, *supra*, p. 255.

The Workmen's Compensation Act, 1906 (6 Edw. VII. c. 58), Schedule II. (17) (*b*), enacts, *inter alia*, ". . . it shall be competent to either party within the time and in accordance with the conditions prescribed by Act of Sederunt to require the Sheriff to state a case on any question of law determined by him, and his decision thereon in such case may be submitted to either division of the Court of Session, who may hear and determine the same and remit to the Sheriff with instruction as to the judgment to be pronounced. . . ."

FURTHER INTERPRETATIONS OF EXPRESSIONS.

(17) The expression "workhouse" means poorhouse; "cover- SECT. 80 ture" means marriage; "levy any distress or execu- (17). tion" 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; "certified midwife" means any midwife possessing such qualifications as may be prescribed; "public elementary school" means public school; "Public Health Acts" means the Public Health (Scotland) Acts, 1897 and 1907 (54 & 55 Vict. c. 34); "Local Loans Act, 1875," means the Local Authorities Loans (Scotland) Acts, 1891 and 1893 (56 & 57 Vict. c. 8); and "High Court" means Court of Session:

(18) Unless inconsistent with the context, references to the SECT. 80 Elementary School Teachers' Superannuation Act, (18). 1898, to the deferred annuity fund under that Act, and to the Board of Education, shall be construed,

SECT. 80 (18).

respectively, as references to section fourteen of the Education (Scotland) Act, 1908 (8 Edw. VII. c. 63), and a scheme thereunder, to the Scottish Teachers' Superannuation Fund, and to the Scotch Education Department.

Levy any Distress (see section 68, *supra*, p. 258).

Midwife (section 18 (1)).—In Scotland there being no "certified midwives" the Insurance Commissioners will require to lay down regulations for what their qualifications must be.

APPLICATION TO IRELAND—IRISH COMMISSIONERS AND INSURANCE FUND.

SECT. 81 (1).

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: SECT. 81 (1).

(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 Insurance Committees for the purposes of such benefits and the administration of such benefits shall be paid out of that fund and the foregoing provisions of this Act with respect to the National Health Insurance Fund shall, with the necessary modifications, apply to the Irish National Health Insurance Fund accordingly: SECT. 81 (2).

EXEMPTION OF IRISH MIGRATORY AGRICULTURAL LABOURERS.

SECT. 81 (3).

(3) The provisions of this Part of this Act conferring a right to exemption shall extend to any person employed in harvesting or other agricultural work who proves—

(*a*) that he is an Irish migratory labourer, that is to say, a person who, having a permanent home at some place in Ireland, has temporarily removed to some other place in Ireland or to Great Britain for the purpose of obtaining such employment; and

(*b*) that he ordinarily resides at such permanent home for not less than twenty-six weeks in the year and is not employed within the meaning of this Part of this Act whilst so resident;

and any contributions paid in Great Britain by the employer of a person holding a certificate of exemption by virtue of this provision shall be transferred to the Irish Insurance Commissioners for the purpose of being carried to such account and being dealt with in such manner as may be prescribed by the regulations made in that behalf by the Irish Insurance Commissioners:

It is to be noted (i) that such persons while working in Great Britain are for the purposes of the Act **not** regarded as "**resident**" there; (ii) they get no benefits; (iii) they have nothing deducted from their wages; but (iv) the employer pays his share of the contribution which goes to the Irish Commissioners.

Regulations will be required as to how this contribution is to be collected from the employer and earmarked for the Irish fund.

Certificates of Exemption (section 2, *supra*, p. 40).—Any labourer wishing to be exempted will require to produce his certificate to the farmer from whom he is asking work and prove his identity, otherwise the farmer would run the risk of the penalties in sections 69 and 70, *supra*, pp. 260 and 263.

EXEMPTION OF IRISH OUTWORKERS.

(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: SECT. 81 (4).

E.g. Women engaged in cottage industries. This is a further limitation of Part I. (*c*) of Schedule I.

INTERPRETATION OF TERMS.

(5) The reference to the Lord Chancellor shall be construed as a reference to the Lord Chancellor of Ireland; SECT. 81 (5).

The reference to the Lord Chief Justice shall be construed as a reference to the Lord Chief Justice of Ireland;

The reference to the Local Government Board, as regards the making of regulations with respect to payments out of the Local Taxation Account, shall be construed as a reference to the Lord Lieutenant, and other references to the Local Government Board shall be construed as references to the Local Government Board for Ireland, and the reference to the Local Taxation Account shall be construed as a reference to the Local Taxation (Ireland) Account:

(6) A reference to the Housing of the Working Classes (Ireland) Acts, 1890 to 1908, shall be substituted for the reference to the Housing of the Working Classes Acts, 1890 to 1909, a reference to the Public Health (Ireland) Acts, 1878 to 1907, shall be substituted for the reference to the Public Health Acts and a reference to the rate or fund applicable to the purposes of the Public Health (Ireland) Acts, 1878 to 1907, SECT. 81 (6).

SECT. 81 (6). shall be substituted for any reference to the borough rate or borough fund:

COUNTY SOCIETY OF DEPOSIT CONTRIBUTORS.

SECT. 81 (7). (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; SECT. 81 (7).

(*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:

This subsection is in identical terms with the similar Scottish subsection (80) (10), *q.v.*

INSURANCE COMMITTEES.

(8) The provisions with respect to the appointment of Insurance Committees shall have effect, subject to the following modifications, namely:— SECT. 81 (8).

The number of members of an Insurance Committee shall be twenty-four, and of that number—

(*a*) twelve shall be appointed in such manner as may be prescribed by regulations of the Irish Insurance Commissioners so as to secure representation of the insured persons resident in the county or county borough who are members of approved societies, and who are deposit contributors, in proportion, as nearly as may be, to their respective numbers, and the regulations so made shall provide for conferring on the approved

SECT. 81 (8).

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:

It will be observed that in Ireland the committee is definitely fixed at twenty-four, neither more nor less being allowed.

EXCLUSION OF MEDICAL BENEFIT.

SECT. 81 (9).

(9) An insured person in Ireland shall not be entitled to medical benefit under this Part of this Act, and the provisions with respect to medical benefit shall not apply:

Provided that medical benefit for an insured person being a member of an approved society shall be deemed to be included amongst the additional benefits specified in Part II. of the Fourth Schedule to this Act, and that such medical benefit when provided

shall be administered by the Insurance Committee in accordance with the provisions of this Part of this Act, unless the Irish Insurance Commissioners otherwise direct: SECT. 81 (9).

Corresponding Reduction in Contributions (see Schedule II., Part II.).

EQUALISING PARLIAMENTARY GRANTS TO COMPENSATE FOR MEDICAL BENEFIT BEING EXCLUDED.

(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: SECT. 81 (10).

The practical result is that a Parliamentary grant is provided of $\frac{2}{9}$ths of $1\frac{1}{2}$d., that is $\frac{1}{3}$rd of 1d. for every full weekly contribution actually paid for every **employed contributor.** "The State" therefore gives an actual cash grant of $\frac{1}{3}$rd of 1d. per week, and by paying $\frac{2}{9}$ths of the benefits which can be provided by the "employed rate" of $5\frac{1}{2}$d. along with that $\frac{1}{3}$rd of 1d., gives the insurance

SECT. 81 (10). equivalent of a grant of 2d. out of 7½d., viz. four-fifteenths of the cost of benefits in place of two-ninths in case of Britain.

GRANT TO VOLUNTARY CONTRIBUTOR.

SECT. 81 (11). (11) The foregoing provisions of this section as to the crediting of differences shall apply in the case of voluntary contributors resident in Ireland, with the modification that, where the voluntary rate is not the same as the employed rate, the difference to be credited shall be the difference between the amount of contributions actually paid at the voluntary rate and the amount which would have been paid if the contributor had been a voluntary contributor resident in Great Britain:

Provided that, in the case of a married woman resident in Ireland becoming a voluntary contributor at reduced rates of benefit under the special provisions with respect to married women, the rate of contributions payable by her shall be one penny halfpenny a week instead of three pence a week, and the difference to be credited shall be one penny halfpenny a week accordingly:

Married Women.—See section 44 (2), p. 158, *supra*, and Schedule IV., Part I., Table D., *infra*, p. 394.

VOLUNTARY RATE IN IRELAND.

SECT. 81 (12). (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:

The voluntary contributor has not to pay the full seven-ninths of the premium necessary for sickness, maternity, sanatorium, and disablement benefits, because he has from the Parliamentary grant not only two-ninths of these benefits but also two-ninths of the estimated cost of medical benefit. SECT. 81 (12).

PROVISION FOR MEDICAL CERTIFICATES, ETC.

(13) Rules of an approved society or Insurance Committee under this Part of this Act may provide for the inspection of medical relief registers by officers of the society or Committee at all reasonable times, and for the furnishing to the society or Committee of such medical 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: SECT. 81 (13).

ERECTION OF SANATORIA IN IRELAND.

(14) If a grant is made to a county council or county borough council out of any sum made available under any other Act of the present session for the purposes of the provision of or making grants in aid to sanatoria and other institutions for the treatment of tuberculosis or such other diseases as the Local Government Board may, with the approval of the Treasury, appoint, the council may, subject to the sanction of the Local Government Board, exercise for all or any of those purposes the powers SECT. 81 (14).

SECT. 81 (14). given to them by Part II. of the Tuberculosis Prevention (Ireland) Act, 1908 (8 Edw. VII. c. 56), 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:

PROCEDURE IN DISPUTES.

SECT. 81 (15). (15) For the purposes of proceedings in Ireland under the provisions of this Part of this Act relative to disputes, regulations of the Irish Insurance Commissioners may apply all or any of the provisions of the Common Law Procedure (Ireland) Act, 1856, with respect to arbitration:

Provisions as to Disputes (see section 67, *supra*, p. 257).

SPECIAL PROVISION FOR PUTTING SECTION 47 IN OPERATION IN IRELAND.

SECT. 81 (16). (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:

See section 47, *supra*, p. 184, and Schedule II., Part II., *infra*, p. 384.

ELEMENTARY SCHOOL TEACHERS.

(17) In the special provisions as to persons becoming certificated teachers, references to the Board of Education, to the Elementary School Teachers (Superannuation) Act, 1898, and to a public elementary school shall respectively be construed as references to the Superintendent of the Teachers' Pension Office, to the National School Teachers' (Ireland) Act, 1879, and to a national school, and any sums paid to the Superintendent of the Teachers' Pension Office in pursuance of those provisions shall be carried to the Pension Fund established under the last-mentioned Act and shall be dealt with in accordance with rules under that Act: SECT. 81 (17).

APPLICATION OF SECTION 42 (*f*) AND (*g*).

(18) As respects insured persons in Ireland, "six-elevenths" shall be substituted for "four-sevenths" and (in the case of women) "four-ninths" shall be substituted for "one-half": SECT. 81 (18).

See section 42 (*f*) and (*g*) dealing with balance due to deposit contributor at death or on emigration.

FURTHER INTERPRETATION OF TERMS.

(19) For the reference to the registrar of the county court there shall be substituted a reference to a magistrate appointed under the Constabulary (Ireland) Act, 1836 (6 & 7 Will. IV. c. 13): SECT. 81 (19).

(20) For references to a duly certified midwife, there shall be substituted references to a midwife having such qualifications as may be prescribed. SECT. 81 (20).

APPLICATION TO WALES (INCLUDING MONMOUTH, SECTION 79, *supra*, P. 275).

SECT. 82 (1). **82.**—(1) For the purpose of carrying this Part of this Act into effect in Wales, there shall be constituted, as soon as may be after the passing of this Act, Commissioners for Wales (to be called the Welsh Insurance Commissioners) with a central office in such town in Wales as the Treasury may determine, and with such branch offices in Wales as the Treasury may think fit, and the Welsh Insurance Commissioners, of whom one at least shall be a duly qualified medical practitioner, shall be appointed by the Treasury, and may appoint such officers, inspectors, referees, and servants for the purposes aforesaid as the Welsh Insurance Commissioners, subject to the approval of the Treasury, may determine, and the provisions of this Part of this Act with respect to the payment of the salaries and remuneration of the Insurance Commissioners, and the officers, inspectors, referees, and servants appointed by them, and with respect to the payment of the expenses incurred by the Treasury or the Insurance Commissioners in carrying this Part of this Act into effect shall, with the necessary modifications, apply to the payment of the salaries and remuneration of the Welsh Insurance Commissioners and the officers, inspectors, referees, and servants appointed by them, and to the payment of expenses incurred by the Treasury or the Welsh Insurance Commissioners in carrying this Part of this Act into effect in Wales, and for the purpose aforesaid the Welsh Insurance Commissioners and the officers, inspectors, referees, and servants appointed by them shall respectively have all the like powers and duties as are by the provisions of this Act conferred and imposed on the Insurance Commissioners and the officers, inspectors, referees, and servants appointed by them, and references in those provisions to the Insurance Commissioners shall be construed as references to the Welsh Insurance Commissioners.

SECT. 82 (2). (2) All sums received from contributions under this Part

of this Act in respect of insured persons resident in Wales, and all sums paid out of moneys provided by Parliament in respect of benefits under this Part of this Act to such persons, and the expenses of administration of such benefits shall be paid into a fund to be called the Welsh National Health Insurance Fund, under the control and management of the Welsh Insurance Commissioners, and the sums required to meet expenditure properly incurred by approved societies and Insurance Committees for the purposes of such benefits and the administration of such benefits shall be paid out of that fund, and the foregoing provisions of this Act, with respect to the National Health Insurance Fund, shall, with the necessary modifications, apply to the Welsh National Health Insurance Fund accordingly. SECT. 82 (2).

(3) The powers of the Local Government Board with respect to the distribution of any sum available for the purpose of the provision of or making grants in aid to sanatoria and other institutions shall, as respects the part thereof apportioned to Wales, be exercised by the Welsh Insurance Commissioners. SECT. 82 (3).

(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. SECT. 82 (4).

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 SECT. 83 (1).

SECT. 83 (1). made by the Treasury, a joint committee of the several bodies of Commissioners appointed for the purposes of this Part of this Act, consisting of such members of each such body selected in such manner as may be provided by the regulations and of a chairman and other members (not exceeding two in number) to be appointed by the Treasury, and the chairman shall not by reason of his office be incapable of being elected to or voting in the Commons House of Parliament.

SECT. 83 (2). (2) The joint committee may make such financial adjustments as may be necessary between the several funds under the control and management of the several bodies of Commissioners, and shall exercise and perform such powers and duties of the several bodies of Commissioners under this Part of this Act, either alone or jointly with any of those bodies, as may be provided by such regulations.

SECT. 83 (3). (3) Amongst the powers so exerciseable by the joint committee shall be included a power of making regulations as to the valuation of societies and branches which have amongst their members persons resident in England, Scotland, Ireland, and Wales, or any two or any three of such parts of the United Kingdom, and the regulations so made shall require that, for the purposes of the provisions of this Part of this Act relating to valuations, surpluses, deficiencies and transfers, the members resident in each such part shall be treated as if they formed a separate society.

The Joint Committee consists of:—Mr. C. F. G. Masterman, M.P.; Sir Robert L. Morant, K.C.B., Vice-Chairman (Chairman of the English Commission); Mr. J. A. Glynn (Chairman of the Irish Commission); Mr. T. J. Hughes (Chairman of the Welsh Commission); Mr. James Leishman (Chairman of the Scottish Commission); Mr. J. S. Bradbury, C.B.; Sir John Struthers, K.C.B.; Mr. J. Smith Whittaker; Mrs. Creighton; and the Chief Registrar of Friendly Societies [Cd. 6095, p. 2].

Powers.—The powers are to be defined by Treasury regulations. These regulations may, in terms of subsection (2), be extremely wide, as they may authorise the Joint Committee to take over any of the

duties of the separate bodies of Commissioners. They are at present defined by Regulations dated 21st February 1912, "Statutory Rules and Orders, 1912, No. 175." See *infra*, pp. 408-418. SECT. 83 (3).

Such Financial Adjustments as may be Necessary.—This will cover transfers of insured persons between the four countries. As societies having members in all four countries have to be practically split in four for financial purposes by subsection (3) every change of residence or employment from one country to another will involve a transfer transaction under section 31, *supra* p. 120 (see also note to section 80 (2), *supra*, p. 277).

The last part of subsection (3) is imperative; it would therefore appear that neither the Joint Committee nor the Commissioners can do anything to prevent these societies being broken up for financial purposes into separate parts.

Of course the societies may remain united for purposes outside of the Act, that is for any benefits conferred in respect of subscriptions in excess of these made compulsory by the Act.

POWER OF CROWN TO ANNUL TREASURY REGULATIONS UPON PETITION FROM EITHER HOUSE OF PARLIAMENT.

(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. SECT. 83 (4).

PART II.

UNEMPLOYMENT INSURANCE.

Persons Insured.

Sect. 84. **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.

Workman.—For definition see section 107 (1), *infra*, p. 350.

Insured Trade (see Schedule VI., *infra*, p. 399).

Unemployment Benefit.—Statutory conditions (see section 86, *infra*, pp. 311-314); rates and periods when payable (see Schedule VII., *infra*, p. 401); provision for reduction of rate (section 92 (2) (3) (4), *infra*, p. 326); disqualifications (see section 87, *infra*, p. 314).

Waiting Period.—Six months.

The general scheme of this part of the Act is that in certain trades compulsory weekly contributions should be paid when a man is in work by himself and by his employer, and that

the general taxpayer should add one-third to the total so levied to make a fund for unemployment benefits. SECT. 84.

Out of the fund so created, and subject to the conditions laid down, the workmen are to be entitled to draw out-of-work pay weekly subject to a maximum period of fifteen weeks in any one year and one week for every five weeks' contributions (see Schedule VII., *infra*, p. 401).

There are no levies payable when a man is out of work, and there is no provision for voluntary contributors, therefore no question of arrears arises.

The Local Government Board is to manage the scheme, but under section 105 the practical management may be largely handed over to trade unions (see *infra*, p. 346).

There is no guarantee by "the State," and the Treasury contribution is definitely limited to a maximum of £1,000,000 per annum during any one of the first three years (section 103, *infra*, p. 344).

In contrast with Part I. **the State subsidy** is paid in respect of contributions, not of benefits, paid out.

This Part of the Act is entirely separate from Part I.; the only connection is that by section 87 (4) it is laid down that a man shall be disqualified from receiving unemployment benefit while he is in receipt of sickness or disablement benefit (see *infra*, p. 315).

The scheme only applies to those engaged in "**manual labour**" (see Definition of Workman, 107 (1), *infra*, p. 350), which, it is submitted, is different from and narrower in its orbit than "manual work" and much narrower than "employment."

Workmen under 18: Benefits—Schedule VII., *infra*, p. 401; and **contributions**—Schedule VIII., *infra*, p. 405.

CONTRIBUTIONS.

PAYABLE BY WORKMEN AND EMPLOYERS.

85.—(1) The sums required for the payment of unemployment benefit under this Act shall be derived partly from contributions by workmen in the insured trades and partly from contributions by employers of such workmen and partly from moneys provided by Parliament. SECT. 85 (1).

(2) Subject to the provisions of this Part of this Act, every workman employed within the United Kingdom in an insured SECT. 85 (2).

SECT. 85 (2). 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.

Contributions, Schedule VIII. (see *infra*).

Every employer must pay the contribution if he employs a man for more than two days, and a reduced contribution of 1d. a day for one or two days. An employer taking on **casual labour** in an insured trade might have to pay 6d. for the six days of the week, and a man taking such jobs would pay 6d. **In reckoning** the amount of **benefit** he would be entitled to, the man would count $2\frac{2}{5}$ contributions, and therefore for insurance purposes five such weeks would be as good as twelve weeks ordinary continuous employment. See, however, section 99, *infra*, p. 334, for provisions for taking casual labour through a **labour exchange. Employer** is not defined in this part of the Act. The definition of "employer" must be deduced from the definition of workman in section 107, *infra*, p. 350. See also notes on Schedule I., Part I. (*a*). Section 91 (*f*), *infra*, p. 325, allows the Board of Trade to deal with the question of subcontracting and corresponds to Schedule III. (6) (*q.v.*), *infra*, p. 389.

Workman (see section 107 (1), *infra*, p. 350).

Unemployment Benefit (section 84, *supra*, p. 306; Schedule VII., *infra*, p. 401). Contrast subsection (2) with section 4 (2) of Part I. (*supra*, p. 43). In that section no power is given to enforce payment of the workman's contribution if his employer fails to pay it, but if he does not do so he will fall into arrears. In this section the workman himself is made liable, and under section 101 (2) the liability is enforceable against him as much as against his employer.

Increase of Contribution.—Provision is made for a maximum increase of 1d. per week, viz. $\frac{1}{2}$d. on the workman and $\frac{1}{2}$d. on the employer, and for reduction of rate of benefit where necessary by section 93 (2) (3) (4), *infra*, pp. 327, 328.

State Contribution (see subsection (6), *infra*, p. 310).

PRIMARY LIABILITY OF EMPLOYER AND RECOVERY OF WORKMAN'S CONTRIBUTION.

SECT. 85 (3). (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. SECT. 85 (3).

To the Exclusion of the Workmen.—See, however, section 85 (2), *supra*, and section 101 (3), *infra*, p. 339.

Contract to the Contrary.—This provision makes a contract for the benefit of the workman that the employer shall pay the whole 5d. void. It of course does not and cannot prohibit a workman contracting for a rise of wages of 2½d. in respect of the new conditions nor *vice versa*.

Recovery—Jurisdiction of Civil Courts.—There is nothing in the Act to prevent an employer recovering the contribution paid on behalf of the workman by ordinary action, and in this way the questions may be brought before the ordinary civil courts—**"What is an insured trade? Who is a workman engaged in manual labour?"** Similar questions may be raised in an action under section 101 (4), *infra*, p. 340, between the Board of Trade and an employer who refuses to pay, or in a quasi-criminal proceeding under section 101 (2), *infra*, p. 340.

The question, however, will arise whether the terms of section 101 (6) are sufficient to exclude the Court from applying its mind to these questions, *q.v.*, *infra*, p. 341.

EMPLOYERS' CONTRIBUTION NOT TO BE PASSED ON TO 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. SECT. 85 (4).

SECT. 85 (4). Any contract to the contrary is void. The Act cannot, however, prevent the employer reducing wages by 2½d. a week when he next engages men, or the men refusing to work unless wages are increased by 2½d.

REGULATIONS FOR COLLECTION OF CONTRIBUTIONS.

SECT. 85 (5). (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, or otherwise, and for regulating the manner, times and conditions in, at and under which such stamps are to be affixed and impressed or payments are otherwise to be made;

(*b*) 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.

Fines for Loss of Cards.—See section 100 (3), *infra*, p. 338.

STATE GRANT.

SECT. 85 (6). (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.

This grant is equivalent to a grant of 1⅔d. for each full contribution of 5d., and is payable in respect of contributions paid, not as in Part I. in respect of benefits disbursed.

Charges for Expenses of Administration (see section 89 (2), *infra*, p. 319).

CONDITIONS FOR RECEIPT OF UNEMPLOYMENT BENEFIT.

86. The statutory conditions for the receipt of unemployment benefit by any workman are— SECT. 86 (1).

(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;

If A. is employed as a mason and then gets work as a miner or agricultural labourer his right to unemployment benefit will be cancelled when he has been four and a-half years out of the "insured trade."

(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; SECT. 86 (2).

(3) that he is capable of work but unable to obtain suitable employment; SECT. 86 (3).

(4) that he has not exhausted his right to unemployment benefit under this Part of this Act: SECT. 86 (4).

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

SECT. 86 (4).

between associations of employers and of workmen, or, failing any such agreement, than those generally recognised in such district by good employers.

Unemployment benefit only begins to be payable **with the second week** of unemployment (Schedule VII., par. 1).

Application in the prescribed manner, viz. according to regulations to be issued by the Board of Trade.

Continuously Unemployed.—See provision as to intermittent employment (section 107 (1), *infra*, p. 353), viz. :—

Two periods of not less than two days each may be regarded as continuous if not separated by more than two days, or if during the latter period the workman has not been employed more than twenty-four hours.

Two periods of unemployment lasting for not less than one week separated by an interval of not more than six weeks are to be regarded as continuous.

This means that the two periods are to be added together.

Presumably two days means two working days, and would exclude Sundays, unless for some reason or other Sunday work was the usual experience of the person in question.

Twenty-four hours' work means literally twenty-four working hours, and is intended to meet the case of men working at great pressure who might perhaps work over twelve hours a day for two days and then take a time off for a rest. Such periods of rest are not to be treated as periods of unemployment. These rules would work out as a practical matter, thus—

A. is off Monday and Tuesday, works Wednesday and Thursday, and is off Friday and Saturday; is off again continuously, commencing the following Monday. Then he would complete one week's unemployment on Tuesday, and could thereafter claim unemployment benefit. If at any period while he was drawing unemployment benefit he took one or two days' ordinary work that would not break off his right to benefit, but would delay by one or two days the completion of the week then current for benefit purposes, even if the man worked on alternate days all the time.

B. is off work Monday, Tuesday, and Wednesday, and works Thursday, Friday, Saturday, and becomes continuously unemployed on the following Monday. The three days in the first week would not count towards the initial week for the period commencing on the Monday.

A. is unemployed for one whole week, works five weeks, and is off again for one week; he will get benefit for the second week. SECT. 86. (4).

B. is unemployed five days (out of six) in one week, works for one week, and is unemployed the next week; he gets no benefit.

C. is unemployed one week, works seven weeks, and is again unemployed one week; he gets no benefit.

See further exceptions and qualifications in section 107, *infra*, p. 353.

Capable of Work.—This qualification makes the provision of section 87 (4), *infra*, p. 315, that a man cannot draw sickness benefit under Part I. and unemployment benefit under Part II. simultaneously unnecessary, because it is a condition for receipt of **sickness benefit** that a man should be **"incapable of work"** (section 8 (1) (*c*), p. 50, and note, *supra*, p. 52).

The **interpretation** of the phrase will fall upon the **"insurance officer,"** subject to appeal to a **"court of referees"** (see section 88, *infra*, p. 316).

As a practical question the expression must be read along with "but unable to obtain suitable employment," because the conditions are cumulative.

Suitable Employment.—Strike breaking is not "suitable employment" (proviso (*a*)).

If a man is in full health and vigour an offer of his old work at reduced wages is not "suitable employment" unless wages generally have fallen in the interval since his last employment (proviso (*b*)); but it is submitted that an offer of work at wages suitable to his capacity at the time it is offered is **"suitable work."** A mere Distress Committee job is not suitable work, nor, if accepted, does it break the period of continuous unemployment (see section 107 (1), *infra*).

The question what is "suitable employment" from this point of view turns largely on the words "so employed" in proviso (*b*). These words must have reference to the words "usual employment," and therefore an offer of an inferior job would not be enough, but if the reason why an inferior job was offered was that the man's physical capacity was reduced, *e.g.* by disease or accident, then he would not be "capable of work" in the sense of the section, and would be barred for that reason from unemployment benefit.

If an offer of work must be of work such as he formerly performed "capacity" must refer to the same work.

Therefore it is submitted that benefit is only payable to a man

SECT. 86 (4). in full physical capacity for his former occupation and unable to get work solely through lack of demand (see section 100 (1), *infra*, p. 336, for cases in which the question of "suitable employment" may be affected by the proved incapacity of the workman).

Proviso (c) bars an offer of work in a new district at less than the standard rate of wages in the district, and it will be for the referees to determine by what standard they will measure the rate of wages offered.

Exhausted His Right to Unemployment Benefit.—The benefit is limited to fifteen weeks in any one year, or one week for every five contributions in all (see Schedule VII.).

Therefore a man who has paid at least seventy-five contributions may draw out fifteen weeks' benefit. But if he becomes employed and again unemployed in the same year he will not get any more benefit however much he may have paid in the past, but as soon as a new year commences he will again be entitled to have fifteen weeks if he had 150 weeks' contributions in all to his credit.

Trade Dispute.—See definition, section 107, *infra*, p. 355, and note to next section.

Disqualifications (see next section, viz. 87).

DISQUALIFICATIONS FOR UNEMPLOYMENT BENEFIT—TRADE DISPUTES.

SECT. 87 (1). **87.**—(1) A workman who has lost employment by reason of a stoppage of work which was due to a trade dispute at the factory, workshop, or other premises at which he was employed, shall be disqualified for receiving unemployment benefit so long as the stoppage of work continues, except in a case where he has, during the stoppage of work, become bonâ fide employed elsewhere in an insured trade.

Where separate branches of work which are commonly carried on as separate businesses in separate premises are in any case carried on in separate departments on the same premises, each of those departments shall, for the purposes of this provision, be deemed to be a separate factory or workshop or separate premises, as the case may be.

Trade Dispute (definition, section 107, *infra*, p. 355, *q.v.*).—

Persons affected are all workers striking or locked out, because of a direct quarrel between masters and men in the works about their own terms of employment or those of anyone else. That covers the sympathetic strike. SECT. 87 (1).

It covers all persons in the particular works who are off work as a result of the quarrel, even although they are neither striking themselves nor being locked out; *e.g.* in a carriage factory works the carpenters go on strike. The french polishers and finishers are not in the quarrel and are not locked out, but after a few days, there being no work ready for them to go on with, they are out of work; they would be barred from receiving unemployment benefit. But painters who could not get on with their work in a building because of a strike of masons, bricklayers, or carpenters would not be barred, because the painter is in a perfectly separate business.

Bona Fide Employed Elsewhere.—In that case if he be subsequently unemployed it will have nothing to do with the strike. **Bona fide** must really mean intending to remain permanently or at any rate with no intention to return to his former employment when the strike comes to an end. This is another question of fact for the referees.

UNEMPLOYMENT THROUGH MISCONDUCT.

(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. SECT. 87 (2).

Under this section a man who takes a holiday without leave would be barred from claiming unemployment benefit if he came back and his employers refused to take him in again.

(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. SECT. 87 (3).

(4) A workman shall be disqualified for receiving unemployment benefit while he is in receipt of any sickness or disable- SECT. 87 (4).

SECT. 87 (4). ment benefit or disablement allowance under Part I. of this Act.

Subsection (4).—See notes on section 86 ("capable of work"), *supra*, p. 313.

Institution supported wholly or partly out of public funds would include sanatoria under Part I. of this Act, which makes it clear that a man cannot draw unemployment benefit when he is receiving treatment in a sanatorium under that Part.

CLAIMS AND DISPUTES—"INSURANCE OFFICERS," "COURTS OF REFEREES," AND UMPIRES.

SECT. 88 (1). **88.**—(1) All claims for unemployment benefit under this Part of this Act, and all questions whether the statutory conditions are fulfilled in the case of any workman claiming such benefit, or whether those conditions continue to be fulfilled in the case of a workman in receipt of such benefit, or whether a workman is disqualified for receiving or continuing to receive such benefit, or otherwise arising in connection with such claims, shall be determined by one of the officers appointed under this Part of this Act for determining such claims for benefit (in this Act referred to as "insurance officers"):

Provided that—

(*a*) in any case where unemployment benefit is refused or is stopped, or where the amount of the benefit allowed is not in accordance with the claim, the workman may require the insurance officer to report the matter to a court of referees constituted in accordance with this Part of this Act, and the court of 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 court of referees, refer the recommendation, with his reasons for disagreement, to the umpire appointed under this Part of this Act, whose decision shall be final and conclusive;

(*b*) the insurance officer in any case in which he considers it expedient to do so may, instead of himself determining the claim or question, refer it to a court of referees, who shall in such case determine the question, and the decision of the court of referees shall be final and conclusive.

The Act does not specifically lay down how claims are to be made or to whom (section 86 (2), *supra*, p. 311, and 91 (1) (*d*), *infra*, p. 324). These matters are to be regulated by order of the Board of Trade. It would appear from this section that claims will be made to the insurance officers, as they are the court of first instance for disputes. There is nothing of the nature of the "Insurance Committee" in connection with this scheme.

For appointment of insurance officers, referees, umpires, etc., see sections 89 and 90, *infra*.

Questions arising under this section will be such as the following:—What does "continuously unemployed" mean, and in each case where a man has taken odd jobs, how far do these break the continuity (section 86 (2))?

What does "capable of work" mean (section 86 (3))?

What is "suitable employment" (section 86 (3))?

Is the unemployment due to a trade dispute, and if so, was it at the factory or other premises at which he was employed (section 87 (1))?

Was the unemployment caused through the workman's misconduct (section 87 (2))?

What is a "separate factory" (section 87 (1))?

Did he leave his work voluntarily (section 87 (2))?

From the decision of the insurance officer there is an appeal to the court of referees. If the latter disagree with the insurance officer there is a final appeal to the umpire (subsections (*a*) and (*b*), *supra*), but if they agree with the insurance officer their decision is final. By proviso (*b*) the insurance officer can exclude the umpire by referring the matter to the court of referees without giving any

SECT. 88 (1). opinion himself. This section does not apply to questions as to whether a person is or is not employed in an insured trade within the meaning of the Act. That question is to be determined by "the umpire" (see section 101 (6) and notes thereon, *infra*, pp. 341-343).

INSURANCE OFFICERS RECONSIDERING THEIR DECISIONS.

SECT. 88 (2). (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.

No procedure is provided for bringing the new facts before these tribunals. The matter will be dealt with by regulation, and where the previous decision was adverse to the workman he could re-open the matter by a fresh claim. In the opposite case it is the Board of Trade which has an interest to claim on behalf of the unemployment fund.

PROCEDURE.

SECT. 88 (3). (3) The Arbitration Act, 1889 (52 & 53 Vict. c. 49), shall not apply to proceedings under this section, except so far as it may be applied by regulations under this Part of this Act.

In any event the Arbitration Act does not apply to **Scotland.**

IRELAND.

SECT. 88 (4). (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 (19 & 20 Vict. c. 102), with respect to arbitration.

THE UMPIRE AND THE INSURANCE OFFICERS.

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. SECT. 89 (1).

(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: SECT. 89 (2).

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.

The umpire is a single official having judicial authority to interpret this Part of the Act, and from his decisions on fact or law there is no appeal, but he may reverse his own decisions if fresh facts are brought to his knowledge. His jurisdiction extends over the whole United Kingdom. He acts as a court of appeal on fact and law from the insurance officers and the courts of referees (section 88, *supra*, p. 316).

His decisions on points of law in connection with this Part of the Act are to be final and binding on the ordinary Courts of law in quasi-criminal proceedings under section 101 (2) and in civil pro-

SECT. 89 (1) & (2).

ceedings between the Board of Trade or the Crown and employers under section 101 (4) (5) and (6).

He may have a deputy (see section 90 (1) (*d*)).

Insurance Officers.—The principal duties of insurance officers will be determining claims (section 88, *supra*, p. 316).

Inspectors.—For powers of inspectors under this Act (both Parts) see section 112, *infra*, p. 361.

Salaries are to fall upon the Treasury, that is the general taxpayer, except in so far as money is provided by the proviso which allows the Treasury to annex one-tenth of the annual receipts from the unemployment fund.

"Other than Treasury Advances."—This refers to advances under section 93, *infra*, p. 327, not to the Parliamentary grant of $1\frac{2}{3}$d. per weekly contribution under section 85 (6), *supra*, p. 310.

The maximum is therefore one-tenth of $6\frac{2}{3}$d. per weekly contribution paid in, or two-thirds of 1d. plus one-tenth of the interest accruing upon any balance of the unemployment fund which may have been invested under section 92 (3), *infra*, p. 326.

Expenses Incurred by the Board of Trade. — The "Treasury," that is, the general taxpayer and not the Unemployment Fund (except the one-tenth referred to) is to bear the administrative expenses of the whole unemployment insurance scheme, including remuneration of courts of referees (section 90 (5), *infra*).

COURTS OF REFEREES.

SECT. 90 (1).

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.

SECT. 90 (2).

(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.

SECT. 90 (3).

(3) Subject as aforesaid, the constitution of courts of

referees shall be determined by regulations made by the Board of Trade. SECT. 90 (3).

(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. SECT. 90 (4).

Procedure and Method of Election.—These are left to be worked out by regulations by the Board of Trade.

Duties.—(1) To act as a court of appeal under section 88 (1) (*a*), *supra*, p. 316; (2) to act as an advisory body to the Board of Trade. The body will be somewhat like the Insurance Committee under Part I., but has less work to do and less power, and may be paid.

REMUNERATION OF COURT OF REFEREES.

(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. SECT. 90 (5).

The remuneration and expenses of the court is a charge not upon the fund, but upon the general tax-payer (see note to section 89 (2), *supra*).

BOARD OF TRADE POWER TO MAKE REGULATIONS.

91.—(1) The Board of Trade may make regulations for any of the purposes for which regulations may be made under SECT. 91 (1).

SECT. 91 (1). 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—

SECT. 91 (1) (*a*). (*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

SECT. 91 (1) (*b*). (*b*) for giving employers, and workmen, and the Board of Trade an opportunity of obtaining a decision by the umpire appointed under this Part of this Act on any question whether contributions under this Part of this Act are payable in respect of any workman or class of workmen, and for securing that a workman in whose case contributions have been paid in accordance with any such decision, shall, as respects any unemployment benefit payable in respect of those contributions, be treated as a workman employed in an insured trade, and for securing that employers and workmen shall be protected from proceedings and penalties in cases where, in accordance with any such decision, they have paid or refrained from paying contributions; and

Regulations.—These are to be made by the Board of Trade, but they will be interpreted by the insurance officers in the first instance and the court of referees and the umpire by way of appeal (section 88, *infra*, p. 316).

Subsection (a).—The regulations are to be permissive, not peremptory. They are not to compel either the employer or the workman to accept the liabilities of the Act.

Example.—Carpenters engaged sometimes in work on a building and sometimes on other carpentry work, having nothing to do with construction of buildings, engineering works, or vehicles. If both the employer and workman consent they may be included under the scheme.

No difficulty need arise as to a man who changes his employ-

ment from an employer who does to one who does not desire to be included. When he leaves the former he will have a vested right to one week's benefit when required for every five weeks' contributions paid in, and when that is exhausted he will have no more right to such benefit. SECT. 91 (1) (*b*).

The same applies under subsection (*b*) where an employer has been paying contributions for and in respect of his men and it transpires from a decision of the umpire that he need not have done so.

Subsection (b) will allow of persons interested stating a case direct to the umpire, without waiting for proceedings by either workman or employer or by the Board of Trade, in order to find out if they require to pay.

Protection from Proceedings.—As the umpire's decision is final but may be altered on new facts being brought to his notice this provision would protect parties from any consequences arising from a second decision reversing the first (section 88 (2), *supra*, p. 318).

In Accordance with any such Decision.—This does not mean that people can safely act upon decisions of the umpire as upon a precedent, because the umpire would be the judge of the question whether it was a precedent, and might decide that the case was not the same as the case referred to, and that being so the defence that he acted "*in accordance with any such decision*" would be of no avail.

Decision of the Umpire.—As to how far this will bind the Courts on questions of law see notes to section 101 (6), *infra*, pp. 341, 342.

REGULATIONS AS TO EVIDENCE OF RIGHT TO BENEFIT AND FORM OF CLAIMS.

(*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 SECT. 91 (1) (*c*).

This subsection would allow the Board of Trade to compel persons claiming unemployment benefit to call at the office of the person administering unemployment benefit, viz. the insurance officer,

SECT. 91 (1) (c). periodically once a day if need be, to show that he is capable of work and unable to obtain work. If the insurance officer takes up his quarters at the Labour Exchange (which he will probably do) he may stop the benefit any day by offering the man work through the Exchange, but this would not prevent the man seeking work in the ordinary way.

SECT. 91 (1) (d). (*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;

Statutory Conditions for Receipt of Benefit (see section 86, *supra*, pp. 311-314, and 107, *infra*, pp. 350-353).

Subsection (*d*) provides for regulations to be made as to—

1. Form of and procedure in making claims.
2. Procedure in consideration of claims.
3. Allocation of duties to insurance officers and referees and the umpire.
4. Termination or continuation of unemployment benefit and procedure in case of disputes.
5. Appointment of a **deputy umpire.**

INTERVENING PERIOD BETWEEN CLAIM AND AWARD.

SECT. 91 (1) (e). (*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

SUBCONTRACTING.

(*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 SECT. 91 (1) (*f*).

generally for carrying this Part of this Act into effect, and any regulations so made shall have effect as if enacted in this Act.

Subcontracting. — See notes on Schedule III. (6), *infra*, p. 389.

THE UMPIRE TO HEAR CASES BEFORE ACT COMES INTO OPERATION.

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.

CLAIMS FOR AND PAYMENT OF BENEFITS THROUGH THE POST OFFICE.

(2) The regulations may, with the concurrence of the Post-master-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. SECT. 91 (2).

REGULATIONS TO BE SUBJECT TO VETO BY EITHER HOUSE OF PARLIAMENT.

SECT. 91 (3). (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.

FINANCE.

THE UNEMPLOYMENT FUND.

SECT. 92 (1). **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.

SECT. 92 (2). (2) The accounts of the unemployment fund shall be audited by the Comptroller and Auditor-General in such manner as the Treasury may direct.

SECT. 92 (3). (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.

SECT. 92 (4). (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. SECT. 92 (4).

Any other Payments.—Contribution to expenses of the Board of Trade (section 89 (2), proviso, *supra*, p. 319).

Refund of contributions to employers (sections 94, *infra*, p. 329, and 96, *infra*, p. 331).

Refund of contributions to workmen (section 95, *infra*, p. 330).

Refund of Treasury advances (section 93, *infra*).

Payments to trade unions as a substitute for unemployment benefit (section 106, *infra*, p. 348).

POWER TO TREASURY TO MAKE 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. SECT. 93 (1).

FUND INSOLVENT.

INCREASED LEVIES OR REDUCED BENEFITS.

(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: SECT. 93 (2).

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

SECT. 93 (2). 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.

Contribution is not to be increased above 3d. for employer and 3d. for man. **Benefit** is not to be reduced below 5s. a week, but **may be postponed** as long as necessary to secure solvency.

RULES AS TO ORDERS.

SECT. 93 (3). (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.

SECT. 93 (4). (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.

POWER OF TREASURY TO BORROW.

SECT. 93 (5). (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.

SECT. 93 (6). (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.

SAFEGUARDING NATIONAL DEBT SINKING FUND.

SECT. 93 (7). (7) Notwithstanding anything in any other Act, money in the hands of the National Debt Commissioners for the reduc-

tion of the National Debt shall not be applied to purchasing, reducing, or paying off any Exchequer bonds or Treasury bills issued under this section. SECT. 93 (7).

REFUND OF EMPLOYERS' CONTRIBUTIONS IN CERTAIN CASES.

94.—(1) The Board of Trade shall, on the application of any employer made within one month after the termination of any calendar year, or other prescribed period of twelve months, refund to such employer out of the unemployment fund a sum equal to one-third of the contributions (exclusive of any contributions refunded to him under any other provisions of this Part of this Act) paid by him on his own behalf during that period in respect of any workman who has been continuously in his service through the period, and in respect of whom not less than forty-five contributions have been paid during the period. SECT. 94 (1).

(2) For the purpose of meeting any change in the period for which any refund of contributions is to be made under the foregoing provisions of this section, or for the purpose of making provision for any period which may elapse between the date on which contributions commence to be payable under this Part of this Act and the date on which the first period for the refund of contributions under the foregoing provisions of this section commences, the Board of Trade may, so far as necessary for the purpose, apply the provisions of this section to any period less than twelve months, subject to such proportionate reduction of the number of contributions required as they direct, and this section shall take effect as regards any such period of less than twelve months as so applied. SECT. 94 (2).

Continuously in his Service.—This must be a relationship of master and servant in some sense of the word during the whole year by the same employer, but need not mean actual employment at wages during the whole year, because in that case there would be no need for allowing forty-five contributions to be enough

SECT. 94 (2). to qualify. The expression "continuously in his service" will therefore include periods when no work is done or wages paid. Obviously it is not intended to include periods when no work is provided and no wages paid because of slack trade, because these are the very times for which unemployment benefit is payable or would be payable if they exceeded one week, or in case of single weeks where separated by less than six weeks; during such periods there cannot be said to be any relation of master and servant. It will not apply to periods of strike or lock-out, because the conditions during such periods are the negation of a contract of service. It will not apply to periods when men are kept on and paid although work is not really available; that case is dealt with in section 96, and if not falling within that section would be treated as normal employment. The seven weeks' grace is therefore practically limited to holidays and periods of unemployment due to incapacity caused by sickness or accident (see also section 107 (1), *infra*, p. 353).

Any other provisions of this Act refers to section 96, *infra*, p. 331. The amount to be returned in a year of say fifty-one weeks' employment would be $\frac{1}{3} \times 51 \times 2\frac{1}{2}$d. or 3s. $6\frac{1}{2}$d. per man employed.

Subsection (2) provides for a purely temporary expedient to be applied during the first few months after the passing of the Act.

Refund of Workmen's Contributions (see next section, viz. 95).

REFUND OF MEN'S CONTRIBUTIONS IN CERTAIN CASES.

SECT. 95 (1). **95.**—(1) If it is shown to the satisfaction of the Board of Trade by any workman or his personal representatives that the workman has paid contributions in accordance with the provisions of this Part of this Act in respect of five hundred weeks or upwards, and that the workman has reached the age of sixty, or before his death had reached the age of sixty, the workman or his representatives shall be entitled to be repaid the amount, if any, by which the total amount of such contributions have exceeded the total amount received by him out of the unemployment fund under this Act, together with compound interest at the rate of two and a half per cent. per annum calculated in the prescribed manner.

(2) A repayment to a workman under this section shall not affect his liability to pay contributions under this Part of this Act, and, if after any such repayment he becomes entitled to unemployment benefit, he shall be treated as having paid in respect of the period for which the repayment has been made the full number of contributions which is most nearly equal to five-eighths of the number of contributions actually paid during that period. SECT. 95 (2).

Example.—A. reaches the age of sixty, having worked as a mason for forty years, during which period he has been unemployed on an average three weeks a year and received unemployment benefit for an average of one week per year at 7s. a week. He will have paid $40 \times 49 \times 2\frac{1}{2}$d. or 4900d. into the unemployment fund; he will have received 40×7s. Adding compound interest the latter sum might amount to 350s., which would make a balance due to the workman of about £2, 18s. If he claimed this at sixty he would thereafter require to pay $2\frac{1}{2}$d. a week as before, and if he became unemployed, in place of his rights being calculated on the basis of 19,600 contributions paid and forty weeks' benefit received, he would be treated as having only paid 12,250 contributions.

If a man reached the age of sixty, having paid every week for forty years and drawn nothing out, he would be entitled to 5200d. or £21, 13s. 4d.

If the workman's contribution had in fact been paid by the employer and not deducted from wages, it would make no difference; the workman would be credited with his share, as he cannot contract to have his share paid, and therefore would be treated as being in receipt of $2\frac{1}{2}$d. a week more wages than his nominal wage (see section 85 (3), *supra*, p. 308, and section 107 (1), *infra*, p. 353).

REFUND OF CONTRIBUTIONS TO EMPLOYER WHO ADOPTS SHORT TIME IN PLACE OF DISMISSING MEN.

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 SECT. 96 (1).

SECT. 96 (1). 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.

Example.—Ordinary working hours sixty per week; the short time must be either total stoppage on one day or of at least ten hours in the week. In a forty-five hours' week the short time would be at least seven and a half hours.

The employer must pay the whole 5d. He must keep the men, in respect of whom he pays and claims the refund, on during the whole period. He need not pay them wages as for full time, and he need not keep on all his employees. **The Board of Trade** has complete discretion as to regulations to be made.

EMPLOYER MAY TAKE THE INITIATIVE TO GET BOARD OF TRADE'S APPROVAL OF PROPOSED SCHEME.

SECT. 96 (2). (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 pro-

posed means of reducing working hours are such, as to satisfy the requirements of this section. SECT. 96 (2).

EXEMPTION OF PARTIAL EMPLOYMENT IN INSURED TRADES IN AGRICULTURAL DISTRICTS.

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. SECT. 97.

E.g. Agricultural labourers acting as thatchers of cottages, village carpenter doing woodwork in a building which is being erected.

The exemption is optional to the extent that it may be elided by mutual agreement of workman and employer.

NAVY AND ARMY RESERVES AND TERRITORIAL.

98. Where a man of the Naval Reserves, the Army Reserve, or the Territorial Force, is being trained and is in receipt of pay out of the moneys provided by Parliament for Navy or Army services, and immediately before the training was employed in an insured trade, he shall, for the purposes of this Part of this Act, be deemed, whilst so training, to be in the employment of the Crown in an insured trade. SECT. 98.

This means that territorials and Navy or Army reserves who belong to insured trades in civil life will have an extra 2½d. a week deducted from their pay during training, and the Crown will require to pay 2½d. a week to the unemployment fund in respect of them. The latter sum will be charged to the Navy or Army votes, but would not (presumably) fall upon capitation grants made to territorial associations.

SECT. 98. A man drawing unemployment benefit at the commencement of the training will cease to draw it on entering into training, because he thereby is held to become employed by the Crown.

Territorial Force.—"Training" does not include embodiment. **Army reserve** includes the special reserve (see Territorial and Reserve Forces Act, 1907 (7 Edw. VII. c. 9, sections 14, 17, and 30 (1)).

EMPLOYMENT THROUGH LABOUR EXCHANGES.

SECT. 99 (1). **99.**—(1) The Board of Trade may, in such cases and on such conditions as the Board may prescribe, make an arrangement with any employer liable to pay contributions under any part of this Act, whereby, in respect of workmen engaged by him through a labour exchange, or in his employ at the date of such arrangement, the performance of all or any of the duties required under any part of this Act to be performed by the employer in respect of those workmen, whether on his own behalf or on behalf of the workmen, shall be undertaken on behalf of the employer by the labour exchange, and whereby in respect of such workmen different periods of employment, whether of the same workmen or different workmen, may, for the purposes of the employer's contributions under this Part of this Act, but not for the purposes of a refund of any part of the employer's contributions, be treated as a continuous employment of a single workman.

SECT. 99 (2). (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 continuous period of employment under one employer, and those regulations may provide for the refund of part of his contributions under this Part of this Act accordingly.

SECT. 99 (2).

This section applies to both parts of the Act.

Board of Trade regulations are to enable the employer to register any one employed by him with the labour exchange, and any one subsequently engaged by the labour exchange. The employer will then be able to arrange with the labour exchange "to perform all or any of the **duties required** to be performed by the employer, **whether on his own behalf or on behalf of the workmen.**"

Deductions from Wages.—As there is no duty (either under section 4 (2), *supra*, p. 43, and Schedule II., *infra*, p. 382, or under section 85, *supra*, p. 309, and Schedule VIII., *infra*, p. 404) upon employers to make deductions from wages, this cannot be passed on to the labour exchanges. It will be the duty of the employer to buy the stamps and affix them, and so pay the contributions under both parts. That duty they can arrange to have done by the labour exchange, and in paying wages they may or may not deduct the workman's share as they choose; in either event the employer will have to refund the whole amount to the labour exchange.

There is nothing to prevent the employer putting this duty into the hands of the labour exchange, even in cases of men employed regularly, unless it is limited by regulation by the Board of Trade. It will naturally apply most frequently to casual labour. If A., who is an employer in "an insured trade," arranges with the Board of Trade that he will only employ casual labour through the labour exchange, then if he has the same number of men every day he will only pay 5d. a week multiplied by that number under Part II. of the Act; he will, however, be entitled to deduct from each labourer his share under Schedule VIII.

A. employs B. for Monday, C. for Tuesday and Wednesday, D. for Thursday, E. for Friday and Saturday. By Schedule VIII A. is liable to pay 1d. in respect of B., and B. to pay 1d.; A. is liable to pay 2d. in respect of C., and C. to pay 2d.; A. is liable to pay 1d. in respect of D., and D. to pay 1d.; A. is liable to pay 2d. in respect of E., and E. to pay 2d.

The result is that A. pays 6d.

And if B., C., D., and E. had each been employed for the whole six days for different employers in the same way, viz. two single days, and two periods of two days, each of them would have paid 6d., and so would their employers, so that the unemployment fund would have received 4s. in place of 1s. 8d.

If B., C., D., and E. were all engaged all the time through the labour exchange under this section each of the employers would

SECT. 99 (2). only have paid 2½d., but would have deducted 6d. from the four men by stamps, the value of which would therefore have gone into the fund. The regulations may provide for the labour exchange refunding the 3½d. to the man and receiving it from the unemployment fund. If no such arrangement is made the employer will lose (in the case supposed) 3½d. a week, but the workman will not really lose if he subsequently exhausts his right to benefits, because he will be entitled to credit for 1s. in place of 5d., viz. two and two-fifths contributions in place of one, so that in five weeks at that rate he would have twelve contributions to his credit.

With Regard to Contributions under Part I.—There is no similar provision for reducing the weekly contribution in Part I. (section 4, *supra*, p. 43, and Schedule II., *infra*, p. 382). See, however, Schedule III., section 5, under which the Insurance Commissioners may make regulations for distributing the weekly contribution. In the case supposed above A. would pay 7d. for B. on Monday, and deduct 4d. from his wages. In employing C., D., and E., A. would require to ask them if the weekly contribution had been paid in respect of them, and if they were unable to satisfy him that it had been paid he would require to pay in respect of each of them.

The section under discussion does not affect this provision, but if A. employed the whole four men through the labour exchange and they took all employment through the exchange it would obviously get rid of many difficulties.

Refund of Contributions.—Employment of a succession of men through the labour exchanges does not entitle the employer to the refund of contributions provided by section 94, *supra*, p. 329. The refund to workmen under section 95 is unaffected by this proposal. The refund in respect of excessive payments has been already dealt with.

MISCELLANEOUS PROVISIONS.

EDUCATION FOR UNSKILFUL WORKMEN.

SECT. 100 (1). **100.**—(1) If the repeated failure of any insured workman to obtain or retain employment appears to the insurance officer to be wholly or partly due to defects in skill or knowledge, the insurance officer may, if he thinks fit, for the purpose of testing the skill or knowledge of the workman, offer to arrange for the attendance of the workman at a suitable place for the purpose,

and may, out of the unemployment fund, pay all or any of the expenses incidental to such attendance. SECT. 100 (1).

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.

The insurance officer has complete discretion to decide all the questions raised by this subsection, viz. :—

(1) Is loss of employment due to lack of skill?
(2) What is a suitable place for testing him, and what is a suitable test?
(3) What is "satisfactory evidence of competence"?
(4) Is there a reasonable prospect of improving him? If not, what lower grade of employment is suitable?
(5) Would treatment of an educative order at the expense of the unemployment *pay* the unemployment fund?

This education is only to be provided to make a man really capable of maintaining the grade of employment which he professes and has been engaged in; it cannot be used to make labourers into skilled men.

The Board of Trade may issue *directions* to which presumably the insurance officer must conform.

Wages.—Section 86, proviso (*b*), *supra*, p. 311, seems inconsistent with this section, as it is inevitable that the lower grade of

SECT. 100 (1). work will carry a lower wage; but the insurance officer may, and indeed must, hold if he decides that the man is to accept a lower grade of work that the man would have fallen to that grade had he continued in his former employment, which would make the two sections consistent.

RETURN OF CONTRIBUTIONS PAID IN ERROR.

SECT. 100 (2). (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 workmen's contributions, to the deduction of any amount received by him in respect of unemployment benefit under a similar belief.

The employer is to get back the whole amount paid in by him, but the workman is to have the whole amount of any benefit paid to him deducted from his own half of the contribution, and any balance of benefit paid which is not so recovered may be recovered as a debt due to the Crown (section 101 (5), *infra*, p. 341).

Paid by Them Respectively.—It is submitted that if the employer as a matter of fact had paid the whole contribution half would still be credited as having been paid by the workman, and that he would therefore be entitled to recover them from the unemployment fund and set them against any claim upon him for recovery of benefits paid. See note to section 95, *supra*, p. 331.

REWARDS FOR FINDING OF LOST INSURANCE CARDS OR BOOKS.

SECT. 100 (3). (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.

False Statements to Avoid Payments or Obtain Benefits.

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. Sect. 101 (1).

Summary Conviction.—In England, see Summary Jurisdiction Act (42 & 43 Vict. c. 42).

In **Scotland** (Summary Jurisdiction (Scotland) Act, 1908 (8 Edw. vii. c. 65)).—By section 43 of that Act the Court may substitute a fine not exceeding £25 for imprisonment with or without hard labour.

Failure to Pay Contributions.

(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. Sect. 101 (2).

SECT. 101 (2). The employer is primarily liable to pay the whole weekly contribution of 5d. (section 85 (3), *supra*, p. 308), but the workman is liable to pay his 2½d. if the employer does not do so (section 85 and Schedule VIII.). Under section 47 of the Summary Jurisdiction (Scotland) Act (8 Edw. VII. c. 65) a Court of Summary Jurisdiction may order imprisonment in default of payment of the fine, subject to the limitations in section 48 of the same. By section 60 of the same Act any person so prosecuted may obtain a stated case to the High Court of Justiciary upon any point of law raised in the proceedings, "*notwithstanding any provision in any statute excluding review.*" As to whether the jurisdiction of the High Court is excluded by subsection (6), *infra*, see notes thereon.

BOARD OF TRADE TO SANCTION PROCEEDINGS.

SECT. 101 (3). (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.

CIVIL PROCEEDINGS TO RECOVER CONTRIBUTIONS, ETC.

SECT. 101 (4). (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.

The civil and quasi-criminal proceedings are not cumulative in this case, as they are under sections 69 and 70, *supra*, pp. 260 and 263, because when the penalty of three times the amount of contributions due is paid the contribution is satisfied, but the civil proceedings may be taken in preference to and in substitution for the criminal proceedings. It is probable that the criminal proceedings would fail if the party accused pleaded justifiable ignorance, *e.g.* an opinion of counsel that contributions were not payable. This would of course be no defence to the civil proceedings. Similarly in the case of a workman who *bonâ fide* though erroneously believed that his employer had paid the contribution.

Recovery of Benefits Paid in Error.

Sect. 101 (5).

(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.

Proceedings under this section will also obviously involve many questions of interpretation of the Act which are really pure questions of law, and the same remark applies as was made in reference to subsection (1), *supra*.

Decision of Umpire to be Conclusive on Certain Questions.

Sect. 101 (6).

(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 those 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.

It is convenient here to collect together the various cases in which this Act appears to make different non-judicial bodies and persons final authorities in questions of interpretation which are really questions of law to effectually exclude the law Courts from considering

SECT. 101 (6). these questions when brought before them in the course of civil or criminal proceedings, and to consider whether they may review or disregard findings by the bodies and persons referred to. This consideration may arise out of any of the following provisions of the Act:—

(i) Under section 2 (1) certificates of exemption from Part I. of the Act.
(ii) Questions as to rates of contribution under section 66 (*b*) and (*c*).
(iii) Disputes under section 67.
(iv) Quasi-criminal proceedings under section 69.
(v) Civil proceedings under section 70.
(vi) Civil proceedings under section 71.
(vii) Proceedings under section 88.
(viii) Proceedings by an employer against the Board of Trade for money alleged to be due to him under section 94 (1).
(ix) Quasi-criminal proceedings under section 101 (2).
(x) Civil proceedings under section 101 (4).
(xi) Civil proceedings under section 101 (5).

Questions similar to this have recently arisen **in England** under the Education Act, 1902 (2 Edw. VII. c. 42), section 7 (3), viz.—"If any question arises under this section between the local education authorities and the managers of a school not provided by the authority the question shall be determined by the Board of Education." In *Wilford* v. *West Riding* ([1908] 1 K. B. 685) it was held that "any question" meant "any question of fact."

In *Board of Education* v. *Rice* ([1911] A. C. 179) the House of Lords held that the Board had never really determined the questions before it, and therefore quashed the decision by *certiorari* and issued a *mandamus* to the Board to determine the questions.

The Court in England by this procedure retains to itself a certain supervising authority over statutory procedure.

In **Scotland** a similar question arose under the Crofters Holdings (Scotland) Act, 1886 (49 & 50 Vict. c. 29). Section 25 lays down—"The decision of the Crofters Commission in regard to any matters *committed to their determination* by this Act shall be final," and in section 21—" . . . In the event of any dispute arising as to whether a person is a crofter within the meaning of this Act it shall be *competent* for the Commissioners *to determine* such question summarily."

In spite of these sections the Court of Session held it had

jurisdiction to determine whether or not a man was a "crofter" within the meaning of section 34 of that Act (*Sitwell* v. *Macleod*, 1899, 1 F. 950). SECT. 101 (6).

Decisions interpreting similar provisions of other Acts cannot, however, be of much service, far less conclusive, in considering the meaning of this Act.

The Courts in **Scotland** have never claimed any power on any ground to override Acts of Parliament. The questions which the Court will consider are (1) Whether a decision of a statutory authority is within its powers; (2) Whether the statutory procedure has been adopted. If it decides either of these questions in the negative it will reduce the award of the statutory authority as it will reduce a decree arbitral.

The Court will always interpret any statute excluding its jurisdiction particularly in questions of law very narrowly, and under subsection (6), *supra*, the finality of the umpire would be limited to the one point whether "the trade" in question was an insured trade; but by section 88 any question as to claims to benefits cannot go beyond the umpire.

On the other hand, if quasi-criminal proceedings are taken under the Summary Jurisdiction (Scotland) Act, 1908, section 60 of that Act gives an appeal on all points of law to the High Court of Justiciary.

SEPTENNIAL REVISION OF RATES OF CONTRIBUTIONS.

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 herein-after 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 SECT. 102.

SECT. 102. 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.

The contributions may be temporarily increased under section 93 (2), *supra* (*q.v.*).

This section refers to a permanent change.

Benefits may be fixed at 6s. a week (Schedule VII., *infra*, p. 404) or reduced temporarily to 5s. under section 93 (2), *supra*, p. 327.

Procedure for **special order** (see section 113).

POWER TO EXTEND TO OTHER TRADES.

SECT. 103. **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 herein-after 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: SECT. 103.

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 ANCILLARY 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— SECT. 104.

(*a*) Any occupation which appears to them to be common to insured and uninsured trades alike, and ancillary only to the purposes of an insured trade; and

(*b*) Any occupation which appears to them to be an occupation in a business which, though concerned with the making of parts or the preparation of materials for use in connection with an insured trade, is mainly carried on as a separate business or in connection with trades other than insured trades;

and, on any such order being made, the occupation to which the order relates shall not be treated as employment in an insured trade for the purposes of this Part of this Act.

Any special order made under this section may be made so as to cover one or more occupations. The provisions of this

SECT. 104. Part of this Act as to the laying of regulations before Parliament and the presentation of an Address thereon shall apply to special orders made under this section.

Many difficult questions of interpretation necessarily arise under this section, but it is left to the Board of Trade by special order (see section 113, *infra*, p. 364) to solve these for itself.

Orders under this section come under section 91 (3), *supra*, p. 326, and therefore come into force immediately, though they may be annulled by either House of Parliament.

When the special orders have been issued they, along with the Act, will require to be interpreted by the umpire (section 101 (6)).

Until the special orders are issued the list of insured trades in Schedule VI. will include all persons engaged in those trades, even though "ancillary" to the main business.

The section is permissive, not peremptory, therefore no employer employing men for, *e.g.*, a work of construction has any claim of right to exemption on the ground that the work is merely ancillary to his business.

ARRANGEMENTS WITH TRADES UNIONS, ETC.

SECT. 105 (1). **105.**—(1) The Board of Trade may, on the application of any association of workmen the rules of which provide for payments to its members, being workmen in an insured trade, or any class thereof, whilst unemployed, make an arrangement with such association that, in lieu of paying unemployment benefit under this Part of this Act to workmen who prove that they are members of the association, there shall be repaid periodically to the 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. SECT. 105 (2).

(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. SECT. 105 (3).

This section will apply principally to **trades unions,** but there is nothing to prevent, *e.g.*, any approved society under Part I. setting up an unemployment section for men in insured trades and making arrangements under this section, but for convenience we will refer to the "association of workmen" as a trade union.

The payments made under this section are paid out of the unemployment fund and only in respect of persons in insured trades (Schedule VI.). It is quite separate from the provision in section 106, which is a direct subsidy from the general tax-payer to trade unions in any trade.

"The Aggregate Amount which such Workman would have Received."—The union may pay larger out-of-work benefits, or pay them for the first week, or pay them during strikes or illness, but in claiming against the fund they can only claim for each man what he would have got subject to all the conditions in sections 86, 87, *supra*, pp. 311-315, and 107, *infra*, p. 350, and Schedule VII., *infra*, p. 401, and any regulations made under this part of the Act.

Moreover the union can only qualify for this arrangement if it has paid during the period in question 9s. 4d. for every 7s. claimed, that is 9s. 4d. a week in place of 7s., or twenty weeks in one year in place of fifteen.

Whilst "Unemployed."—The word "unemployed" in this section must be taken as having the limited meaning attached to it in this Part of the Act as being unemployment which entitles a man

SECT. 105 (3). to "unemployment benefit," or would do so were his right not exhausted, viz. by having drawn fifteen weeks in any year, or one week for every five contributions. Therefore the union in calculating how much it has paid in order to make up its claim will not be allowed to take into account benefit paid during a strike or a period of incapacity due to illness or accident.

Subsection (2).—If the union has a subscription of 4d. a week out of which, *inter alia*, unemployment benefit is paid they *may* deduct 2½d. or any larger sum payable by the workman for the time being.

Similarly if the union is also an approved society under Part I. it may deduct 4d. a week for sickness benefit from its former subscription, so that a subscription of 1s. might be reduced to 5½d., the remainder being collected compulsorily under the Act.

If a union does not pay unemployment benefit equivalent to four-thirds of that under the Act its members would lose by adopting this scheme, because they could not receive the full benefit they are entitled to.

REGULATIONS.

SECT. 105 (4). (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.

MEMBERSHIP OF ASSOCIATIONS OF WORKMEN.

SECT. 105 (5). (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.

SUBSIDY BY THE TREASURY TO TRADE UNIONS.

SECT. 106 (1). **106.**—(1) The Board of Trade may, with the consent of the Treasury, and on such conditions and either annually or at such

other intervals as the Board may prescribe, repay out of moneys provided by Parliament to any association of persons not trading for profit the rules of which provide for payments to persons whilst unemployed, whether workmen in an insured trade or not, such part (in no case exceeding one-sixth) as they think fit, of the aggregate amount which the association has expended on such payments during the preceding year or other prescribed period, exclusive of the sum (if any) repaid to the association in respect of such period in pursuance of an arrangement under the last foregoing section, and exclusive, in the case of payments which exceed twelve shillings a week, of so much of those payments as exceeds that sum. SECT. 106 (1).

(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. SECT. 106 (2).

(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. SECT. 106 (3).

The subsidy to be paid under this section is not a charge upon the unemployment fund, but entirely separate and defrayed by the general taxpayer.

The section gives an unfettered discretion to "the Treasury" and "the Board of Trade" together to make grants to trade unions which are not unions in "insured trades" up to one-sixth of their annual expenditure on "unemployment" benefit not exceeding 12s. a week.

"Whilst unemployed" must be construed as in the last section and provisions there referred to (*q.v.*).

In case of unions making arrangements under the last section this extra subsidy will be not greater than one-sixth of the difference between unemployment benefit under the Act and the unemployment benefit paid or 12s. a week, whichever is the smaller.

If a union were paying 12s. a week and getting 8s. (the maximum under Schedule VII.) under section 105 it might also get 8d. under this section, viz. 8s. 8d. in respect of a premium by its members of 2½d. a week.

DEFINITIONS.

SECT. 107 (1).

107.—(1) For the purposes of this Part of this Act—

The expression "workman" means any person of the age of sixteen or upwards employed wholly or mainly by way of manual labour, who has entered into or works under a contract of service with an employer, whether the contract is expressed or implied, is oral or in writing, and in relation to a person whilst unemployed means a person who, when employed, fulfilled the conditions aforesaid, but does not include an indentured apprentice;

Workman.—This definition of "workman" may be altered by special order in respect of age (section 103, *supra*, p. 344).

"Wholly or Mainly by Way of Manual Labour."—This definition raises the difficult question: What is manual labour? That question must also be solved to interpret clause (*g*) of Schedule I., Part II. The question does not fall within the jurisdiction of "the umpire," and will therefore have to be determined in the Courts of law (see note to subsection (4), *infra*, p. 356).

No decisions upon former statutes will bind the Insurance Commissioners or the Court if the question comes before the Court in a case arising out of Schedule I., Part II. (*g*), by way of stated case under section 66, but a reference to the previous statutes, in construing which these words have been interpreted, may be useful.

Care must be taken in quoting any decisions under these statutes to see exactly what expression is being interpreted. There is also a distinction between this section and the paragraph referred to in Schedule I.

The words here are, **"employed wholly or mainly by way of manual labour."**

The words in the schedule are, **"employment otherwise than by way of manual labour."** The two definitions are not conterminous. A man whose work consisted partly in superintendence and partly in manual labour would be excluded by the schedule if his remuneration reached the income limit, but he would not be included under Part II. unless his main duties were "manual labour." Probably many **"foremen"** would be excluded under

the definition in this clause who would not be excluded by the Schedule. SECT. 107 (1).

The Employers and Workmen Act, 1875 (38 & 39 Vict. c. 90), section 10, uses the words, "labourer, servant in husbandry, journeyman, artificer, handicraftsman, miner, or otherwise engaged in manual labour."

The Employers Liability Act, 1880 (43 & 44 Vict. c. 42), section 8, adopts the definition of "workman" from the last Act, and adds railway servant.

The Workmen's Compensation Act, 1897 (60 & 61 Vict. c. 37), section 7, defines workman as including all persons employed in the specified trades, "whether engaged in manual labour or not."

The Workmen's Compensation Act, 1906 (6 Edw. VII. c. 58), section 13, excludes "any person employed **otherwise than by way of manual labour** whose remuneration exceeds £250 per annum," and is therefore on all fours with the words in Schedule I., Part II. (*g*).

The most apposite cases for the purpose of this section will be those arising under the Acts of 1875 and 1880, and the most apposite for the purposes of the schedule those under the Act of 1906.

A **distinction** is to be drawn **between "manual labour"** and **"manual work"** (see Smith, J., in *Cook* v. *The North Metropolitan Tramways Co.*, 1887, 18 Q. B. D. 683; 56 L. J. Q. B. 309, but note in this and all other cases under the Act of 1875 or 1880 that the clause was interpreted in reference to the enumerated employments).

Clerical work is typical of manual "work," which is not manual "labour," and in the definition of "workman" under the Workmen's Compensation Act, 1906, section 13, "clerical work" is contrasted with "manual labour."

Sewing is manual labour under the Act of 1875 (*Maynard*, 1903, 89 L. T. (N. S.) 136).

Shop Assistants.—One can scarcely imagine how they could come to be in any of the "insured trades" under Part II. of this Act, but for the purposes of Schedule I., Part II., we may take it they will be regarded as engaged in "employment otherwise than by way of manual labour" (see *Bound* v. *Lawrence*, [1892] 1 Q. B. 226, a grocer's assistant held not to be a "workman" under the Employers' Liability Act, 1880). But in *Hoare* v. *Robert Green, Ltd.*, **florists' assistants making up wreaths** were held to be engaged in manual labour under the Factory and Workshops Act, 1901, section 149.

SECT. 107 (1).

Railway Guard.—Held in *Hunt* v. *Great Northern Railway Co.* ([1891] 1 Q. B. 601) not to be engaged in manual labour. Pollock, B., at p. 603: "It is a duty requiring care, skill, and experience, and the labour which it involves is mental rather than physical. No doubt it would occasionally be his duty, where necessary, to assist porters in the transhipment of goods to or from his train, but that is not enough to make him a person engaged in manual labour." This case was under the Act of 1875.

Contrast this case with *Yarmouth* v. *France* (1887, 19 Q. B. D. 647), where the driver of a trolly had also to load and unload it. Under the present Act the further difficulty arises as to whether the man is "mainly" engaged in manual labour (see also *Cook* v. *North Metropolitan Tramways Co.*, 1887, 18 Q. B. D. 683 (**tramway conductor**), contrasted with *Smith* v. *Associated Omnibus Co., Ltd.*, [1907] 1 K. B. 916 (**motor bus driver**)).

Chemist.—In *Bagnal* v. *Levenstein* (23 T. L. R. 165) held not to be a workman for the purpose of the Workmen's Compensation Act, 1897.

A hairdresser is not engaged in manual labour under the Act of 1875 (*Reg.* v. *Louth Justices*, 1900, 2 Ir. R. 714).

Foreman "is not ordinarily engaged in manual labour" (*Osborne* v. *Jackson*, 1883, 11 Q. B. D. 619).

Chief steward on board ship (*Skailes* v. *Blue Anchor Line*, [1910] 1 K. B. 360) is not engaged in manual labour.

"Practical working mechanic," engaged for his skill to assist the firm in developing ideas, is not engaged in "*manual labour*" under the Act of 1875 (*Jackson* v. *Hill & Co.*, 1884, 13 Q. B. D. 618), and it is submitted would not be included under Part II. of this Act, though he might not be excluded from Part I. if he had more than £160 a year.

Night Watchman and Office Cleaner.—Not engaged in manual work under the Act of 1875 (*Anderson* v. *Duncan & Co.*, 1906, 14 S. L. T. 575).

Subcontractor (*Vamplew* v. *Parkgate Iron and Steel Co., Ltd.*, [1903] 1 K. B. 851).—In this case a man contracted to break steel and cinders at **so much per ton.** He employed men under him, but did manual labour himself as well, and his average weekly earnings were £4. It was held that he was not a "workman" within the meaning of section 7 of the Workmen's Compensation Act, 1897. If that is correct he would be excluded from the definition above (section 107) because he has not **"entered into a contract of**

service" (see also *M'Gregor* v. *Dancken*, 1899, 1 F. 536; *Boyd* v. *Doharty*, 1909, S. C. 87 (stonebreaker); *Chisolm* v. *Walker & Co.*, 1909, S. C. 31; and notes to Schedule I., Part I.). SECT. 107 (1).

Mine manager doing no manual labour would not come under Part II. If his salary was over £160 a year he would not come under Part I. He is not a workman for the purposes of the Workmen's Compensation Act, 1897 (*Simpson* v. *Ebbw Vale Steel, Iron, and Coal Co., Ltd.*, [1905] 1 K. B. 453).

Does not Include an Indentured Apprentice.—This exception was hardly necessary, as a contract of apprenticeship is not a contract of service, but it is put in for greater safety.

Contract of Service.—To be a "workman" under Part II. a man must be under a "contract of service." See notes to Schedule I., Part I. (*a*), *infra*, p. 366.

Workman's Contributions Paid by Employer.

Contributions made by an employer on behalf of a workman shall be deemed to be contributions by the workman;

See sections 85, 94, 95, 96, 98, 99, 101.

"Continuously Unemployed."

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;

See section 86 (2), *supra*, p. 312, and notes thereon.

Distress Committee Work not "Employment."

Sect. 107 (1). Temporary work provided by a central body or distress committee under the Unemployed Workmen Act, 1905, or towards the provision of which any such central body or distress committee has contributed under that Act, shall not be deemed to be employment in an insured trade;

If the relief works conducted by a distress committee are of the nature of an insured trade they would, but for this clause, require to insure the men employed. The clause exempts them, and under the next clause, therefore, such employment would not bar a man from unemployment benefit even although he were working in an insured trade, and the distress committee do not pay contributions.

"Unemployed."

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.

This clause makes it clear that a man cannot claim any unemployment benefit for any period when he has any remunerative work in any insured trade, however low the remuneration may be, but by inference it seems to imply that a man out of work in his own insured trade may do any work outside of the insured trades and still claim benefit at 7s. (assuming that is the rate fixed for the time being) a week so long as he does not earn more than 7s. a week himself.

"Employed."

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. SECT. 107 (1).

See notes to section 94 (1) *supra*, p. 329.

N.B.—During such period the man would not be entitled to benefit. He is not "unemployed," but he will not require to pay contributions.

"TRADE DISPUTE."

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.

"Dispute . . . Connected with the Employment . . . of any Persons."—Trade dispute therefore covers a sympathetic strike or lock-out, and is not limited to disputes about the conditions of employment of the men in their own factory. It does not, however, affect unemployment caused in one factory indirectly through a strike in another factory or industry, *e.g.* unemployment in an engineering shop caused by a coal strike cutting off the supply of fuel (see section 87 (1), *supra*, p. 314, and notes thereon). Persons so unemployed would therefore be entitled to claim benefit.

"INSURED TRADE."

(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. SECT. 107 (2).

This subsection should be read along with sections 97 and 104, which exclude agriculturists occasionally employed in insured trades and persons engaged in subsidiary occupations respectively.

The kind of case contemplated in this subsection is that of an

SECT. 107 (2). employer who, incidentally to some other business, employs directly men whose ordinary trade is an insured trade; *e.g.* a baker employs bricklayers, etc., to build an oven.

A farmer employs masons, etc., to build an outhouse. If the baker or farmer is the employer he must pay the contributions; if he contracts with a master builder the latter is the employer within the meaning of the Act.

See notes on Schedule VI. "The umpire" is declared to be the final authority on whether any trade is an "insured trade" (section 101 (6)).

APPLICATION TO EMPLOYEES OF THE CROWN.

SECT. 107 (3). (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.

It is to be observed that the Crown can alter this Part of the Act by Order in Council *quoad* men in its employment.

EXEMPTION OF PERSONS PROVIDED FOR.

SECT. 107 (4). (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.

This is a purely discretionary exemption in the hands of the Board of Trade. It deals not with the "trade" but with the particular men employed. They are to be held **"not to be workmen."**

They remain, however, "employed contributors" under Part I. No special provision is made for how any such order by the Board of Trade is to be interpreted. It does not come within the jurisdiction of "the umpire" (section 101 (6), *supra*). If any dispute arises it will require to be raised by the employer or workman refusing to pay contributions and so bringing on proceedings under section 101 (2) or (4). SECT. 107 (4).

PART III.

GENERAL.

Issue of Stamps.

Sect. 108. **108.** Stamps required for the purposes of this Act shall be prepared and issued in such manner as the Commissioners of Inland Revenue, with the consent of the Treasury, may direct, and the said Commissioners may, by regulations in accordance with the provisions of Part I. of this Act relating to regulations by the Insurance Commissioners, provide for applying, with the necessary adaptations, as respects such stamps, all or any of the provisions (including penal provisions) of the Stamp Duties Management Act, 1891, as amended by any subsequent Act, and section sixty-five of the Post Office Act, 1908, and may with the consent of the Postmaster-General provide for the sale of such stamps through the Post Office.

Under the Stamp Duties Management Act, 1891 (54 & 58 Vict. c. 38), regulations will require to be issued by the Insurance Commissioners (section 7, *supra*, p. 49); by the Board of Trade (section 85 (5) (*a*), *supra*, p. 310). The Commissioners of Inland Revenue are to prepare and issue the stamps, and the Postmaster-General is to consent to the arrangements.

In Accordance with the Provisions of Part I.—See section 65, *supra*, p. 254. Post Office Act, 1908 (8 Edw. VII. c. 48), section 65, deals with penalties for issuing fictitious stamps.

Benefits under Five Shillings not to Affect Outdoor Relief.

Sect. 109. **109.** In granting outdoor relief to a person in receipt of or entitled to receive any benefit under this Act, a board of

guardians shall not take into consideration any such benefit, except so far as such benefit exceeds five shillings a week. SECT. 109.

CONTRIBUTIONS TO BE PREFERENTIAL DEBTS IN BANKRUPTCY, ETC.

110.—(1) There shall be included among the debts which, under section one of the Preferential Payments in Bankruptcy Act, 1888, and section two hundred and nine of the Companies (Consolidation) Act, 1908, are, in the distribution of the property of a bankrupt and in the distribution of the assets of a company being wound up, to be paid in priority to all other debts, all contributions payable under this Act by the bankrupt or the company in respect of employed contributors or workmen in an insured trade during the four months before the date of the receiving order, or, as the case may be, the commencement of the winding up or the winding-up order, and those Acts shall have effect accordingly, and formal proof of the debts to which priority is given under this section shall not be required except in cases where it may otherwise be provided by rules made under the Bankruptcy Act, 1883, or the Companies (Consolidation) Act, 1908. SECT. 110 (1).

(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. SECT. 110 (2).

(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. SECT. 110 (3).

Companies (Consolidation) Act, 1908 (8 Edw. VII. c. 69), section 209. The preferential debts there enumerated are rates, taxes, and wages. By subsection (3) these debts are to "be discharged forthwith," subject, however, to retention of sufficient

SECT. 110 (3). to cover **the expenses of the winding up**. The debts are to rank *inter se pari passu* (subsection (2)). These debts take precedence of landlord's hypothec (subsection (4)).

APPLICATION OF THIS SECTION TO SCOTLAND.

SECT. 110 (4). (4) In the application of this section to Scotland, a reference to section three of the Bankruptcy (Scotland) Act, 1875, and the respective dates therein mentioned shall be substituted for the reference to section one of the Preferential Payments in Bankruptcy Act, 1888, and the date of the receiving order; and an Act of Sederunt under the Bankruptcy Amendment (Scotland) Act, 1856, shall be substituted for rules under the Bankruptcy Act, 1883.

Bankruptcy (Scotland) Act, 1875, Section 3.—" . . . Wages of clerks and shopmen and servants employed by the bankrupt shall be entitled to the same privilege as the wages of domestic servants to an extent not exceeding four months' wages prior to the date of sequestration, . . . not exceeding the sum of fifty pounds; and wages of workmen . . . similarly . . . to an extent not exceeding two months' wages . . ."

APPLICATION TO IRELAND.

SECT. 110 (5). (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 not Assignable.

111. Every assignment of, or charge on, and every agreement to assign or charge, any of the benefits conferred by this Act shall be void, and, on the bankruptcy of any person entitled to any such benefit, the benefit shall not pass to any trustee or other person acting on behalf of his creditors. Sect. 111.

Powers of Inspectors.

112.—(1) An inspector appointed under this Act shall, for the purposes of the execution of this Act, have power to do all or any of the following things, namely:— Sect. 112 (1).

(*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.

Appointment of Inspectors (under Part I., see section 57 (3), *supra*, p. 226; under Part II., see section 89 (2), *supra*, p. 319).—

SECT. 112 (1). By section 57 (5) inspectors under Part I. may be given the powers of inspectors under the Friendly Societies Act, 1896, section 76.

See also powers of "competent person" appointed to make inquiries (section 63 (5), *supra*, p. 248).

"Such other Powers as may be Necessary."—There is nothing to show who is to decide what is "necessary." This would fall under the general power of the Commissioners under section 65, *supra*, p. 226, and the Board of Trade under section 91, *supra*, p. 321, to make regulations. Whether such regulations were *ultra vires* could only be tested by someone refusing to obey and defending himself in the subsequent criminal proceedings under subsection (3), *infra*.

Such other powers must be construed with reference to the foregoing paragraphs; no alleged necessity could make it legal in view of paragraph (*a*) for an inspector to demand admission to a private house.

INFORMATION TO BE GIVEN TO INSPECTORS.

SECT. 112 (2). (2) The occupier of any such premises or place and any other person employing any employed contributor or workman in an insured trade, and the servants and agents of any such occupier or other person, and any employed contributor or workman in an insured trade shall furnish to any inspector all such information and shall produce for inspection all such registers, books, cards, and other documents as the inspector may reasonably require.

Such Premises.—Other than a dwelling-house (section (*a*), *supra*).

May Reasonably Require.—Unreasonableness would be a good defence to a prosecution under subsection (3), *infra*, for failing to give information.

PROSECUTIONS FOR OBSTRUCTING INSURANCE INSPECTORS.

SECT. 112 (3). (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: SECT. 112 (3).

Provided that no one shall be required under this section to answer any question or give any evidence tending to incriminate himself.

OTHER GOVERNMENT DEPARTMENTS.

(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. SECT. 112 (4).

This applies to **Government inspectors** entitled to inspect **premises** or **places**, and includes Home Office and Board of Trade inspectors.

INSPECTORS TO CARRY CERTIFICATES OF APPOINTMENT.

(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. SECT. 112 (5).

The certificate under Part I. must be sealed by the Insurance Commissioners (section 57 (4), *supra*, p. 227). The Board of Trade will grant certificates under Part II., section 89, *supra*, p. 319.

Procedure as to Special Orders.

Sect. 113 (1). **113.**—(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 Act.

Sect. 113 (2). (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.

Special Orders.—See list of powers and duties of Insurance Commissioners, *supra*, p. 18 (Schedule IX., see *infra*, p. 406).

Provision for Issue of Birth Certificates.

Sect. 114. **114.** Where, for the purposes of this Act, the age of any person is required to be proved by the production of a certificate of birth, any person shall, on presenting a written requisition in such form and containing such particulars as may be from time to time prescribed by the Local Government Board for England, Scotland, or Ireland, as the case may be, and, on payment of a fee of six pence, be entitled to obtain a certified copy of the entry of the birth of that person in the birth register, under the hand of the registrar or superintendent registrar having the custody thereof, and forms for such requisition shall on request be supplied without any charge by every registrar of births and deaths and by every superintendent registrar.

SHORT TITLE AND COMMENCEMENT.

115. This Act may be cited as the National Insurance Act, 1911, and shall, save as otherwise expressly provided by this Act, come into operation on the fifteenth day of July nineteen hundred and twelve: SECT. 115.

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.

SCHED. I. PT. I. (*a*).

(*a*) Employment in the United Kingdom under any contract of service or apprenticeship, written or oral, whether expressed or implied, and whether the employed person is paid by the employer or some other person, and whether under one or more employers, and whether paid by time or by the piece or partly by time and partly by the piece, or otherwise, or, except in the case of a contract of apprenticeship, without any money payment.

Employment **in the United Kingdom** does not include the Channel Islands and the Isle of Man (see section 18 (1) of the Interpretation Act, 1889).

It includes aliens as well as British subjects (section 1 (2), *supra*, p. 37) working in the United Kingdom subject to limitation of benefits (section 45, *supra*, p. 164), but any contributor when out of the United Kingdom, even though temporarily employed by an employer in the United Kingdom, ceases to be an "employed contributor;" he will then be falling into arrears every week while he is away unless he pays up the whole contribution of 7d. (in case of women 6d.) each week.

While abroad benefits will not be payable except to members of approved societies in receipt of sickness or disablement benefit when they went abroad. Their society *may* continue such benefit (section 8 (4), *supra*, p. 55).

Sailors Aboard British Ships (see section 48, *supra*, p. 194).

Navy and Army Serving Abroad (see section 46, *supra*, p. 167). SCHED. I. Pt. I. (*a*).

Emigration (see sections 32, 33, and 42 (*g*)).

Contract of Service or Apprenticeship (Fraser, *Master and Servant*, 3rd ed., 1881, p. 3).—"The definition of a servant, according to modern law, is a person who ultroneously agrees to give his services to another for a determinate time and an ascertained hire, and who may get rid of the contract by paying damages." Sir Frederick Pollock in *The Law of Torts*, 5th ed., p. 75, says: "A master is one who not only prescribes to the workman the end of his work, but directs or at any moment may direct the means also, or, as it has been put, 'retains the power of controlling the work' (Crompton, J., in *Sadler* v. *Henlock*, 4 E. & B. 570, at p. 578), and he who does work on those terms is a servant."

In a leading English text-book (Macdonell on *The Law of Master and Servant*, 2nd ed., 1908, p. 7) the following definition is adopted:—"A servant is one who for consideration agrees to work subject to the orders of another."

There must, for the purposes of this Act, be a contract. It is submitted that there must be remuneration in some form, though it need not necessarily be money. In England a contract without consideration is not enforceable and not really a contract; in Scotland it might be a contract but would not be a contract of service. For discussion on meaning of "contract of service" see judgments in *Simmons* v. *Heath Laundry Co.* ([1910] 1 K. B. 543). The practical difficulty in applying this Act will be to distinguish a "servant" from a "contractor," and to distinguish service from agency, and to determine who in each particular case is the employer.

The definition in this paragraph should be compared with definitions of "workman" in Employers and Workmen Act, 1875, section 10; the Workmen's Compensation Act, 1897, section 7 (1); and the Workmen's Compensation Act, 1906, section 13. See notes on the definition of "workman," section 107, *supra*, pp. 350-353.

Of these three the definition in the Act of 1906, section 13, is nearest to the present definition, viz. "any person who has entered into, or works under, a contract of service or apprenticeship with an employer, whether by way of manual labour, clerical work, or otherwise, and whether the contract is expressed or implied, is oral or in writing."

In the present case "**employment**" is the essential thing, therefore a contract for employment would not bring the parties within the

SCHED. I. PT. I. (a).

Act until actual service has commenced. To that extent the definition may be narrower than that of the 1906 Act. The introduction of the words, "one or more employers," and the words, "by time or by the piece, . . ." have probably widened the scope of the definition. The result is, however, that every actual employment of a workman within the meaning of the Act of 1906 will bring him within this Act and possibly a few more employments. Decisions of the Courts under the Act of 1906 are therefore very valuable. Decisions under the Act of 1897 are not so useful because there the employment is by "contract of service . . . or otherwise," which is wider than the present definition. Decisions under the Acts of 1875 and 1880 must be accepted with caution because section 10 of the Act of 1875 refers to contracts of service "or a contract personally to execute any work or labour." These words make any contractor or subcontractor who works personally at the job to be executed a "workman," but as the words are not included in this Act it may be assumed that a man who is a contractor and not a servant is not included even though he works with his hands. [See however **Subcontractors,** Schedule III. (6), *infra*, p. 389.]

In *Cameron* v. *Nystrom* ([1893] A. C. 308), **stevedore's servants** held not to be in the employment of the vessel they were unloading. The Lord Chancellor (Halsbury), at p. 312 : "The relation of stevedore to shipowner is a well-known relation, . . . in no way putting the servants of the stevedore so completely under the control and at the disposition of the master as to make them the servants of the shipowner who neither *pays* them, nor *selects* them, nor could *discharge* them, nor stands in any other relation to them than this that they are the servants of a contractor employed on behalf of the ship to do a particular work."

Contrast with this *Ruth* v. *Surrey Commercial Dock Co.* (1891, 8 T. L. R. 116), where a dock company were held to have kept sufficient control over certain **labourers employed by subcontractors** to make themselves the employers so as to be liable for their negligence in injuring a third party.

Examples under the Workmen's Compensation Act, 1906.

Persons employed in a labour yard by a charitable agency have no contract of service (Court of Appeal, *Burns* v. *Manchester and Salford, etc., Mission*, 1908, 125 L. T. J. 336; 1 B. W. C. C. (N. S.) 305. See, however, *Macgillivray* v. *Northern Counties Institute*

for the Blind, 1911, 48 S. L. R. 429 (blind asylum), and section 12, *supra*, p. 77 (inmates of charitable institutions)).

Ship's captain paid by share of profits who paid the sailors' wages held not to have a contract of service with the owners (*Hughes* v. *Postlethwaite*, 1910, 4 B. W. C. C. (N. S.), 105. See also *Boon* v. *Quance*, 1909, 102 L. T. 443. See also Part II. (*k*) of this schedule, *Carswell* v. *Elderslie Steamship Co., Ltd.*, 1909, S. C. 1259).

Professional football player is under a contract of service (*Walker* v. *Crystal Palace Football Club, Ltd.*, 1909, 3 B. W. C. C. (N. S.), 53).

As the question of control determines who is the employer, so also it determines whether the relationship is one of master and servant or client and independent contractor.

In *Marrow* v. *Flimby and Broughton Moor Coal Co.* ([1898] 2 Q. B. 588) a man who undertook to sink a mine shaft at a rate per foot, and who employed and paid his own assistants, was not under a contract of service, although he was himself engaged in manual labour (see also *Fitzpatrick* v. *Evans & Co.*, [1902] 1 K. B. 505).

Under the present statute the mere fact that C. is paid by A. does not necessarily prevent his being the servant of B., if in fact B. has delegated to A. the duty of employing C. to do his (A.'s) work (see *Morrison* v. *William Baird & Co.*, 1882, 10 R. 271).

Quarrymen excavating surface earth at piece rates were held to be independent contractors (*Hayden* v. *Dick*, 1902, 5 F. 150. See also *Vamplew* v. *Parkgate Iron and Steel Co.*, [1903] 1 K. B. 851, and contrast this with *Paterson* v. *Lockhart*, 1905, 7 F. 954, where an estate quarryman was paid a daily wage).

Under the Workmen's Compensation Act, 1906, section 4, provision is made for sub-contracting, so that the principal is made the employer for the purpose of that Act of men who are really employed by the subcontractor. The position in similar cases under this Act cannot, however, be determined until the regulations to be prepared by the Insurance Commissioners (in consultation with the Joint Committee, *infra*, p. 410) under Schedule III. (6) are issued. These regulations may have the result of making the employer liable for contributions practically the same as the "undertaker" under the Act of 1906.

See case of *Skates* v. *Jones & Co.* ([1910] 2 K. B. 903), which is a case on "undertaker" where doubt existed as to who was responsible under the Workmen's Compensation Act, but there could be no doubt under the Insurance Act. See also *Zugg* v.

SCHED. I. PT. I. (*a*).

J. & J. Cunningham, Ltd. (1908, S. C. 827), where it was held that chemical manufacturers, who employed a contractor to tar the outside of tanks were not the "undertakers"; and *Spiers* v. *Elderslie Steamship Co., Ltd.* (1909, S. C. 1259), where a shipping company contracted with A. for cleaning out boilers of their ships, A. was held to be the employer of the boiler cleaners actually doing the work.

Contract to Fell Timber (*Marks* v. *Caine*, [1909] 2 K. B. 516).—A timber merchant contracted with a man to fell and carry away certain growing timber. The man employed his son to help him; that did not make the son the servant of the timber merchant.

Workman or independent contractor; man employed to fix enamel letters on windows canvassed for orders and partly paid by results. Held to be engaged in a contract of service (*Burnham* v. *Taylor*, 1910, S. C. 705).

Platers and "helpers" in shipbuilding yards held to be workmen under the Workmen's Compensation Act, 1897 (*M'Cready* v. *Dunlop & Co.*, 1900, 2 F. 1027). "Platers' helpers" would of course be "workmen," the only question would be whether the plater or the shipbuilder is the employer (Schedule III. (6)).

A partner doing partnership work cannot be under a contract of service with the firm to which he belongs (*Ellis* v. *John Ellis & Co.*, [1905] 1 K. B. 324).

Who is the employer? is a question of control. Case where the owner of a ship who engaged and had power to dismiss the crew was the employer (under the Act of 1906), not a man to whom he chartered the ship with the crew (*Mackinnon* v. *Miller*, 1909, S. C. 373). See also *Gibson & Co.* v. *Gorman* (1910, S. C. 317), where a trimmer belonging to a squad coaling a ship was held to be in the employment of the agents for the ship at Leith, not the owners nor the Leith Dock Commission.

MASTERS AND SEAMEN ON BRITISH SHIPS.

SCHED. I. PT. I. (*b*).

(*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. SCHED. I. Pt. I. (*b*).

For special scheme of insurance for the Navy and Mercantile Marine see sections 46, *supra*, p. 167, and 48, *supra*, p. 194, respectively.

Such a Contract as Aforesaid, viz. in subsection (*a*).—For formalities of engagement of seamen see Merchant Shipping Act, 1894.

Master or Member of the Crew (see corresponding definition in Workmen's Compensation Act, 1906, section 7 (1)).—Members of the crew will almost always be on a "contract of service" unless really partners, *e.g.* fishermen (see Part II. (*k*) of this schedule, *infra*, p. 381). "Member of the crew" is practically the same as "seaman" under the Merchant Shipping Act, 1894, section 742, which provides:—"Seaman includes every person (except masters, pilots, and apprentices duly indentured and registered) employed or engaged in any capacity on board any ship." The master is more often a partner (see cases quoted under subsection (*a*), and also *Carswell* v. *Sharpe*, 47 S. L. R. 335; *Jamieson* v. *Clark*, 46 S. L. R. 73). He is defined in section 742 of the Merchant Shipping Act, 1894, as "every person (except a pilot) having command or charge of any ship." **A pilot** is specially brought in by the Workmen's Compensation Act, 1906, section 17 (3). He is neither a "master" nor a "member of the crew." The Act of 1894, section 742, defines him as "any person not belonging to a ship who has the conduct thereof." If outside the three-mile limit he is not in "employment within the United Kingdom." So long as he is employed within British territorial waters he will be "an employed person" within the meaning of this Act, and is compulsorily included. This subsection is only necessary to bring seamen within the Act who are employed outside of British territorial waters or in foreign waters. Though the employment of a pilot might be regarded as casual labour, being employed for the purpose of the business of the shipowner he would be included (see Part II. (*h*), *infra*).

"Ship Registered in the United Kingdom or any other British Ship. . . ."—The provision is limited to British ships or vessels, except in the possible case of a ship not really British which has been wrongly registered as such. Every British ship (except His Majesty's ships) must be registered (Merchant Shipping Act, 1894, sections 2 and 3), except "ships not exceeding fifteen tons'

SCHED. I. PT. I. (*b*).

burden employed solely in navigation on the rivers or coasts of the United Kingdom or of some British possession within which the managing owners are resident; and (2) certain fishing vessels employed in the coasting trade in Newfoundland."

Ship under the Act of 1894, section 742, means "every description of vessel used in navigation not propelled by oars." A person employed on a rowing boat would always be within territorial waters, and therefore employed in the United Kingdom, so that the clause in this schedule covers practically every employment at sea in a British vessel whose owner or managing owner resides in the United Kingdom, even although registered in and under the flag of a foreign country. (See, however, the exception of certain fishermen who may be excluded by special order, Part II. (*k*) of this schedule, *infra*, p. 381.) Questions arise as to "**what is a ship**" under the Merchant Shipping Act, 1894, but these questions mostly arise in connection with floating vessels not usually called ships or not used for navigation; no question need arise as to these except in rare cases when such things go outside territorial waters.

Managing owner or manager is the person who controls the ship as a business undertaking; his "**principal place of business**" is the office from which control is exercised. **Resides** (see notes to section 80 (2), *supra*, p. 277).

A foreigner residing or having his principal place of business in the United Kingdom and from there controlling a foreign ship worked by British sailors would not be liable while they were on the high seas, but would be liable when they were within British territorial waters, as they would then be engaged on a "contract of service" within the United Kingdom.

OUTWORKERS.

SCHED. I. PT. I. (*c*).

(*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

* In consultation with the Joint Committee, *infra*, p. 416.

SCHED. I. Pt. I. (*c*).

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.

Outworkers.—The definition in parenthesis is taken bodily, with the addition of the words, "for the purposes of the trade or business of the last-mentioned person," from the Workmen's Compensation Act, 1906, section 13. Outworkers are excluded from that Act. In this Act they are excluded if not employed for the purpose of the employer's trade or business, *e.g.* washerwomen, jobbing tailors, dressmakers, or seamstresses (see also Casual Labour, Part II. (*h*) of this schedule, *infra*, p. 379), but any such outworkers may be excluded by special order of the Commissioners, and some classes are excluded unless brought in by special order (see Part II. (*i*) of this schedule, *infra*, p. 380). Procedure for special order (section 113, *supra*, p. 364).

The Person to Whom he Gave Them.—The person giving out work is not responsible for any person to whom it may be handed on.

Contributions.—Special regulations are to be made as to payment of contributions for and by outworkers (see Schedule III. (10), *infra*, p. 392).

Ireland.—Outworkers are excluded if their earnings are not their principal means of livelihood (section 81 (4), *supra*, p. 293).

CAB-DRIVERS, ETC.

SCHED. I. Pt. I. (*d*).

(*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.

This paragraph is introduced to meet the decisions in which persons in the position described have been held not to be under

SCHED. I. PT. I. (*d*). "a contract of service," of which the most recent are *Doggett* v. *Waterloo Taxi Cab Co.* ([1910] 2 K. B. 336), and *Smith* v. *General Motor Cab Co.* ((H. L.) 27 T. L. R. 370), and makes it clear that cab-drivers, boatmen, etc., who hire their vehicle from the owner and keep all they receive, or who take the vehicle on a basis or share either in earnings or profits (viz. **or otherwise**) are to be compulsorily insured, and the owner is to be the employer. This section would not apply to a part owner who is really a partner. A case on the line would be that of the captain of a river or loch steamer owning a small share but paid by a share of profits or earnings in excess of the proportion he owned. Such a man would be within the section, and the other owner or owners would be the employers for the purpose of the Act.

SCHED. I. PT. II.

SCHEDULE I.—PART II.

EXCEPTIONS.

The employments detailed in subsections (*a*) to (*h*) and (*j*) and (*l*) are excluded from compulsory insurance unless they are brought in by special order of the Joint Committee.

See sections 1 (2), 113, *supra*, pp. 37 and 364, and Treasury Regulations, *infra*, p. 415.

Those in subsections (*i*) and (*k*) may be excluded by special order, but in the absence of any special order are included; but there is nothing to prevent any person so excluded (whose income from all sources does not exceed £160 a year) becoming voluntary contributors in virtue of section 1 (3), *supra*, p. 38 (*q.v.*).

ARMY AND NAVY.

SCHED. I. PT. II. (*a*). (*a*) Employment in the naval or military service of the Crown, including service in Officers' Training Corps, except as otherwise provided in Part I. of this Act.

Otherwise Provided (see section 46, *supra*, p. 167).—The Officers' Training Corps is altogether excluded.

EMPLOYEES OF CROWN AND PUBLIC AUTHORITIES.

(*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. SCHED. I. Pt. II. (*b*).

Crown Servants.—For provision as to these not exempted see section 53, *supra*, p. 213.

The Certificate.—The certificate itself is granted in the exercise of an administrative function and is final, but an appeal would lie (under section 66, *supra*, p. 255) to the law Courts against a decision of the Insurance Commissioners as to whether a particular employment was or was not covered by the certificate.

Benefits.—"Sickness and disablement." These words should be taken in their ordinary sense, and therefore in considering the position of the employees in question the Insurance Commissioners are not limited to comparing the provision made with "sickness and disablement benefit," but the whole provision for sickness and disablement, including medical attendance and sanatorium benefit.

CLERKS AND OTHER SALARIED OFFICIALS OF COMPANIES.

(*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 SCHED. I. Pt. II. (*c*).

* In consultation with the Joint Committee, *infra*, p. 418.

† In consultation with Joint Committee on actuarial matters only.

SCHED. I. PT. II. (c). 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.

Benefits.—See note on subsection (*b*), *supra*. The words here are slightly different from those in the preceding paragraph, as the expression "the corresponding benefits" is used, but that refers equally to treatment when sick as to sick pay. The point is that a superannuation allowance is not to be regarded as an adequate substitute for medical, sanatorium, and sickness benefit, though it might be for disablement benefit in the sense of pension for permanent incapacity.

Salaried Official.—To be distinguished from persons paid by wages. Presumably refers to people engaged by the year even if paid monthly, and who as a general rule in practice are paid their salary during sickness or holiday, and do not get any extra pay for overtime.

Statutory company does not mean any company registered under the Companies Act, but must be incorporated by special statute.

ELEMENTARY SCHOOL TEACHERS.

SCHED. I. PT. II. (d). (*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.

There is no provision allowing the Commissioners or the Joint Committee to say whether or not the provision made for teachers under these statutes are as good as the scheme of the Act, but under their general powers the Joint Committee may bring them into the Act (section 1 (2)). Special provision for a person who is "insured" before becoming a teacher, see section 52, *supra*, p. 212.

Agents Employed by Several Employers or mainly Engaged in Other Business.

(*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. Sched. I. Pt. II. (*e*).

This paragraph excludes agents "paid by commission or fees or a share in the profits, etc.," **unless** they are **mainly dependent on one employer.** It does not necessarily follow that an agent so paid will come under the Act. No one comes under the Act unless he is under a "contract of service."

The contract of service is the antithesis of true agency, and a person who is called an "agent" will only come within Part I. (*a*) of this schedule and therefore within the Act if there is that "element of control" which is essential to the contract of "service" (see notes to Part I. (*a*) of this schedule, *supra*, p. 367).

A person who is paid a weekly salary to get orders or, even if paid by commission, who may be ordered by his principal to call upon particular people or at particular places would appear to be under such control as to constitute a contract of service; but "a person who is employed to get orders and receive money, but who is at liberty to get those orders and receive that money where and when he thinks proper, is not a clerk or servant within the meaning of the statute, . . ." viz. the Larceny Act, 1861 (24 & 25 Vict. c. 96), section 68, "Whosoever being *a clerk or servant* . . . shall fraudulently embezzle . . . etc." The person so described would not come under this Act.

A "traveller" in the commercial sense of the word would usually be employed in a "contract of service," and therefore if his "remuneration" was less than £160 a year would be included under the Act because his movements are directed by his employer. An "agent" as contrasted with a "traveller" is one who by contract has the right to secure orders for some particular manufacturer or

SCHED. I. PT. II. (e). trader in a particular area of country, but whose movements are not subject to the control of his principal, and who may take what method or spend what time he chooses on the business. Such a person would not be within the Act.

EMPLOYMENT WITHOUT WAGES.

SCHED. I. PT. II. (f). (*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.

Agricultural Holding.—All work done for no money payment on an agricultural holding, whether by the child of the employer or anyone else, is excluded from the Act.

Child.—There is no limitation of age. The requirements of the exemption are (1) that the employer should be the parent of the person employed; (2) that no wages or money payment should pass.

The money payment must be paid as matter of contract and as payment for services. Mere occasional grants of pocket-money given by a father to a son or daughter working for him would not bring him within the Act.

The exception of "children" is not limited to agricultural holders, but applies to any employment whatever.

Maintained by.—This extends the exception to any other person actually maintained, *e.g.* parents or grandparents or other relatives. It is difficult to conceive of a person who is "employed" for no wages and yet is not maintained. The case of paupers boarded out has been suggested, but there would be no "contract of service" with the person in whose house they are boarded. Pauper children are not boarded out over sixteen years of age.

PERSONS EARNING OVER £160 A YEAR.

SCHED. I. PT. II. (g). (*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. SCHED. I. Pt. II. (*g*).

Manual Labour (see notes and cases quoted in section 107, "Workman," *supra*).

Remuneration exceeding £160 a year. Remuneration includes board and lodging (*Dothie* v. *MacAndrew*, [1908] 1 K. B. 803). See Workmen's Compensation Act, 1906, section 13, definition of "workman" (*Skailes* v. *Blue Anchor Line, Ltd.*, [1911] 1 K. B. 360; see section 4 (1), *supra*, p. 43, and section 47, *supra*, p. 184).

In the Opinion of the Insurance Commissioners.—Is their decision final? It is submitted that in this case there can be no appeal against the Commissioners under section 66 as to whether "remuneration" exceeds the rate of £160 a year, but on the decision of What is Manual Labour? will depend whether or not a man is an insured person, and therefore will be subject to appeal by stated case under section 66, *supra*, p. 255.

CASUAL LABOUR.

(*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. SCHED. I. Pt. II. (*h*).

Engaged or Paid through a Club.—This is intended to apply to golf caddies. It will apply to them only in cases where they are licensed by the club officials and draw their pay from them. Caddies on public links, being engaged direct by the players (being amateurs), will be casual labourers not employed for the purposes of the employer's trade or business, and will be exempt, but a **professional** who takes a caddie must pay insurance tax for him; as to cases of persons employed by a series of persons in one week see Schedule III. (5), *infra*, p. 388.

The club shall be deemed to be the employer, and must make its own arrangements as to how the tax is to be paid.

For the Purposes of the Employer's Trade or Business.—Casual labour so employed does come within the Act, and the

SCHED. I. Pt. II. (*h*).

method of collecting contributions is to be dealt with under Schedule III. (5). Casual labour employed by householders is not included.

Window cleaners (*Hill* v. *Begg*, [1908] 2 K. B. 802). It makes no difference that the house is the house of a doctor, and therefore partly used for business (*Rennie* v. *Reid*, 1908, S. C. 1051). Lord Low, at p. 1053: "To say that a window cleaner who cleans the windows of a doctor's house, among them being the windows of his surgery or consulting-room, is employed for the purposes of the doctor's trade or business is straining the language of the Act beyond all sense or reason." The definition here is taken out of the Workmen's Compensation Act, 1906, section 13.

Farm labourer working casually for different farmers was "lent" to a neighbour. Held that while lent he ceased to have a contract of service with his original employer (*Boswell* v. *Gilbert*, 1909, 2 B. W. C. C. (N. S.), 251).

Charwomen employed regularly are not engaged in casual employment (*Dewhurst* v. *Mather*, [1908] 2 K. B. 754).

Carpenter taking Work as Woodman (*M'Carthy* v. *Norcott*, 45 Ir. L. T. R. 17).

Mending roof of business premises is employment for the purposes of the business (*Johnston and Others* v. *Monasterevan General Store Co.*, 1909, 2 Ir. R. 108).

Trade or Business.—Jessel, M.R., in *Smith* v. *Anderson* (15 C. D. 247), at p. 258: "Anything that occupies the time and attention and labour of a man for the purpose of a profit is a business." See decisions on Income Tax Acts, Schedule B., *e.g. Religious Tract Society* v. *Forbes* (1896, 23 R. 390), where it was held that the book-selling department of the society was a business but their colportage department was not.

SUBSIDIARY EMPLOYMENTS.

SCHED. I. Pt. II. (*i*).

(*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.

Special Orders (see section 113, *supra*, p. 364).—These are to be issued by the Insurance Commissioners in consultation with the Joint Committee (see *infra*, p. 416). An example of the class of employment which may be so excluded would be agricultural

workers taking a day's work as "beaters" at a grouse drive, or town dwellers taking employment for a few days as fruit or hop pickers. But if such people are "employed persons" in their normal occupation the only effect of the exclusion will be to make them fall into arrears or pay the employer's contribution. SCHED. I. Pt. II. (*i*).

OUTWORKERS.

(*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. SCHED. I. Pt. II. (*j*).

This clause is intended to exempt married women who do a little sewing or other home work in their spare time. The question of whether she is "**mainly dependent**" will determine whether she is an "employed person," and is therefore appealable as a point of law on ascertained facts by stated case under section 66. Dependency under the Workmen's Compensation Act, 1906, is held to be a question of fact, not of legal presumptions (*Keeling* v. *New Monckton Collieries, Ltd.*, [1911] A. C. 648; *Briggs* v. *Mitchell*, 1911, S. C. 705), and the argument in favour of that view in this Act is much stronger than under the Workmen's Compensation Act.

For Ireland (see also section 81 (4), *supra*, p. 293).

Payment of Contributions for (see Schedule III. (10), *infra*, p. 392).

FISHERMEN.

(*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. SCHED. I. Pt. II. (*k*).

Special Order.—This exception, like that of subsidiary employments in (*i*), only applies if brought into operation by special order (see section 113). Where the fishermen actually own the boat they

* Jointly with Joint Committee, *infra*, p. 416.

SCHED. I. PT. II. (k). will not be under a contract of service, but partners, therefore they will be excluded except as voluntary contributors (see section 1 (3) and (5), *supra*, pp. 38, 44). Therefore the order can only apply to fishermen working for owners but remunerated by shares, as stated (see *Aberdeen Steam Trawlers* v. *Gill*, 1911, S. C. 328). The owner himself may also be a voluntary contributor if he is working the ship and his total profits do not exceed £160 a year.

HUSBAND OR WIFE WORKING FOR THE OTHER.

(*l*) Employment in the service of the husband or wife of the employed person.

SCHED. II. PT. I.

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 employer	. .	3d. a week.
„ „ contributor	Men	4d. „
	Women	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—

To be paid by the employer	For men	6d. a week.
	„ women	5d. „
„ out of moneys provided by Parliament . . .		1d. „

Where the rate of remuneration exceeds 1s. 6d. but does not exceed 2s. a working day—

To be paid by the employer	For men	5d. a week.
	„ women	4d. „
„ „ contributor . .		1d. „
„ out of moneys provided by Parliament . . .		1d. „

Where the rate of remuneration exceeds 2s. but does not exceed 2s. 6d. a working day—

To be paid by the employer	For men	4d. a week.
	„ women	3d. „
„ „ contributor . .		3d. „

Age (see section 79, *supra*).—A person is "twenty" until the commencement of the twenty-first anniversary of his or her birth.

Twenty-One or Upwards.—Apprentices and others employed under twenty-one pay full contribution however small their remuneration is, but get reduced benefits (Schedule IV., Part I., Table B, *infra*, p. 393).

Remuneration does not mean wages but anything given as a recompense for service (see section 4 (1), *supra*, p. 42, and notes to section 47, *supra*, p. 185).

Board and Lodging.—Persons who get both board and lodging (*e.g.* domestic servants) require to pay the full contributor's share, however small their wages are, but persons who get lodging but not board (*e.g.* farm labourers with a cottage), or board without lodging (*e.g.* domestic servant who comes in for the day and goes home to sleep), do come within the reduced rates if their remuneration does not exceed 2s. 6d. per **working day.**

Rate of Remuneration . . . a Working Day.—The Insur-

SCHED. II. Pt. I.

ance Commissioners will require to find some basis of valuation for "perquisites," including such things as house rent, accommodation aboard ships, meals supplied during work. Having arrived at that basis they are to issue regulations as to how the "remuneration per working day" is to be arrived at (see section 66 (1) (*c*)), and their judgment on these questions is final. There is no provision for breaking up a day so that each day on which a man works is a working day. A man employed for a week of six days will therefore pay at the ordinary rates if his "remuneration" is valued at over 15s. a week. Difficulty arises in the case of **casual labour employed by the hour.** The first employer in the week has to pay his contribution and make the requisite deduction from the employee's wages (see Schedule III. (5)). If the employer is paying him 2s. 6d. or less for the time he has been employed he (the employer) will require to estimate the man's wage for "a working day" in order to determine how much of the 7d. rate may be deducted from the wage paid. But whatever conclusion he arrives at the full 7d. must be paid in respect of the first wages earned that week. *E.g.* A. employs B. (casually) for his trade or business at 9d. an hour for one hour on Monday. If a normal working day for B. was 4 hours A. would deduct 4d. from the 9d. paid and pay 3d. himself, but if B by taking A.'s offer made it impossible to get another job that day B. would maintain that his wage for the working day was 9d., and A. would require to pay 6d. and deduct nothing from the 9d. B.'s society would then be entitled to claim from the Treasury a contribution of 1d. If B. is a deposit contributor he would claim for himself through the Post Office. The procedure for recovering these contributions from the Treasury will be laid down by Treasury regulations. If A. kept B. on for 2 hours the position would be the same; if he kept him 3 hours, A. would deduct 3d. from wages and pay 4d. himself.

Other examples (see notes to Schedule III. (7), *infra*).

SCHED. II. Pt. II.

PART II.

Employed Rate in Ireland.

In the case of men . . .	5½d. a week.
„ „ women . . .	4½d. „

Contributions by Employers and Employed Contributors.

To be paid by the employer . . 2½d. a week.

„ „ contributor { Men 3d. „ / Women 2d. „

In the case of employed contributors of either sex of the age of 21 or upwards whose remuneration does not include the provision of board and lodging by their employer, and the rate of whose remuneration does not exceed 2s. 6d. a working day, the following shall be the rates of contribution :—

Where the rate of remuneration does not exceed 1s. 6d. a working day—

To be paid by the employer { For men 4½d. a week. / „ women 3½d. „

„ out of moneys provided by Parliament. . . 1d. „

Where the rate of remuneration exceeds 1s. 6d. but does not exceed 2s. a working day—

To be paid by the employer { For men 4d. a week. / „ women 3d. „

„ „ contributor . . ½d. „

„ out of moneys provided by Parliament. . . 1d. „

Where the rate of remuneration exceeds 2s. but does not exceed 2s. 6d. a working day—

To be paid by the employer { For men 3½d. a week. / „ women 2½d. „

„ „ contributor . . 2d. „

Ireland (see section 81, *supra*, p. 290).

SCHED. III. (1).

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.

Weekly Contribution.—Not necessarily payable weekly (see section 4 (1), *supra*, p. 42, "or other prescribed intervals").

Calendar Week.—Commences on Monday (see note to subsections (5) and (11), *infra*).

No Contribution when no Remuneration . . . and no Services Rendered.—This applies to periods of illness (whether sickness benefit is payable or not), holidays, or unemployment if the contract of service remains in existence. Where in such periods the contract of service has come to an end no question of contributions could arise.

No Further Contribution.—For case of successive employers in one week see subsection (5), *infra*.

Remuneration (see notes on section 47, *supra*, p. 185).—If remuneration is given contributions are payable unless sickness benefit is being paid, except in cases under section 47 (4) (*e*). Under section 10 (4) arrears are not to count owing to failure to pay con-

tributions during periods when but for some provision excluding it an insured person would have been in receipt of sickness benefit (*e.g.* "incapacity" due to accident to which workmen's compensation applies (section 11)). This does not relieve the employer, and through him the insured person, from the liability to pay contributions if the contract of service persists, and "remuneration" continues even if only "house-room," *e.g.* a gardener or other agricultural servant off work through accident, and receiving workmen's compensation, and also remaining in the house and receiving perquisites which form part of his remuneration. While arrears would not run against him if contributions were not paid, yet his employer must pay contributions (because he is not in receipt of sickness benefit), and by subsection (7), *infra*, he is precluded from recovering them from the servant if he is not paying money wages. The result is that the employer in such a case must pay the whole 7d. or 6d., although his servant would suffer no loss if it was not paid. If sickness benefit is payable then the employer need not pay contributions even if he continues giving "full remuneration." SCHED. III. (1).

RECOVERY BY EMPLOYER OF CONTRIBUTOR'S SHARE OF CONTRIBUTION.

(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. SCHED. III. (2).

(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. SCHED. III. (3).

SCHED. III. (2) & (3).

Except as hereinafter Provided (see subsection (5), *infra*).

And not Otherwise.—Therefore if the wages are paid without the deduction being made the employer cannot afterwards recover the contributor's share, because it can only be deducted from the "wages . . . paid in respect of the period . . . in respect of which the contribution is payable."

Except . . . not Receive any Wages . . . from the Employer.—This refers (i) to cases where the insured person receives "pecuniary remuneration" from someone else, *e.g.* **waiters** who earn their whole wages from tips; (ii) cases under Schedule I., Part I. (*d*), *supra*, p. 373, *e.g.* **cabmen, ferrymen,** etc., who hire their vehicle from the owner and pay him a fixed rent or a share of profits or receipts. The "employer," viz. "the owner," is responsible in the first place for paying their contribution, but as he receives and does not pay money he cannot "deduct"; he will require to add 4d. a week to his charges. Subsection (4), *infra*, provides for these cases (*q.v.*); subsection (6) provides for the case where pecuniary remuneration is actually paid by a **subcontractor.**

RECOVERY OF INSURED PERSON'S SHARE BY CIVIL PROCESS.

SCHED. III. (4).

(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.

For cases to which this paragraph applies see notes to subsection (3), *supra*.

Date when the Contribution was Payable.—May not be weekly (see regulations to be issued under section 4 (1), *supra*, p. 42).

CONTRIBUTIONS WHERE MORE THAN ONE EMPLOYER.

SCHED. III. (5).

(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. SCHED. III. 5.

As may be prescribed by the Insurance Commissioners in consultation with the Joint Committee (see *infra*, p. 410). All remarks made below as to liabilities of the "first" employer may be subject to modification when regulations are issued.

Sunday.—For the purpose of this Act Sunday is the last day of the week, not the first (subsection (11), *infra*), therefore in the case of a **church officer** employed on Sunday by a church and during the week by some other person the employer who takes his services on Monday must pay his contribution, not the church.

The First Person Employing Him.—This employer has to decide on which scale, under Schedule II., contributions are to be paid and deductions made (see notes thereon, *supra*, p. 382). If a casual labourer was employed for half an hour on Monday morning at 8d. an hour the employer might be quite justified in holding that his "rate of remuneration" was over 2s. 6d. a day, and would therefore pay him no wages, but put a 7d. stamp on his card or book.

Each employer during the week must satisfy himself that the weekly contribution has been paid, or at least that he is not the first employer that week; if he is the first employer and fails to pay the contribution he makes himself liable to quasi-criminal proceedings under section 69, *supra*, p. 260, and simultaneously to civil proceedings under section 70, *supra*, p. 263. If, however, he can prove that he is not the first employer in the week he will not be responsible for the failure of a previous employer.

The first employer need not necessarily be the one who pays wages first. *E.g.* one can conceive of an employer employing a man every Monday morning and paying him at the end of the week, or even paying him monthly or quarterly; he would still be the person liable for contributions for each week to the exclusion of other employers during each or any week.

SUBCONTRACTORS.

(6) Regulations of the Insurance Commissioners* may provide that in any cases or any classes of cases where employed con- SCHED. III. (6).

* In consultation with the Joint Committee (see *infra*, p. 410).

SCHED. III. (6).

tributors 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 employer's 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.

See notes on Schedule I., Part I. (*a*), *supra*, pp. 367, 368.

General Control and Management.—The test of whether persons are in the employment (for the purposes of this Act) of their immediate employer, viz. the person who engages, pays, and dismisses them, or of a higher authority, depends upon the interpretation of the words, "General Control and Management." The regulations will be applicable to such people as "platers' helpers" in a shipbuilding yard and "drawers" in a mine. They will not, however, affect the test adverted to in considering Schedule I., Part I. (*a*), viz. whether a particular contract is or is not a contract of service. These regulations might bring in the subcontractor's servants and make the "owner, agent, etc.," responsible for them; they cannot, however, bring in the subcontractor himself, and that question is put outwith the power of the Commissioners by section 66 (1) (*a*) and proviso (iii), *supra*, p. 255, which gives an appeal to the law Courts.

Regulations.—There is no appeal against regulations made under this section, and they will have statutory authority, but may require to be construed and interpreted by a Court of law.

Such as.—In interpreting the scope of this paragraph the Commissioners must limit themselves to relationships *ejusdem generis* to those enumerated, and therefore cannot bring in the servants of proper contractors. *E.g.* a private individual contracts with a builder for the erection of buildings; the regulations could not make him the employer of the masons, carpenters, etc., employed by the builder,

but might make the builder the employer of labourers engaged by the master mason employed for mason-work. SCHED. III. (6).

PERSONS EMPLOYED WITHOUT PECUNIARY REMUNERATION.

(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. SCHED. III. (7).

Any other Person (see notes on section (4), *supra*).

Not Paid Wages.—This section would apply to the case of a pensioner or other person having a source of income outside of his employment who is given board and lodging, or one or other, or perquisites, in return for services rendered, but no money. In such a case the employer pays 7d. a week for a man and 6d. a week for a woman, and that even if he or she were only employed for a day or part of a day, or it might apply to casual employment. Example—A.'s business is breaking up old wood and selling for firewood. He offers B. a dinner, but no money, in return for half-an-hour's work. A. would require to pay a 7d. insurance tax, or 6d. if the dinner for half-an-hour is not held equivalent to more than 1s. 6d. a day. A. engages B. to do work for a day, giving him board and lodging for a day and night; if A. pays B. no money he must pay 7d. insurance tax. If he pays B. sixpence as well as board and lodging he will only pay 3d. insurance money (as he is also giving board and lodging (Schedule II.)), and he will require to deduct 4d. from B.'s 6d. A. cannot evade the tax by paying B. 2d. and saying that it is impossible to deduct 4d. from 2d.—A. is primarily responsible for the contribution of 7d.—but if A. only gives "board," not lodging, B. sleeping in his own house, he will only require to provide 6d., as by Schedule II. 1d. is payable by "the State"; that is, however, assuming that board plus the money wage is regarded as not being worth more than 1s. 6d.

CONTRACTING OUT OF EMPLOYER'S CONTRIBUTION.

(8) Notwithstanding any contract to the contrary, the employer shall not be entitled to deduct from the wages of or SCHED. III. (8).

SCHED. III. (8). otherwise to recover from the contributor the employer's contributions.

This provision cannot prevent the employer offering 3d. a week (or more, according to the total which would otherwise have been paid) less wage than he would otherwise have done, and in the case of casual labour employed on Monday may quite likely have that effect.

EMPLOYER DEDUCTING AND FAILING TO PAY CONTRIBUTION.

SCHED. III. (9). (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.

This provision makes an employer who fails to buy and cancel insurance stamps in the proper way in respect of deductions made liable criminally for theft or embezzlement.

REGULATIONS FOR OUTWORKERS' CONTRIBUTIONS.

SCHED. III. (10). (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.

These regulations cannot alter the provisions as to the rates of contributions requiring to be paid in order to entitle insured persons to benefits. They may allow the contributions to be paid for irregular periods and at irregular intervals.

"CALENDAR WEEK."

SCHED. III. (11). (11) For the purposes of this schedule the expression

* Jointly with the Joint Committee, *infra*, p. 410.

"calendar week" means the period from midnight on one Sunday to midnight on the following Sunday. SCHED. III. (11).

For note on Sunday labour see subsection (5), *supra*, p. 389.

FOURTH SCHEDULE. SCHED. IV. Pt. I.

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.

Sickness Benefit (sections 8 (1) (*c*), 8 (2) and (3)).
Disablement Benefit (sections 8 (1) (*d*), 8 (2) and (3)).
Abolition or alteration of these benefits (section 13, *supra*, p. 80).

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.

This table applies to persons under twenty-one years of age and unmarried, except when they are members of an approved society and have one or more members of their family wholly or mainly dependent on them (section 9 (1), *supra*, p. 60).

SCHED. IV. Pt. I.

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.

See section 9 (3), *supra*, p. 62. If the insured person over fifty becomes a contributor within one year after the commencement of the Act and draws no sickness benefit until he has paid 500 weekly contributions benefits will be payable at the full rate in Table A.

A person commencing insurance over sixty can never be entitled to full benefits.

Persons over 65 (see section 49, *supra*, p. 205).

TABLE D.—*Rates and Conditions for Married Women.*

Sickness benefit: during the first thirteen weeks, the sum of 5s. a week; during the second thirteen weeks, 3s. a week.

Disablement benefit: the sum of 3s. a week.

Sickness benefit and disablement benefit shall not be payable during the two weeks before and four weeks after confinement, except in respect of a disease or disablement neither directly nor indirectly connected with childbirth.

These are the rates payable to **married women** who are **not employed** contributors but become voluntary contributors under the special scheme of section 44 (2), p. 158 (*q.v.*), and only applies where the married woman has been an insured person and a member of an approved society before she was suspended from ordinary benefits because of marriage.

PART II.

Additional Benefits.

(1) Medical treatment and attendance for any persons dependent upon the labour of a member.

(2) The payment of the whole or any part of the cost of dental treatment.

(3) An increase of sickness benefit or disablement benefit in the case either of all members of the society or of such of them as have any children or any specified number of children wholly or in part dependent upon them.

(4) Payment of sickness benefit from the first, second, or third day after the commencement of the disease or disablement.

(5) The payment of a disablement allowance to members though not totally incapable of work.

(6) An increase of maternity benefit.

(7) Allowances to a member during convalescence from some disease or disablement in respect of which sickness benefit or disablement benefit has been payable.

(8) The building or leasing of premises suitable for convalescent homes and the maintenance of such homes.

(9) The payment of pensions or superannuation allowances whether by way of addition to old age pensions under the Old Age Pensions Act, 1908, or otherwise.

(10) The payment, subject to the prescribed conditions, of contributions to superannuation funds in which the members are interested.

(11) Payments to members who are in want or distress, including the remission of arrears whenever such arrears may have become due.

(12) Payments for the personal use of a member who, by reason of being an inmate of a hospital or other institution, is not in receipt of sickness benefit or disablement benefit.

SCHED. IV. Pt. II.

(13) Payments to members not allowed to attend work on account of infection.

(14) Repayment of the whole or any part of contributions thereafter payable under Part I. of this Act by members of the society or any class thereof.

Cases in which insured persons may become entitled to one or more of these benefits—

(1) Under section 37, in case of an approved society showing a surplus on valuation, *supra*, p. 130.

(2) Under section 13, in case of an approved society reducing or abolishing sickness or disablement benefit, or both, and substituting some "additional" benefit, *supra*, p. 80.

(3) Under section 9 (2), in substitution for part of sickness or disablement benefit which would be in excess of two-thirds of wages, *supra*, p. 60.

(4) **In Scotland,** under section 80 (9), in substitution for medical benefit.

Administration of additional benefits (see section 14 (1), *supra*, p. 82).

SCHED. IV. Pt. III.

PART III.

Benefits for Married Women who do not become Voluntary Contributors at Reduced Rates.

Payment of the sum of 5s. a week on confinement during a period not exceeding four weeks on any one occasion.

Payments during any period of sickness or distress, subject to regulations made by the Insurance Commissioners and to the discretion of the society or committee administering the benefit.

See section 44 (2), proviso, *supra*, p. 158.

FIFTH SCHEDULE.

SCHED. V.

REDUCTION OR POSTPONEMENT OF SICKNESS BENEFIT AND WHERE CONTRIBUTIONS ARE IN ARREAR.

TABLE.

(1) Where the Arrears amount to		(2) Rates of Sickness Benefit.	
		Men.	Women.
		s. *d.*	*s.* *d.*
4 contributions a year on average .		9 6	7 3
5 " " " .		9 0	7 0
6 " " " .		8 6	6 9
7 " " " .		8 0	6 6
8 " " " .		7 6	6 3
9 " " " .		7 0	6 0
10 " " " .		6 6	5 9
11 " " " .		6 0	5 6
12 " " " .		5 6	5 3
13 " " " .		5 0	5 0
For both Men and Women.		5s. 0d., commencing 5th day after commencement of illness.	
		" " 6th " "	
		" " 7th " "	
		" " 8th " "	
		" " 9th " "	
		" " 10th " "	
		" " 11th " "	
		" " 12th " "	
		" " 13th " "	
		" " 14th " "	

Notes.

Where the insured person is, by virtue of any of the provisions of Part I. of this Act, other than those relating to arrears, entitled to sickness benefit at a rate lower than the full rate, this Table shall have effect as if the entries in the first column were so shifted down that the first entry therein was set opposite the entry in the second column next below the entry specifying the rate of sickness benefit to which the insured person is entitled.

SCHED. V.

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.

Provisions as to Arrears (see section 10 and notes thereon, *supra*, p. 65).—The schedule as printed shows the rates of sickness benefit payable to a man or woman otherwise entitled to "full benefits" who is in arrear (see section 10 (2), *supra*, p. 67).

Any of the Provisions of Part I.—The following classes of people may be entitled, when not in arrear, to sickness benefit at lower than the full rates:—

Section 6 (2), *supra*, p. 46.—Voluntary contributor becoming employed and giving notice that he wishes to pay the "employed" in place of the "voluntary" rate.

Section 9 (4), *supra*, p. 63.—Employed contributors commencing insurance more than one year after the commencement of the Act, and are then over seventeen years of age.

Section 11 (1), *supra*, p. 71.—Provides for cases where workmen's compensation or damages is payable; in these cases a certain amount may be payable to bring the compensation or weekly value of damages up to the amount of sickness benefit otherwise payable. That will usually be a sum of much less than 5s., but is not "sickness benefit at a rate lower than the full rate." The sickness benefit payable is not affected by section 11, but the workmen's compensation or damages is set against it.

Section 13, *supra*, p. 80.—Persons who are entitled to sickness benefit at lower than the full rate because other benefits have been substituted.

Section 14 (2), *supra*, p. 83.—Persons entitled to reduced benefits because of fines or suspensions for breach of the rules of their society.

Section 38 (1) (*b*) (ii), *supra*, p. 135.—Members of an approved society working off a deficit.

Schedule IV., B., C., and D., *supra*, pp. 393, 394.—Persons over fifty, over sixty, and married women.

Section 49, *supra*, p. 205.—Persons over sixty-five.

Example of Working of the Schedule.—If A., a man, would,

but for arrears, be entitled to 7s. 6d. a week in place of 10s. a week sickness benefit— SCHED. V.

							He will be entitled to
Then when he is	4	weeks	a year	in	arrear	. .	7s. a week.
,, ,,	8	,,	,,			. .	5s. ,,
,, ,,	10	,,	,,			. .	5s., commencing from 6th day.
,, ,,	13	,,	,,			. .	5s., commencing from 9th day.

SIXTH SCHEDULE.

SCHED. VI. (1).

(See section 84, *supra*, p. 306.)

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.

Building.—This definition is sufficient to cover every possible stage in the life of a building, and includes, besides all those engaged in actual construction, painters, paperhangers, and plumbers, gas and electric fitters, who may be employed from time to time for the purpose of repair or decoration. **Commonly made in builders' workshops,** *e.g.* doors, window frames, "fittings," mouldings, etc., but is limited to what is "**commonly**" made in builders' workshops, and therefore will not include papermakers any more than paintmakers or quarrymen. (Questions are to be determined by the umpire (see section 101 (6), *supra*, p. 341).)

(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. SCHED. VI. (2).

Construction or Alteration.—This definition leaves out "repair," which is included in section (1) and in the corresponding section defining "engineering work" of the Workmen's Compensation Act, 1897, section 7 (2). This will exclude surfacemen and

SCHED. VI. (2). others constantly engaged in repairing railroads and roadmen repairing roads, although the making of roads would come under "works of construction." There is **no limitation** under section 84 **to** employment **"on in or about"** the works, as in the Workmen's Compensation Act, 1897. If the man is in fact employed in "manual labour" (see definition of workman, section 107, *supra*) in the insured trade he must be insured, *e.g.* carters employed in connection with shipbuilding.

SCHED. VI. (3). (3) Shipbuilding; that is to say, the construction, alteration, repair or decoration of ships, boats or other craft by persons not being usually members of a ship's crew, including the manufacture of any fittings of wood of a kind commonly made in a shipbuilding yard.

Shipbuilding.—In this definition "repair" is included, but it must be by persons other than the crew. **Fittings** (see Building, *supra*).

SCHED. VI. (4). (4) Mechanical engineering, including the manufacture of ordnance and firearms.

"Mechanical engineering" does not include engine-drivers, often called "engineers," or "civil" engineers, and is generally used to mean the manufacture of machinery, hence the rider, "including the manufacture of **ordnance** and **firearms.**" "Ordnance" is what we usually call "artillery." Firearms refers to small arms, and would not include air-guns.

SCHED. VI. (5). (5) Ironfounding, whether included under the foregoing headings or not.

SCHED. VI. (6). (6) Construction of vehicles; that is to say, the construction, repair, or decoration of vehicles.

Vehicles.—Includes carts, carriages, sleighs, motor-cars, railway rolling stock, and probably aeroplanes. The definition omits **"alteration."** In the Workmen's Compensation Act, 1897, section 7 (1) referred to "any building which . . . is being either constructed or repaired . . ." It was held by the House of Lords in *Hoddinott* v. *Newton, Chambers & Co., Ltd.* ([1901] A. C. 49), that this included alteration, and the same construction would be put upon this section.

(7) Sawmilling (including machine woodwork) carried on in connection with any other insured trade or of a kind commonly so carried on. SCHED. VI. (7).

In Connection with.—This paragraph does not make sawmilling an insured trade, but if in the course of constructing a railway sawmills were set up to make sleepers that would be within the definition. Factories making woodwork essentially required for building or ship construction as a department of a building or shipbuilding undertaking would be included. A factory which supplied such things would be within this Part of the Act if it came within paragraphs (1) and (3) under "commonly made," or within this paragraph under **"commonly carried on."** This would not include a sawmill set up in a forest whose object was simply to clear the forest and put the wood into a portable and marketable form.

Interpretation of this Schedule. — See sections 89 (1), p. 319; 101 (6), p. 341; 105 (4), p. 348; 107 (2), p. 355, *supra*, which deal with the appointment and jurisdiction of the umpire.

SEVENTH SCHEDULE. SCHED. VII.

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.

Following the First Week.—See sections 86 (notes on

SCHED. VII.

"continuously unemployed") and section 107 ("continuously unemployed"), *supra*, pp. 312 and 353.

Such other rates as may be prescribed (section 91 (1), *supra*, p. 321), viz. by the Board of Trade between 6s. and 8s. per week (see last section of this schedule). They may be further modified temporarily, but not reduced below 5s. a week in amount under section 93 (2), proviso, *supra*, p. 327.

For any Particular Trade.—The rates may be varied for the different "insured trades"; the rates both of contribution and benefit in case of extension to "other trades" are entirely in the hands of the Board of Trade (section 103, *supra*, p. 344).

TIME LIMIT FOR UNEMPLOYMENT BENEFIT.

No workman shall receive unemployment benefit for more than fifteen or such other number of weeks as may be prescribed either generally or for any particular trade or branch thereof within any period of twelve months, or in respect of any period less than one day.

No workman shall receive more unemployment benefit than in the proportion of one week's benefit for every five contributions paid by him under this Act:

Provided that for the purpose of the foregoing paragraph—

(*a*) in the case of a workman who satisfies the Board of Trade that he is over the age of twenty-one and has habitually worked at an insured trade before the commencement of this Act, there shall be deemed to be added to the number of contributions which he has actually paid five contributions for each period of three months or part of such period during which he has so worked before the commencement of this Act, up to a maximum of twenty-five contributions; and

(*b*) where, owing to the fact that the wages or other remuneration of a workman are paid at intervals greater than a week, or for any other like reason

contributions are paid under Part II. of this Act in respect of any workman at intervals greater than a week, that workman shall be entitled to treat each of such contributions as so many contributions as there are weeks in the period for which the contribution has been paid.

Such Other Number of Weeks.—Fifteen is the maximum (see last section of this schedule, *infra*, p. 404).

Periods Less than One Day.—Contributions (see Schedule VIII. and section 85, notes, *supra*, p. 308). Benefits. Unemployment benefit can only commence in the second week, this provision therefore shows that benefit is payable for periods of eight days or more. After eight days from time of making application benefit would be payable for one day, and so on.

The Commencement of the Act.—Proviso (*a*) gives to a workman who has worked regularly in an insured trade for fifteen months or more a credit for the purpose of the limit of unemployment benefit of twenty-five contributions. There is a waiting period of six months (section 84, *supra*, p. 306), so that if the man continues in regular employment during that six months and then becomes unemployed he will be regarded as having fifty-one contributions to his credit, and so could draw benefit for ten weeks.

Habitually Worked.—The fifteen months necessary to get the maximum credit under this section need not be continuous, they may be broken up by periods of unemployment, but spasmodic periods of employment in an insured trade where the man's usual occupation is not in an insured trade will not count.

"Periods of Unemployment"—Exceptions.

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.

Disqualified (see sections 86, 87, *supra*, pp. 311-316), *e.g.* "incapable of work," right to benefit exhausted, trades dispute, voluntary unemployment, unemployment owing to fault.

SCHED VII.

"PERIOD OF UNEMPLOYMENT"—COMMENCEMENT.

A period of unemployment shall not be deemed to commence till the workman has made application for unemployment benefit in such manner as may be prescribed.

"UNEMPLOYMENT BENEFITS"—TIME LIMITS.

The power conferred by this schedule on the Board of Trade to prescribe rates and periods of unemployment benefit shall not be exercised so as to increase the rate of benefit above eight shillings per week or reduce it below six shillings per week, or to increase the period of unemployment benefit above fifteen weeks, or to alter the proportion which the period of benefit bears to the number of contributions paid, except by rules confirmed by an order made in accordance with the provisions of this Act relating to special orders.

By this schedule and section 91 (1), *supra*, p. 321.

Special Order (procedure, see section 113, *supra*, p. 364).—If the procedure by special order is adopted so that Parliament has an opportunity of considering the proposal the rate of benefit can be reduced below 6s. or increased above 8s. as a permanent arrangement, not for a mere temporary purpose as in section 93. The maximum period may also be so increased beyond fifteen weeks in one year or one week for each five contributions.

SCHED. VIII.

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 .	2½d.

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, 1d. 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 1d. shall be treated as two-fifths of a contribution.

Workman below Eighteen.—He begins to pay at sixteen (section 107 (1)) at 1d. a week. From sixteen to seventeen he is not entitled to any benefit, from seventeen to eighteen he is entitled to benefit at half rates. Each contribution counts as two-fifths, therefore he will require thirteen weeks' contributions to get over five and so to receive any benefits, after twenty-five weeks he will be in a position to draw two weeks' benefit.

Variation of Rates.—See sections 93, 102, and Schedule VII., last paragraph, *supra*.

Employment for Less than One Week.

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.

See notes to section 85, *supra*, pp. 307, 308.

See also provision for employment through labour exchanges, section 99, *supra*, p. 334.

SCHED. IX.

NINTH SCHEDULE.

(See section 113.)

PROVISIONS OF THE FACTORY AND WORKSHOP ACT, 1901, APPLIED TO SPECIAL ORDERS MADE UNDER THIS ACT.

80.—(1) Before the authority empowered to make special orders make any special order under this Act, they shall publish, in such manner as they may think best adapted for informing persons affected, notice of the proposal to make the order, and of the place where copies of the draft order may be obtained, and of the time (which shall be not less than twenty-one days) within which any objection made with respect to the draft order by or on behalf of persons affected must be sent to the authority.

(2) Every objection must be in writing and state—

(*a*) the draft order or portions of draft order objected to;

(*b*) the specific grounds of objection; and

(*c*) the omissions, additions, or modifications asked for.

(3) The authority shall consider any objection made by or on behalf of any persons appearing to them to be affected which is sent to them within the required time, and they may, if they think fit, amend the draft order, and shall then cause the amended draft to be dealt with in like manner as an original draft.

(4) Where the authority do not amend or withdraw any draft order to which any objection has been made, then (unless the objection either is withdrawn or appears to them to be frivolous) they shall, before making the order, direct an inquiry to be held in the manner hereinafter provided.

81.—(1) The authority may appoint a competent and

impartial person to hold an inquiry with regard to any draft order, and to report to them thereon.

(2) The inquiry shall be held in public, and any objector and any other person who, in the opinion of the person holding the inquiry, is affected by the draft order, may appear at the inquiry either in person or by counsel, solicitor, or agent.

(3) The witnesses on the inquiry may, if the person holding it thinks fit, be examined on oath.

(4) Subject as aforesaid, the inquiry and all proceedings preliminary and incidental thereto shall be conducted in accordance with rules made by the authority.

(5) The fee to be paid to the person holding the inquiry shall be such as the authority may direct and shall be deemed to be part of the expenses of the authority in carrying this Act into effect.

(6) For the purposes of this schedule, the expression "authority" means the Insurance Commissioners or the Board of Trade, as the case may be.

APPENDIX I.

POWERS OF JOINT COMMITTEE.

STATUTORY RULES AND ORDERS, 1912.

No. 175.

NATIONAL INSURANCE.

NATIONAL HEALTH INSURANCE.

THE NATIONAL INSURANCE (JOINT COMMITTEE) REGULATIONS, 1912, DATED FEBRUARY 21, 1912, MADE BY THE TREASURY UNDER SECTION 83 OF THE NATIONAL INSURANCE ACT, 1911 (1 & 2 GEO. 5, C. 55).

In pursuance of the powers conferred upon them by section 83 of the National Insurance Act, 1911, and of every other power enabling them in this behalf, the Lords Commissioners of His Majesty's Treasury hereby without prejudice to any further exercise of such powers make the following Regulations:—

1. These regulations may be cited as the National Insurance (Joint Committee) Regulations, 1912.

2.—(1) Expressions used in these Regulations have the same meaning as in Part I. of the National Insurance Act, 1911 (in these Regulations called "the Act") and

"The several bodies of Commissioners" means the Insurance Commissioners, the Scottish Insurance Commissioners, the Irish Insurance Commissioners and the Welsh Insurance Commissioners, appointed for the purposes of Part I. of the Act, or such one or more of such bodies as in any particular case may be concerned.

"The Joint Committee" means the Joint Committee of the several bodies of Commissioners to be constituted under section 83 of the Act.

"Part of the United Kingdom" means England, Scotland, Ireland, or Wales.

(2) The Interpretation Act, 1889, shall apply to the interpretation of these Regulations in like manner as it applies to the interpretation of an Act of Parliament.

3.—(1) The Joint Committee shall consist of—

(*a*) the chairmen for the time being of the several bodies of Commissioners (who shall be *ex officio* members of such committee);

(*b*) such other members (if any) of each such body as the Treasury shall from time to time by warrant appoint;

(*c*) so many and such other persons (not exceeding two in number) as the Treasury shall in like manner appoint, and

(*d*) a chairman to be appointed by the Treasury in like manner.

(2) The Treasury may from time to time by warrant appoint any member of the Joint Committee to be vice-chairman thereof, and such vice-chairman shall preside at any meeting of the Joint Committee which the chairman shall be unable to attend. If both the chairman and vice-chairman are absent, the members present at the meeting shall elect from among themselves a chairman for that meeting.

(3) If the chairman of any of the several bodies of Commissioners shall be unable to attend at any meeting of the Joint Committee, the deputy chairman of that body or, if he is unable to attend, such other member of that body as the body shall appoint, shall for the purpose of such meeting be a member of the Joint Committee in his place.

(4) At every meeting of the Joint Committee four shall form a quorum and every member present shall have one vote, but in case of an equality of votes, the chairman of the Joint Committee or, in his absence, the vice-chairman (if present), shall have a casting vote.

(5) Subject as aforesaid, the Joint Committee may regulate the procedure of its meetings and the manner in which and the times at which meetings are to be called.

4. The Joint Committee may, under subsection (2) of section 83 of the Act, 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 alone the power conferred by subsection (3) of that section of making regulations as to the valuation of societies and branches which have amongst their members persons resident in more than one part of the United Kingdom.

5. For the purposes of the provisions of the Act relating to

APPENDIX I.

contributions, the Joint Committee shall exercise jointly with the several bodies of Commissioners the following powers namely :—

(*a*) under subsection (1) of section 4 and subsection (1) of section 5 of the Act, the power of prescribing the intervals at which contributions payable in respect of employed contributors and voluntary contributors respectively are to be payable.

(*b*) under paragraph (4) of section 4 of the Act, the power of prescribing the account to which contributions which an employer is liable to pay under that subsection are to be carried and the manner in which the same are to be dealt with.

(*c*) under section 7 of the Act, the power of making regulations for matters incidental to the payment and collection of contributions

(*d*) under paragraph (5) of the Third Schedule to the Act, the power of prescribing the employer or employers who shall be deemed to be the employer for the purposes of the provisions of Part I. of the Act relating to the payment of contributions and of that Schedule in cases where a contributor is employed by more than one employer in any calendar week.

(*e*) under paragraph (6) of the said Third Schedule the power of making regulations with reference to the cases and classes of cases of employment referred to in that paragraph.

(*f*) under paragraph (10) of the said Third Schedule, the power of making regulations providing for the determination of the contributions to be paid in the case of outworkers by reference to the work actually done.

6. For the purposes of section 10 of the Act (which relates to insured persons whose contributions are in arrears), the Joint Committee alone shall exercise the power :—

(*a*) of prescribing the manner in which a sum credited to an approved society in respect of an insured person who is suspended from all benefits under subsection (1) of that section is to be calculated, the account to which such sum is to be carried, and the manner in which the same is to be dealt with.

(*b*) of prescribing under subsection (3) of that section the proportionate reduction of benefits to which a voluntary contributor who is in arrears is to be liable.

(*c*) of prescribing under subsection (7) of that section the manner in which the average amount of arrears for the purposes of that section is to be calculated.

7. For the purposes of section 15 and paragraph (*d*) of section 42 of the Act (which relate to medical benefit) the Joint Committee shall exercise jointly with the several bodies of Commissioners the following powers, namely :—

(*a*) under subsection (1) of section 15, the power to make regulations governing arrangements for administering medical benefit.

(*b*) under paragraph (*b*) of subsection (2) of section 15, the power of removing names from the list of medical practitioners and of prescribing the inquiry to be made before such removal is effected.

(*c*) the power of dispensing with the necessity of the adoption of such system as is mentioned in subsection (2) of section 15 and of authorising Insurance Committees to make other arrangements and of approving such arrangements and the power of making arrangements or of suspending the right to medical benefit in manner mentioned in that subsection.

(*d*) under subsection (5) of section 15, the power to make regulations governing arrangements for the supply of drugs, medicines, and appliances.

(*e*) under paragraph (*b*) of subsection (5) of section 15, the power of determining whether the inclusion or continuance of a person, firm, or body corporate in such list as is mentioned in that subsection would be prejudicial to the efficiency of the service.

(*f*) under paragraph (i) of the lastly mentioned subsection, the power of dispensing with the necessity of the adoption of such system as in that subsection is mentioned and of authorising Insurance Committees to make other arrangements and of approving such arrangements.

(*g*) under paragraph (ii) of the lastly mentioned subsection, the power to make regulations permitting arrangements to be made by Insurance Committees with medical practitioners for the supply of drugs or medicines to insured persons.

(*h*) under subsection (6) of section 15, the power of determining, in default of agreement between an approved society and an Insurance Committee, the sum to be paid in any year

APPENDIX I.

to such Committee in respect of medical benefit and the cost of administration thereof.

(*i*) under paragraph (*d*) of section 42, the power of consenting to any determination by an Insurance Committee of the sum payable in any year in respect of deposit contributors for the purposes of the cost of medical benefit.

8.—(1) For the purposes of the provisions of the Act relating to approved societies, the Joint Committee alone shall, in the case of any society and any separate section of a society which has among its members insured persons resident in more than one part of the United Kingdom, exercise the following powers, namely :—

(*a*) the power of approving and of withdrawing approval, and, where approval has been withdrawn from a society, of making provision with respect to members thereof who are insured persons,

(*b*) the power of approving any scheme submitted under section 25 of the Act,

(*c*) if the Joint Committee shall so require, the powers given by section 26 of the Act of determining what security is sufficient to be given, of dispensing with security, of varying the amount of security, and of consenting to a substitution of securities,

(*d*) the power of approving rules providing for any of the matters mentioned in subsection (1) of section 27 of the Act,

(*e*) under section 28 of the Act the power of consenting to the secession or withdrawal of branches, of approving any provision made by a seceding or withdrawing branch for the transfer of such of its members as are insured persons, of sanctioning the dissolution of societies and branches, and of approving, in the case of a branch which it is proposed to expel, any provision made with respect to any members thereof who are insured persons.

(2) The power of prescribing the character of the constitution which a society not registered or established under any Act of Parliament or by Royal Charter must have before it can be approved by the several bodies of Commissioners or the Joint Committee shall be exerciseable by the Joint Committee alone.

(3) Where a society or separate section of a society has been approved by the body of Commissioners concerned, and such approval has not been withdrawn, such society or section may pply to the Joint Committee for its approval, and the Joint

Committee may grant the same, and thereafter the society or section shall, but without prejudice to any subsequent withdrawal of approval, continue to be an approved society notwithstanding that it subsequently have among its members insured persons resident in more than one part of the United Kingdom.

9. For the purposes of the provisions of the Act relating to the accounts and valuations of and surpluses and deficiencies shewn by approved societies and branches of approved societies, the Joint Committee alone shall exercise the following powers, namely :—

(*a*) under subsection (1) of section 35 of the Act, the power of making regulations, prescribing the form in which the books and accounts under Part I. of the Act of such societies and branches are to be kept and of requiring such societies and branches to render returns, and of providing in such regulations for the matters referred to in subsection (2) of that section.

(*b*) under section 36 of the Act, the power of appointing the times at which and of prescribing the basis on which valuations of the assets and liabilities arising under Part I. of the Act of such societies and branches are to be made.

(*c*) under subsection (2) of section 38 of the Act, the power of prescribing the manner in which the capitalised value of levies and diminution of benefits is to be ascertained ;

and the Joint Committee shall exercise jointly with the several bodies of Commissioners the following powers, namely :—

(i) under section 37 of the Act, the power of sanctioning schemes for distributing additional benefits out of any such surplus ;

(ii) under section 38 of the Act, the power of sanctioning schemes for making good any such deficiency.

Provided, that in exercising the powers mentioned in paragraphs (i) and (ii) hereof, the Joint Committee shall be concerned only with the actuarial soundness of such schemes.

10. For the purposes of section 44 of the Act (which relates to married women) the Joint Committee alone shall exercise the following powers, namely :—

(*a*) under subsection (1) of that section, the power of making regulations subject to which a married woman ceasing to be suspended from receiving the ordinary benefits under that subsection is for the purposes of those benefits to

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be treated as if she had not previously been an insured person.

(*b*) under subsection (10) of that section, the power of prescribing the manner in which transfer values are to be calculated for the purposes of that section.

(*c*) under subsection (12) of that section, the power of prescribing the adjustments to be made under that subsection.

11. For the purposes of section 48 of the Act (which relates to the mercantile marine) the Joint Committee alone shall exercise the following powers, namely :—

(*a*) under subsection (5) of that section, the power of approving any scheme prepared by the Board of Trade for the management of the affairs of the Seamen's National Insurance Society.

(*b*) under subsection (7) of that section, the power of approving, with the Board of Trade, any scheme prepared by the committee of management under that subsection.

(*c*) under subsection (12) of that section, the power of prescribing the modifications subject to which the provisions of Part I. of the Act relating to the administration of medical benefit and sanatorium benefit are to apply in the case of members of the Seamen's National Insurance Society.

12.—(1) The Joint Committee alone shall exercise the following powers relating to financial matters, namely :—

(*a*) under subsection (4) of section 54 of the Act, the power of prescribing the rate per annum at which interest is to be credited to the Post Office Fund and to the Navy and Army Insurance Fund.

(*b*) under subsection (1) of section 56 of the Act, the power of making regulations with respect to crediting and debiting sums to the several societies and as to the payments to be made by and to the Commissioners to and by societies, the power of prescribing the rate per annum at which interest is to be credited to societies, the power of receiving notices from societies, and the power of prescribing the modifications subject to which the regulations made under that subsection are to apply to a society giving such notice.

(*c*) under subsection (4) of section 56 of the Act, the power of prescribing the manner in which sums received by

way of interest or dividend on investments are to be applied by approved societies.

(2) The Joint Committee shall exercise jointly with the several bodies of Commissioners the power under subsection (2) of section 56 of the Act, of approving securities in which approved societies may invest sums paid to them for investment.

13. The Joint Committee alone, shall exercise the power of making the following tables, namely :—

(*a*) under subsection (1) of section 5 of the Act, the tables in accordance with which the voluntary rate is to be ascertained.

(*b*) under subsection (2) of section 6 of the Act, the tables in accordance with which additions are to be made to the reduced rate of sickness benefit payable under that subsection.

(*c*) under subsection (4) of section 9 of the Act, tables in accordance with which the reduced rate payable in the case of the persons referred to in that subsection is to be fixed.

(*d*) under subsection (1) of section 31 of the Act, tables in accordance with which transfer values are to be calculated.

(*e*) under subsection (1) of section 44 of the Act, tables according to which reserve values are to be calculated for the purposes of that subsection.

(*f*) under subsection (1) of section 55 of the Act, tables showing reserve values.

14. For the purposes of the provisions of the Act relating to the making of special orders, the Joint Committee alone shall exercise the power of making such orders :—

(*a*) under subsection (2) of section 1 of the Act, providing for the inclusion amongst the persons employed within the meaning of Part I. of the Act of any persons engaged in any of the excepted employments specified in Part II. of the First Schedule to the Act.

(*b*) under section 20 of the Act, providing for the reinsurance of the liabilities of approved societies in respect of maternity benefit.

(*c*) under subsection (8) of section 46 of the Act, specifying the cases in and the circumstances under which that subsection is to apply to a man who was not immediately before the training therein mentioned an insured person.

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And the Joint Committee shall exercise jointly with the several bodies of Commissioners the power of making such orders :—

(i) under subsection (1) of section 47 of the Act, specifying any such classes of employment as are therein mentioned.

(ii) under subsection (7) of section 47 of the Act, extending the provisions of that section to other classes of employment.

(iii) under section 50 of the Act, for any matter in respect of which a special order may be made under that section.

(iv) under paragraph (*c*) of Part I. of the First Schedule to the Act, for excluding outworkers or deferring the commencement of the Act as respects outworkers.

(v) under paragraph (*k*) of Part II. of the said First Schedule, for the purpose of excluding employment as a member of the crew of a fishing vessel in such cases as are referred to in that subsection.

(vi) under paragraph (*i*) of Part II. of the said First Schedule, for the purpose of excluding any class of employment of such a nature that it is ordinarily adopted as subsidiary employment only.

15. The Joint Committee alone shall exercise the following further powers, namely :—

(*a*) under subsection (1) of section 32 of the Act, the power of approving societies and institutions established in a British possession or foreign country and so that the satisfaction of the Joint Committee alone shall be required with regard to the matters in respect of which the several bodies of Commissioners are required to be satisfied by that subsection.

(*b*) under subsection (2) of section 32 of the Act, the power of making arrangements for transfers of persons to and from societies and institutions established in a British possession or foreign state from and to approved societies or the Post Office Fund and for the determination of the amount to be transferred, and of the rights to which persons transferred are to be entitled.

(*c*) under section 33 of the Act, the power of making regulations subject to which an approved society may transfer from its account under Part I. of the Act to its credit independently of the Act any sum which by that section it is entitled so to transfer.

(*d*) under section 42 of the Act, the power of prescribing the time allowed to an insured person to join an approved

society or, in the case of any such person who has been expelled or has resigned from an approved society, the time allowed to him to join another approved society.

(*e*) under paragraph (*b*) of subsection (1) of section 43 of the Act, the power of prescribing the account to which transfer values are to be carried and the manner in which the same are to be dealt with under that subsection.

(*f*) under subsection (1) of section 46 of the Act, the power of prescribing the weekly sums to be contributed by the Admiralty and the Army Council respectively in respect of seamen, marines and soldiers who have not joined approved societies.

(*g*) under paragraph (*b*) of subsection (3) of section 46 of the Act, the power of prescribing the manner in which sums to be paid into the Navy and Army Insurance Fund under that paragraph are to be calculated.

(*h*) under paragraph (*b*) of subsection (1) of section 51 of the Act, the power of prescribing the manner in which sums payable under that paragraph by the managers of institutions carried on for charitable or reformatory purposes are to be calculated.

(*i*) under section 52 of the Act, the power of prescribing the manner in which sums payable under that section to the Board of Education, the Scotch Education Department, or the Superintendent of the Teachers' Pension Office (as the case may be), are to be calculated.

(*j*) under paragraph (*c*) of subsection (1) of section 60, the power of prescribing the form in which the books and accounts of Insurance Committees are to be kept.

(*k*) under paragraph (10) of Part II. of the Fourth Schedule to the Act, the power of prescribing the conditions subject to which contributions may be made to superannuation funds by way of additional benefit.

16. The Joint Committee shall exercise jointly with the several bodies of Commissioners the following further powers, namely :—

(*a*) under subsection (2) of section 9 of the Act, the power of consenting to reductions of the rate of sickness benefit or disablement benefit, and to provisions made for the grant of additional benefits under that subsection.

(*b*) under section 13 of the Act, the power of confirming a scheme for substituting additional benefits under that section.

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(*c*) under subsection (2) of section 39 of the Act, the power of consenting to the formation by societies of an association under that section and of prescribing the conditions on which a society shall be entitled or allowed to join or to secede from an association.

(*d*) under section 62 of the Act, the power of recognising local medical committees, of making regulations subject to which such committees shall be consulted by Insurance Committees and district committees, and of determining the powers to be exercised by local medical committees.

(*e*) under section 73 of the Act, the power of granting certificates under that section.

(*f*) under paragraphs (*b*) and (*c*) of Part II. of the First Schedule to the Act, the powers conferred on the several bodies of Commissioners by those paragraphs respectively.

Provided, that in exercising the powers mentioned in paragraphs (*a*), (*b*), (*c*), (*e*) and (*f*) hereof the Joint Committee shall, except in the case of the powers conferred by paragraph (*b*) of Part II. of the First Schedule to the Act with regard to persons in employment under the Crown, be concerned with actuarial matters alone.

17. The Joint Committee shall exercise and perform, either alone or jointly with the several bodies of Commissioners, as the case may require, such of the powers and duties of such bodies under sections 57, 58, and 78 of the Act and otherwise as may be necessary to enable the Joint Committee to exercise and perform the several powers and duties of the Joint Committee under the Act and these Regulations, but without prejudice to the exercise and performance by the several bodies of Commissioners of all or any of their powers and duties under the Act with regard to matters falling to be dealt with by them under the Act and these Regulations.

18. These regulations shall be deemed to have had effect as from the twenty-eighth day of December 1911.

Provided that anything done in pursuance of the provisional Regulations made under the Act on the twenty-eighth day of December 1911, shall, notwithstanding anything in these Regulations, be deemed to have been validly done and have full effect accordingly.

Dated this twenty-first day of February 1912.

WEDGWOOD BENN,
WILLIAM JONES,
Two of the Lords Commissioners
of His Majesty's Treasury.

APPENDIX II.

NATIONAL HEALTH INSURANCE COMMISSION.

OFFICIAL EXPLANATORY LEAFLET No. 1.

QUESTIONS AND ANSWERS FOR SOCIETY OFFICIALS.

Q.—Will you explain to me some points in the Act of importance to **Societies likely to become approved?**

A.—You want information from the point of view of the officials of such Societies?

Q.—Yes: it seems to me that those of us who are officers or secretaries of Societies will have to be perfectly clear as to the working of the Act. For example, what are the conditions of approval? A Society has to be 5000 strong, does it not?

A.—No, there is no such condition. Small Societies may become approved as well as large.

Q.—Then what are the conditions of approval?

A.—The Society must not be carried on for profit, and it must be under the complete control of its members.

Q.—But if a Society carried on for profit cannot be approved, how can an Industrial Assurance Company or a Society carried on for profit take a part in working the Act?

A.—Such a body may form a separate section for administering the Act. If the funds of this section are kept entirely separate, and its rules are satisfactory, this separate section may apply for approval and may become an Approved Society.

Q.—When is application to be made for approval?

A.—At any time now. Although the rules of the Society may forbid any alteration being made in its constitution (such as would be involved in becoming an Approved Society), yet by a special provision of the Act **no such rules need prevent a Society from taking action at once** in order to become approved.

Q.—There is no doubt on that point?

A.—None whatever. It is distinctly laid down in section 24 of the Act. Were it not for such a provision most Societies or other

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bodies would, under their existing constitutions, have to wait a long time before taking steps to become approved.

Q.—How are **existing funds** affected by the Act?

A.—There are two cases: (*a*) that of Societies which are either registered Friendly Societies or Employers' Funds, and (*b*) that of Societies which are neither. In the case of a registered Friendly Society (dealt with in section 72), or an Employers' Fund (dealt with in section 73), the Society must submit to the Registrar of Friendly Societies a scheme for altering the contributions and benefits of persons who will be insured under the Act but not in such a way as to render the Society insolvent. If it is shown on valuation that any part of the Society's funds are set free (by reason of the Act) then this may be used to enable those of its members, whether insured under the Act or not, who were members on December 16, 1911, to get larger benefits or to pay smaller contributions to the ordinary or voluntary side of the Society, or, in the case of insured persons, to pay some part of their contributions payable under the State scheme.

Q.—That only applies to a registered Friendly Society?

A.—To every registered Friendly Society and Employers' Fund which has among its members persons insured under the Act, **whether it becomes an Approved Society or not.**

Q.—What happens to the existing funds of a Trade Union or an unregistered Society?

A.—Nothing is said about them in the Act. A Trade Union, for example, is not limited by the Insurance Act in deciding how it will deal with any disposable surplus.

Q.—Will any funds in hand be merged with the funds under the State scheme?

A.—On no account. All money paid on account of National Insurance is to be kept separate and will have no connection with any funds a Society may hold independently of the Act.

Q.—Upon what will the success of an Approved Society depend?

A.—The success or comparative failure of an Approved Society will depend upon its own good or bad management.

Q.—You mean on the Society's rules?

A.—It will depend upon how the Society administers sickness and disablement benefit and upon the efficiency of its management

generally; most Societies already have their own rules on the subject.

Q.—Can a Society make what rules it likes?

A.—Yes, subject to the limitations imposed by the Act and the requirements of the Insurance Commissioners.

Q.—What kind of limitations do you mean?

A.—For example, that no one, for breach of rules, shall be fined more than 10s., or be suspended from any benefit for more than a year; that there shall be no penalty for refusal to submit to vaccination.

Q.—**What power is there to vary the benefits under the Act?**

A.—Section 13 allows an Approved Society to prepare a scheme to be approved by the Commissioners for substituting some of the "Additional Benefits" given in the Fourth Schedule of the Act for a part or the whole of sickness or disablement benefits. So, for example, to quote a purely imaginary case, a Society might decide not to pay 10s a week sickness benefit but only 5s. a week, and to give Additional Benefits to the value of the other 5s. a week.

Q.—What are those Additional Benefits?

A.—The list in Schedule 4 includes the following among others:—

> Medical treatment for dependants of insured persons, dental treatment for insured persons, payment during partial disablement or convalescence, increased maternity benefit, provision of convalescent homes, payment of pensions to members.

Q.—Must a Society include all its members in the scheme?

A.—The scheme may refer to all the members, or to any specified class of members, or to any of the members who choose to come under it. The Commissioners must be satisfied that in view of the special circumstances of the persons coming under it there is good reason for having the scheme.

Q.—Another question I want to ask is how we are to deal with a **surplus or deficit** which may be disclosed on valuation by the valuer or actuary appointed by the Treasury. How often is the valuation to be conducted?

A.—Every three years or at any other interval that the Commissioners may determine.

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Q.—And if such a valuation of the assets and liabilities shows that a Society has a surplus?

A.—You will find this dealt with in section 37. The procedure will depend upon whether the Society is one with branches or not. If it is a **Society without branches, having 5000 members or upwards,** it may dispose of its surplus by giving one or more of the Additional Benefits already referred to.

Q.—In the case of a **Society with branches?**

A.—The funds of every branch are valued separately, and each branch having a surplus will (in the case of Societies having 5000 members and upwards) transfer one-third of it to the central fund of the Society. The remaining two-thirds may be distributed by the branch in Additional Benefits to its members.

Q.—What becomes of the surplus thus placed in the hands of the central financial authority of the Society?

A.—It is used, first of all, to make good, up to three-fourths (or the whole, if the Society so decides), the deficit which any of its branches may show. Any surplus still remaining is returned to the branches in the proportion of the amounts they contributed.

Q.—And how are deficits dealt with?

A.—A Society without branches, having 5000 members or upwards, must make good its own deficiency, either by a special levy on its members, or by reducing the benefits or in some other approved way. If it is a Society with branches, then a separate valuation is made of each branch's assets and liabilities. Section 38 lays down that a branch may have three-quarters of any deficit made good from the central surplus. If the central committee think fit, the whole deficit may be made good in this way, but if not, the branch must wipe off the remainder of its deficit either by a special levy, or by reducing benefits, or in some other approved way.

Q.—May a Society refuse to make good the deficit of any of its branches?

A.—**Yes, where the deficit is due to maladministration** on the part of the branch. The Society must, however, obtain the consent of the Insurance Commissioners to such refusal.

Q.—Do I understand that the provisions relating to valuations, surpluses, and deficiencies, contemplate action through the central body only?

A.—No, the branch will prepare a scheme under sections 37 and 38 of the Act, subject to the approval of the Society. Moreover, under section 40 of the Act, where branches are grouped—say through a "District" (to use a familiar Society word)—these things can be done entirely through the groups, or partly through the groups and partly through the centre. These matters, however, are subject to the rules governing the whole of the Society, which must decide for itself which method is the best.

Q.—**Will you explain the position of Approved Societies with less than 5000 members?**

A.—You will find this in section 39, which deals with pooling arrangements for small Societies. Such Societies will, at the time of the triennial or other valuation, be **grouped with other Societies** in the same position as themselves for the purpose of that valuation. Each Insurance Committee will in this way group all Societies in its area whose membership is, at the time of the grouping, below 5000. But, instead of waiting to be compulsorily grouped with Societies in the locality, it is open to any English, Scottish, Irish or Welsh Society to form or to join **a voluntary Association of small Societies** in England, Scotland, Ireland or Wales as the case may be.

Q.—How are these groups or associations treated?

A.—For the purpose of valuation and of disposal of surpluses or deficits the group or the association is looked upon as a Society with branches; in the case of a group, the local Insurance Committee will act as its central financial authority; in the case of a voluntary association the association will appoint a central financial committee of its own.

Q.—And the same arrangements for surpluses and deficits apply as for a Society with branches?

A.—Precisely the same.

Q.—So, for example, the central financial authority of an association (or the Insurance Committee as the central authority of a group) may refuse to make good the deficit of one of the component Societies on the ground that the deficit is due to maladministration?

A.—Yes, that is the case, but **no other power of control under the Act can be claimed by the central authority**

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over the component Societies; this is laid down in section 39 (8).

Q.—What if one of the associated or grouped Societies is a Society with branches?

A.—Then for this particular purpose each branch is considered as a separate Society and as a separate member of the association or group.

Q.—**What provision is made for Societies which have both men and women on their books as insured persons?**

A.—There is no necessity to keep separate funds for men and women, but it will be necessary to keep separate *accounts*, if only from the fact that the State subsidy to the women's benefits is different from that to the men's. But under section 41 an approved Society without branches may if it wishes treat the male members and the female members as belonging to separate branches, thus setting up a separate *fund* for each sex. In the case of a Society with branches, no provision of that kind is necessary, as without needing special powers they can, if they wish, form separate branches for men and for women, though a branch may admit both sexes provided that separate accounts are kept.

Q.—**May Approved Societies admit aliens?**

A.—Some Societies which become approved may have aliens upon their books already, and such aliens who were Society members at the date of the introduction of the Act (May 4, 1911), and who had resided in the United Kingdom for at least five years, will be treated as if they were British subjects. All aliens becoming insured before 17 years of age will likewise be treated as if they were British subjects. Apart from these exceptions (given in section 45, which deals with aliens) aliens on becoming insured will receive no State contribution to benefits, and there will be no reserve credited to Societies in respect of them. **They may join Approved Societies but they will not be entitled to full benefits at the flat or uniform rate of contribution.**

Q.—It will be left for the Societies to determine what benefits they can afford in these cases?

A.—Yes, that is so.

Q.—**Turning now to contributions, may I ask how they are to be paid, and how will a Society obtain the necessary cash for the payment of benefits?**

A.—Stamps will be on sale at the various Post Offices in the United Kingdom; the insured person will be given a card on which these stamps to the appropriate amount will be fixed and he will hand this card to his Society. The Society will use the card as a voucher to claim credit from the Insurance Commissioners.

Q.—The Society will, so to speak, "bank" with the Insurance Commissioners?

A.—Yes. The Society's account will be credited with the reserve values of members over 17 bearing interest at 3 per cent., and with the contributions of its members and of their employers, less the penny and five-ninths on every 7d. in respect of sinking fund for the initial reserves. It will be debited with the issues made from time to time of the amounts required for the payments of benefits and for expenses of administration. Two-ninths of the amount of such issues will then be credited to the Society, representing the State grant. In this way you arrive at the Society's balance.

Q.—Will Societies be allowed to control the **investment** of their balance?

A.—So far as the balance available for investment represents the members' own contributions of 4d., the Society will have the management of it. So much of it as represents the employers' contributions will be paid to the National Debt Commissioners for investment in Government securities.

Q.—In what securities may Societies invest funds under the Act?

A.—In trustee securities, the securities of local authorities and any other securities as may for the time being be approved by the Insurance Commissioners.

Q.—**Do Approved Societies have to give security to the Commissioners?**

A.—They must give security for Insurance Fund moneys in the hands of the officials. If the Society adopts the system of drawing upon its private account for the payment of benefits and afterwards claiming the amount from the Commissioners and leaves its credit balances in their hands for investment, no security need be given.

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OFFICIAL EXPLANATORY LEAFLET No. 1*.

FISHERMEN AND THE INSURANCE ACT.

Fishermen who work for wages will in ordinary cases be insured under the Act which comes into operation on 15th July 1912. The rates of contributions and benefits are set out in **the official explanatory leaflet No. 6.**

It will be open to such fishermen to join any **Approved Society** which will accept them, but they will be **specially entitled** to become members of the **Seamen's National Insurance Society.**

This Society is to be formed in terms of the National Insurance Act by the Board of Trade for the insurance of seamen and fishermen only, including masters and apprentices.

The ordinary contributions will be payable, that is,

The Employer will pay 3d. a week,
The Fishermen will pay 4d. a week,

and **the State will add** a sum equal to two-ninths of the benefits.

In addition to these sums the Seamen's Society will be credited with the contributions which employers will be required to pay in respect of those seamen who are neither domiciled nor have a place of residence in this country. These seamen (foreigners, Lascars, etc.) will make no payments themselves and will receive no benefits, but the sums paid in respect of them by their employers will provide partly at least for other benefits for the members in addition to Medical, Sanatorium, Sickness, Disablement and Maternity Benefits. It is estimated that a sum of about £15,000 will be payable annually in respect of such foreign seamen.

These benefits will be provided under a scheme to be approved by the Board of Trade and the Insurance Commissioners and will include pensions for masters and seamen with long sea service, and may also include such benefits as—

(1) Medical treatment for dependants.
(2) Dental treatment.
(3) Increase in sickness, disablement or maternity benefit.
(4) Benefit during convalescence.
(5) Provision and maintenance of Convalescent Homes.
(6) Payments to members' superannuation funds.
(7) Repayment of contributions and remission of arrears.

Share Fishermen.

There is a custom at certain ports of remunerating the crews of fishing vessels by shares in the earnings of such vessels.

Where this custom prevails the Insurance Commissioners have power to make a **Special Order** excluding from compulsory insurance the members of such crews.

Where no order is made "Share Fishermen" will, if otherwise qualified, be in the same position in relation to the Act as other employed persons.

Owners of boats, whose total income from all sources does not exceed £160 a year, will be entitled to become Voluntary Contributors and to receive the benefits of the Act. They will however require to pay the full employed rate applicable to their case.

OFFICIAL EXPLANATORY LEAFLET NO. 2. No. 2.

QUESTIONS AND ANSWERS FOR MEMBERS OF FRIENDLY SOCIETIES.

Q.—As a member of a Friendly Society I am anxious to know if I shall benefit by my thrift in the past?

A.—Yes, certainly. Every Society that becomes "approved" will receive a new reserve for all its present members who come under the State scheme. This will set free reserves which Friendly Societies have accumulated in the past, and which are estimated to amount to at least £10,000,000 for the country as a whole.

Q.—In what way will these sums be used? Will present members get the advantage?

A.—Undoubtedly. Each Society will make its own arrangements for disposing of the amount set free. It may do so either by securing for them extra benefits outside the State scheme, or by reducing their contributions to the Society, or it may apply the money towards paying part of their contributions to the State scheme.

Q.—Then I shall still continue to be insured in my Society apart from the State scheme?

A.—Certainly, if you wish it. That is for you to decide.

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Q.—**But shall I be compelled to pay the contribution of 4d. to the State scheme in addition to my ordinary contribution?**

A.—You will be obliged to pay 4d. per week (if you are an employed person) to the State scheme, but how much more you pay will depend upon what extra benefits you desire and upon what you and your fellow members decide. If you have been paying 6d. a week for insurance, you will probably wish to go on doing so, and in that case 4d. will go to the State scheme (together with contributions from your employer and from Parliament) and the remaining 2d. will go to the ordinary or voluntary side of your Society.

Q.—But my Society won't give me much for 2d.

A.—Don't forget the reserves your Society has, which will be set free by the Act. These will enable your Society to reduce your contributions to its own voluntary insurance account, so that if your Society is a sound one financially, you will get for this reduced contribution of 2d. much greater benefits than the 2d. by itself could provide.

Q.—I see; and then in addition I have all the benefits under the Act?

A.—Yes, that is so; you will receive the ordinary benefits under the Act (together with such further "additional benefits" as your Society may later be able to give, if it finds on an actuarial valuation that the working of the State scheme results in a surplus).

Q.—So I shall really be insured twice over. Is that allowed?

A.—Certainly; **you may insure as much as you like, but you may only have one insurance under the State scheme.**

Q.—What will be the position of the **small Societies**—a village Friendly Society, for instance—under the Act? Do they lose their independence, or must they be wound up and their members drafted into other Societies?

A.—Most certainly not; they can become Approved Societies, and can then administer the Act for their members.

Q.—But I thought that any Society with less than 5000 members could not be recognised, but had to be merged in a larger Society?

A.—No, that is quite wrong. What you are thinking of is probably the fact that for the purpose of the periodical valuation, *and for this purpose only*, all Societies with less than 5000 members

must either form voluntary associations with each other in any part of the country (England, Scotland, Ireland or Wales, as the case may be), or will be grouped with other similar Societies in the district. But this is only for the purpose of dealing with surpluses or deficiencies arising on actuarial valuation, and the central committee of such an association is given no other power of control over the Society.

Q.—I am not quite clear as to **how contributions are paid** by the insured person; will you explain?

A.—The method will probably be that each insured person will be given a card by his Society, who will obtain these from the Insurance Commissioners. The man will hand his card to his employer, and when he is paid his wages the employer will have to put on special stamps equal to the total contribution (7d. a week) of employer and employed. The employer will deduct the workman's contribution from his wages. There will be nothing on the card to show the employer to what society the man belongs.

Q.—But how will the society get the money?

A.—At certain fixed intervals the man will take his card, bearing a number of stamps on it, to his Society, and will receive a new card in exchange for the old. The stamped cards will from time to time be forwarded to the Insurance Commissioners, who will credit to the Society the amount due.

Q.—**And where does the State contribution come in?**

A.—As the Society pays out benefits, it will claim periodically the two-ninths payable by the State together with the State's two-ninths of the cost of administration and will be credited with this amount by the Insurance Commissioners.

Q.—You referred previously to the **reserves** which the Societies are receiving in respect of their members. Would you mind explaining what this means?

A.—Everyone is, within the first year, admitted to insurance at a uniform rate regardless of age, but it is obviously more costly to insure a man of 40 than one of 20. To make good this extra cost, a figure is calculated for each age, showing the value of the "reserve" which each contributor would have built up by his past payments if he had been insured from the age of 16. This reserve value is provided for each insured person joining a Society under the Act.

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Q.—How "provided"? Is it paid over in cash?

A.—No, it is credited to each Society; it is, in fact, a debt by the National Insurance Fund to the Society, and earns interest at 3 per cent.

Q.—Another point I want to know is, **how far may the Societies make their own rules?**

A.—They may make their own rules entirely, so long as the provisions of the Act are observed, and subject to the general approval of the Insurance Commissioners. It is specially laid down in the Act that no Society can become an Approved Society which is not under the complete control of its members, so any special conditions governing insured persons in Approved Societies will be of their own making.

Q.—Then there will be a certain amount of "local option" in the working of the Act?

A.—Exactly. A Society may, for instance, if it so decides, excuse a member in arrear such part as would have been paid by his employer had he been at work. They can lay down rules on various matters, and in many ways they have considerable discretionary power.

Q.—**Women may, of course, join Approved Societies?**

A.—Certainly, and, if they wish it, they can form Societies of their own.

Q.—Will they have separate funds when in a mixed Society?

A.—Separate accounts will have to be kept, but not separate funds, unless the Society itself so decides. A Society with branches separately registered can easily arrange, if it likes, that one of these branches can be for women only; a Society that has no branches separately registered may still treat its women members, as regards all funds and accounts, as if they formed a separate branch.

Q.—Is the amount of the State subsidy the same for a woman as for a man?

A.—Yes. It is equivalent to 2d. a week in both cases, but as the total benefits payable to women are on a rather lower scale it represents a higher proportion of the whole cost in the case of women—a quarter instead of two-ninths.

Q.—May I take it that, generally speaking, all the preceding answers apply to women who are members of Friendly Societies?

A.—Yes; of course, you will remember that in an ordinary case the woman pays 3d. a week under the State scheme, and not 4d., though the employer pays the same in both cases. Where wages are below a certain figure specially reduced contributions are payable.

Q.—Yes, but, taking the Friendly Society side of the matter, is there any substantial difference in the position of women as compared with men with regard to rights in existing funds?

A.—There is no distinction made in the Act at all on this point between men and women who are members of Friendly Societies.

OFFICIAL EXPLANATORY LEAFLET NO. 3. No. 3.

QUESTIONS AND ANSWERS FOR MEMBERS OF DIVIDING SOCIETIES AND SLATE CLUBS.

Q.—Can you tell me how the Insurance Act is going to affect my Society?

A.—What kind of Society is it?

Q.—It is a very **old-established village Society, a slate club really,** and it has been run so successfully for so many years that we shall be very sorry if it has to be broken up.

A.—There is no need for that.

Q. But we can't become an Approved Society, as we have only a few hundred members.

A.—**But you can become an approved Society.** There is no minimum of membership laid down. The conditions for approval are that the Society should not be carried on for profit, and that it should be under the absolute control of its members.

Q.—Oh, we can easily satisfy those conditions; it was the 5000 minimum that seemed to stand in our way. You are quite sure there is no such requirement?

A.—Quite.

Q.—I am very much relieved to hear it, as that will allow us to go on. I wonder how we got the idea into our heads?

A.—Probably because there are in the Act certain sections

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particularly affecting Societies with a membership of less than 5000.

Q.—What are they?

A.—Every three years or so an actuarial valuation of the assets and liabilities of each Society will be carried out, and **for the purpose of this valuation** Societies below the 5000 limit will be grouped together.

Q.—What does this mean?

A.—Each Society such as your own can make arrangements with other Societies, similarly situated, **to form a voluntary association, with a central financial committee,** which will be treated like a Society with branches for the purpose of the valuation and of dealing with the surpluses or deficits so disclosed.

Q.—Does this mean amalgamation?

A.—No, it is an arrangement for one purpose only. One Society might have particularly bad luck with its sickness experience—an epidemic of influenza or some other disease, which would seriously reduce its funds; another Society might have a succession of very good years. Now, if you take a number of Societies together, the amount of sickness they experience year in and year out is much the same, so that by forming an association you spread the risk.

Q. Does that mean that the Societies with a surplus have to hand it over to the Societies with a deficit?

A.—Not the whole of it. Societies with a surplus pool one-third of their surplus and keep the other two-thirds for themselves.

Q. What happens to Societies with a deficit?

A.—A Society with a deficit not due to bad management can have three-fourths of its deficit made up out of the pool, so far as there is money enough in the pool. The other quarter they must make up themselves, either by reducing the benefits or increasing the contributions. The committee may allow Societies the whole of their deficit, if it chooses.

Q.—But I don't see why well-managed Societies should have to pay for badly-managed Societies.

A.—They will not do so. If the deficit is caused by bad

management and not by bad luck, the committee (with the consent of the Insurance Commissioners) can refuse to make it up.

Q.—But it will be very difficult for my Society to make arrangements with other Societies; what happens if it doesn't join an association?

A.—Then you will be **grouped, for this purpose only, by the local Insurance Committee with other societies in the locality who have not formed an association,** and the Insurance Committee will act as the central committee.

Q.—But will not this plan of forming groups or associations mean that we lose our independence?

A.—No. It is expressly laid down in the Act that this plan shall give no power of control to the **central committee of the association, or the Insurance Committee in the case of a group, over the Societies in the group.**

Q.—And if we find ourselves with a surplus at the time of this valuation?

A.—Then you may distribute such part as is available by paying additional benefits to your members.

Q.—What do you mean by additional benefits? A cash bonus?

A.—No. There is a list of 14 "additional benefits" given in Part II. of the 4th Schedule of the Act—you must make your choice from that. For example, you may give dental treatment, or you may extend medical benefits to the dependants of your members, or you may pay increased maternity benefit, or you may help your members to pay their contributions, or you may give pensions, but not a cash distribution.

Q.—That puts an end to Dividing Societies?

A.—Not at all. **The Society may do as it pleases with any funds of its own,** and may continue or alter its usual practice as it thinks fit. It is only the funds contributed under the State scheme which must not be distributed in any other fashion except in benefits.

Q.—Still, it will mean having one section for dividing out purposes and another for the Act, so that our old-established Society will be broken in two.

A.—**There is no need for that, you have merely to**

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keep the accounts separate. What have your members been paying in the past?

Q.—6d. a week; very few will be able to pay 4d. as well, as required by the Act.

A.—They will not have to do so. They need not pay more than the 4d.; but if they still like to pay 6d., 4d. of it will be paid out of their wages by their employer, who has to add his 3d., and the State will pay its share. The benefits under the Act will thus be provided, and the 2d. can be used for anything else.

Q.—Are these contributions invariable?

A.—Under ordinary circumstances a man pays 4d. and a woman 3d., but where wages are below a certain figure specially reduced contributions are payable.

No. 4.

OFFICIAL EXPLANATORY LEAFLET No. 4.

WHO WILL BE INSURED.

GENERAL RULE.

With the exceptions mentioned below, ALL EMPLOYED PERSONS *between the ages of* 16 and 70 *must be insured under the Act, if they earn at the rate of less than* £160 *a year; and those who work with their hands must be insured even if they earn more than this.*

I. THOSE WHO ARE NOT OBLIGED TO BE INSURED.

1. Those who can show that they have a pension of £26 a year or more, or an income of £26 a year or more which they do not earn.
2. Those who can show that they are ordinarily and mainly dependent for their livelihood upon some other person.
3. Persons employed as apprentices or learners receiving no wages.
4. Persons employed by the occupier of an agricultural holding without wages.
5. Children of an employer receiving no wages and persons who are maintained by their employer without wages.
6. Wives employed by their husbands and husbands employed by their wives.

7. Outworkers who are the wives of insured persons and are not wholly or mainly dependent for their livelihood on their earnings as outworkers.
8. Persons casually employed; **except that persons have to be insured who are casually employed for purposes of trade,** and also persons who are engaged or paid through a club for the purposes of a game or recreation. For example, a person employed to carry a bag to the station need not be insured, but a cotton porter carrying a bale of cotton into a warehouse must be insured. Again, a club golf caddie must be insured but a skate fastener will not be.
9. An agent paid otherwise than by salary unless he is mainly employed by one employer and is mainly dependent for his livelihood on one employer.
10. Certificated Elementary School Teachers to whom the Teachers' Superannuation Act of 1898, or a Scheme under the Education (Scotland) Act, 1908, applies.

II. Persons who may be Excluded from the Act by Special Order.

1. The Insurance Commissioners have power in certain cases to exclude from the Act by special order the following forms of employment:—
   (*a*) as an outworker;
   (*b*) as a share fisherman;
   (*c*) employment of a kind which is ordinarily adopted as subsidiary employment only and not as the principal means of livelihood.
2. The following persons will be excluded from the Act:—
   (*a*) Persons in employment of the Crown,
   (*b*) Persons in the employment of local or other public authorities,
   (*c*) Clerks or salaried officials in the service of a railway or other statutory company who are entitled to rights in a superannuation fund established by Act of Parliament,

   in cases in which the Insurance Commissioners certify that they are secured by the terms of their employment benefits in sickness and disablement of at least equal value to those given by the Act.

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III. PERSONS WHO WILL BE INSURED UNDER THE ACT BUT FOR WHOM SPECIAL PROVISIONS ARE MADE IN THE ACT.

1. Soldiers.
2. Seamen in the Royal Navy.
3. Sailors and Fishermen.
4. Persons over 65 at the commencement of the Act (July 15, 1912).
5. Aliens.

Note.—For particulars of these five classes *see* other pamphlets and leaflets.

No. 5.

OFFICIAL EXPLANATORY LEAFLET No. 5.

ADVANTAGES OF JOINING AN APPROVED SOCIETY.

(This Leaflet applies to men and women alike.)

There are two ways of obtaining the benefits under the National Insurance Act, 1911, Part I. :—

(1) Through a Society approved for the purpose by the Insurance Commissioners ; and
(2) As a Deposit Contributor.

Approved Societies are Friendly and Benefit Societies, Trade Unions, sections of Insurance Companies, and other organisations, all of which are required to be under the **absolute control of the members.**

The Deposit arrangement, which is only temporary, is intended simply for persons who do not become, or who cease to be, members of Approved Societies. These persons will be known as Deposit Contributors.

Membership of an Approved Society gives the advantage of a common fund, to which all members contribute and from which benefits are payable, whereas a Deposit Contributor can only draw upon his individual account.

The principle underlying the **working of an Approved Society** is shown in the following illustration :—

> "If 1000 people each paid 6d. a week into a common fund for the benefit of those among them who fell ill, they would have a joint income of £1300 a year. Those who were lucky enough to be well would not require any of the

£1300, so that there would be available for those who fell ill more than the amount of their own contributions in times of sickness. As, however, none of them would know beforehand whether he was going to be ill or not, it would be well worth while for each of them to pay 6d. a week into a common fund by way of **insurance** against possible sickness. On the other hand, if one man by himself saved up 6d. a week **he would only have these sixpences** to be used in case of sickness, and when they were spent he would have no more."

Under the State Scheme a person may either join with other people in an Approved Society and get the **benefit of a real insurance,** or merely save up for himself as a Deposit Contributor.

The difference, therefore, between Deposit Contributors and members of Approved Societies is that Deposit Contributors cease to have benefits when the money standing to their credit is exhausted, whereas members of Societies can go on drawing benefits as long as they need them.

Every person ought to decide what Society he would like to join. **The choice of an Approved Society is very important.** Those who are already members of Friendly Societies, Trade Unions, Sick Clubs, Slate Clubs, or Insurance Societies or Companies will probably desire to be members of the same Societies (if these become approved under the Act), but everyone is perfectly free to join any Society which will accept him. An Approved Society has the power to reject an applicant on any ground except that of age.

OFFICIAL EXPLANATORY LEAFLET NO. 6. No. 6.

CONTRIBUTIONS AND BENEFITS. WORKING MEN.

CONTRIBUTIONS.

(1) *Ordinary Rate.*

Employer pays 3d. a week.
Workman pays 4d. a week. } Total 7d.

The State contributes 2d. towards every 9d. which is expended on benefits and the administration of benefits.

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(2) *When the Workman is over* 21 *and the Wages are Low the Employer pays more and the Workman less, as follows :—*

Rate of Remuneration per working day.	Worker pays	Employer pays	State (in addition to the 2d. mentioned above) pays	Total.
1s. 6d. or under .	Nothing	6d.	1d.	7d.
Above 1s. 6d., but not over 2s. . . .	1d.	5d.	1d.	
Above 2s., but not over 2s. 6d. . .	3d.	4d.	—	
Over 2s. 6d. (ordinary rate) . . .	4d.	3d.	—	

If a man receives board **and** lodging he pays the ordinary rate of 4d. whatever his wages. If he receives board **or** lodging, but not both, the value of the board or lodging counts as part of his "remuneration." Remuneration means wages **and** the value of other things a workman may receive—for instance, meals.

(3) *Special Rate.*

In certain trades, if the employer undertakes to pay **full remuneration during the first six weeks of sickness** a special rate of contributions may be allowed.

The employer pays 2d. a week.
The workman pays 3d. a week. } Total 5d.

The workman gets no sickness benefit during those six weeks, but has a right to all the other benefits as usual.

BENEFITS.

(1) Medical benefit, that is, doctor and medicine, or, in special circumstances, money payments instead.
(2) Sanatorium benefit, that is, treatment in a sanatorium or in some other way in case of consumption.
(3) Sickness benefit, 10s. a week for 26 weeks commencing on the fourth day of sickness.
(4) Disablement benefit, 5s. a week afterwards if still incapable of work.
(5) Maternity benefit, 30s. for the wife on confinement.

(These benefits are subject to certain waiting periods and other conditions.)

The rate of sickness benefit is less for persons under 21, and in certain cases for persons over 50.

How the Benefits are Obtained.

By joining an Approved Society.

What Societies will be Approved.

Friendly Societies, Trade Unions, Provident Societies, Dividing Societies, Collecting Friendly Societies and Industrial Assurance Companies are preparing rules either to become Approved Societies or to form sections for the administration of the Insurance Act, and new Societies may be formed for the purpose of the Insurance Act.

If a man does not join a Society he will have to become a **Deposit Contributor,** and will only have a right to the benefits which can actually be provided out of the contributions paid by himself and his employer, together with the State grant.

Members of Societies can go on drawing benefits as long as they need them ; Deposit Contributors cease to have benefits when the money standing to their credit is exhausted.

Official Explanatory Leaflet No. 7. No. 7.

WOMEN UNDER THE INSURANCE ACT.

Working women, whether single or married, will in ordinary cases be insured under the Act, which is to commence on July 15, 1912 Generally speaking the payments and the benefits are the same for single women and for married women, but in certain cases special arrangements are made for married women.

This leaflet first sets out the ordinary contributions and benefits for working women whether married or single, and then describes shortly the special arrangements for married women.

Ordinary Contributions and Benefits.

(1) *Usual Rate of Contributions.*

The employer pays 3d. a week.
The woman pays 3d. a week. } Total 6d.

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The State contributes 2d. towards every eightpence expended on benefits and on the administration of benefits.

The woman's 3d. is taken from her wages by her employer.

(2) *Rates of Contribution in Case of Low Wages.*

When the woman is over 21 and the wages are low, the employer pays more and the woman less.

Rates of remuneration per working day.	Woman pays	Employer pays	State (in addition to paying the 2d. mentioned above) pays	Total.
Over 2s. (ordinary rate) . . .	3d.	3d.	—	6d.
Above 1s. 6d. but not over 2s. . .	1d.	4d.	1d.	
1s. 6d. and under	Nothing	5d.	1d.	

If a woman receives board **and** lodging she pays the ordinary rate of 3d. whatever her wages. If she receives board **or** lodging, but not both, the value of the board or lodging counts as part of her remuneration. Remuneration means wages **and** the value of other things a woman may receive from her employer—for instance, meals.

(3) *Special Rate of Contribution.*

In certain trades if the employer undertakes to pay **full remuneration during the first six weeks of sickness** a special rate of contributions may be allowed.

The employer pays $2\frac{1}{2}$d.
The woman pays 2d. } Total $4\frac{1}{2}$d.

The woman gets no sickness benefit during those six weeks, but has a right to all the other benefits as usual.

BENEFITS.

(1) Medical Benefit, that is, doctor and medicine, or, in special circumstances, money payments instead.

(2) Sanatorium benefit, that is, treatment in a sanatorium or in some other way in case of consumption.

(3) Sickness benefit, 7s. 6d. a week for 26 weeks commencing on the 4th day of sickness.

(4) Disablement benefit, 5s. a week afterwards if still incapable of work.

(5) 30s. maternity benefit on confinement, paid in cash or otherwise, unless her husband is also insured, in which case maternity benefit is provided by his insurance. A married woman, whether her husband is insured or not, has a right also to sickness benefit after confinement.

(These benefits are subject to certain waiting periods and other conditions.)

The rates of sickness benefit and disablement benefit are lower for girls under 21, and in certain cases the rate of sickness benefit is lower for women over 50.

How the Benefits are Obtained.

. . . . . .

(As in Leaflet No. 6.)

Married Women.

What happens in the Case of a Woman now Married or who Marries before July 15, 1912.

If she is employed on July 15, or becomes employed at any later date whilst her husband is living, she will be insured under the Act and will have a right to full benefits for the ordinary contributions.

If she is not employed she cannot be insured during her husband's lifetime. If at his death, or within a year after it, she goes to work, she will be insured under the Act at the ordinary rates with the ordinary benefits. If she goes to work later than a year after her husband's death she will have to be insured and pay the ordinary contributions, but she will get reduced benefits. She can, however, obtain the usual benefits by paying higher contributions.

What happens in the Case of a Woman Insured before Marriage who Marries after July 15, 1912.

A. *Whilst her husband lives.*

When an insured woman marries, if she continues to be employed, she will pay the same contributions and have a right to the same benefits as before.

If she ceases to be employed there are two courses open to her:

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either (*a*) she may go on paying 3d. a week herself and she will have a right to the following benefits, which are less than when she was employed, because there is no employer to pay the other 3d. :—

medical treatment and medicines (or in special circumstances money payments instead) and sick pay of 5s. a week for 13 weeks and disablement pay of 3s. a week afterwards. Sick pay is not given for the two weeks before and the four weeks after confinement;

or (*b*) she need pay no further contributions, but her own and her employer's previous contributions will have enabled her Society to set aside a certain sum for her benefit during marriage, and thus to pay her, on confinement, 5s. a week for not more than four weeks and, if it thinks fit, to grant certain payments during any period of sickness or distress; both these benefits are limited by the amount available (as above described) supplemented by the State grant.

In all cases the State contributes 2d. towards every eightpence expended on benefits and the administration of benefits.

B. *If her husband dies.*

If she goes to work she will pay the same contributions and have a right to the same benefits as before marriage.

If she does not go to work she may pay 3d. a week herself and get the benefits described in (*a*) above, or she may on certain conditions pay a higher contribution and receive the ordinary benefits in full. The conditions are that she must either have been insured for at least five years, *or* must be engaged in some regular occupation upon which she is wholly or mainly dependent, with a total income of less than £160 a year.

What happens in the Case of a Woman NOT *Insured before Marriage, who Marries after July* 15, 1912.

If she goes to work during marriage or after her husband dies, she has to be insured and pay the ordinary contributions, but (unless she goes to work before July 15, 1913) she will receive reduced benefits; she can, however, obtain the usual benefits by paying higher contributions.

OFFICIAL EXPLANATORY LEAFLET NO. 8.

BENEFITS.

LIST OF BENEFITS.

(*a*) Medical Benefit.
(*b*) Sanatorium Benefit.
(*c*) Sickness Benefit.
(*d*) Disablement Benefit.
(*e*) Maternity Benefit.

MEDICAL BENEFIT.

This includes medical treatment and medicine for the insured person (not for his family) and certain kinds of surgical appliances. Medical benefit does not include any right to treatment in case of confinement.

When the Insurance Committee (to be set up for the purposes of the Act in each County and certain Burghs) has made arrangements for medical attendance and has prepared a list of the doctors willing to serve under the Act, the insured person will be at liberty to choose from the list any doctor who is willing to attend him. A similar list will be available of chemists and others from whom such drugs and medicines as may be prescribed can be obtained. Under certain circumstances, instead of this system, an insured person will be allowed, or may be required, to make his own arrangements for receiving medical attendance and treatment, and in that case medical benefit will take the form of a money allowance upon which he can draw, to help him in the payment of the cost of his treatment.

No person will be entitled to medical benefit until six months after the commencement of the Act.

Where a scheme is not established by the Insurance Committee, other methods will be adopted.

SANATORIUM BENEFIT.

On the recommendation of the Insurance Committee, an insured person suffering from consumption is given **free treatment in a sanatorium or other institution** or in such other way as may be suitable for the case. This benefit may, if the Local Govern-

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ment Board so decide, be extended to include other diseases besides consumption. The Insurance Committee has power to pay or to advance the travelling expenses of a person who is sent to a sanatorium for treatment, and to extend the benefit to the dependants of the insured person.

SICKNESS BENEFIT.

This is a payment of 10s. per week for men, and 7s. 6d. per week for women, up to 26 weeks, during a period in which the insured person is incapable of work through sickness or other disablement. The following should be noted :—

(*a*) It commences on **the fourth day** of illness.

(*b*) Illnesses occurring at separate periods are all counted together **as one illness** for the purpose of reckoning the 26 weeks, unless a period of 12 months elapses and 50 weekly contributions are paid between the end of the one illness and the beginning of the next.

To become entitled to this benefit a person must have been insured for at least 26 weeks and have paid at least 26 contributions. It is not payable after the age of 70. Its payment through an Approved Society is subject to the rules of that Society. Except as explained below, a woman is not entitled to sickness benefit during the first four weeks after confinement.

DISABLEMENT BENEFIT.

When a person's right to sick pay is exhausted, because he has drawn it for 26 weeks, he is able, if still incapable of work, to draw 5s. a week, which is called Disablement Benefit. This is the same for women as for men. This benefit, like sickness benefit, is not payable after the age of 70. To become entitled to this benefit, a person must have been insured for at least two years and must have paid at least 104 weekly contributions.

MATERNITY BENEFIT.

Payment of a sum of 30s. in respect of a confinement.

A woman who is the wife of an insured person will, whether she works after marriage or not, have 30s. paid in cash or otherwise through her husband's Society to meet the expenses of her confinement.

If she is not the wife of an insured person, but is herself insured, she will draw the 30s. from her own Society.

If she is married, and goes on working after her marriage, she will, at each confinement, get sickness or disablement benefit as well as maternity benefit, whether her husband is insured or not.

In any case, the woman decides whether she wishes to be attended by a doctor or by a midwife, and selects any doctor or midwife she likes. A period of 26 weeks must have elapsed since entry into insurance and at least 26 weekly contributions must have been paid before the insured person becomes entitled to this benefit; in the case of a Voluntary Contributor the requirement is a period of 52 weeks and the payment of 52 weekly contributions.

Additional Benefits.

In addition to the benefits already mentioned there is the possibility of extra benefits **if the funds of an Approved Society show a surplus** on the first or any subsequent valuation. The additional benefits laid down in the Act include medical treatment for dependants, dental treatment, increased sickness or disablement benefit, payment of sickness benefit from the first day, increase of maternity benefit, payment of pensions, &c., **but not death benefits.**

Variation in Benefits.

Power is given to Approved Societies to draw up schemes for substituting some of the "additional benefits" for the whole or part of sickness or disablement benefit. The scheme may apply to all the members, or to special classes, or it may be optional for any of the members. **The Scheme must be submitted to the Insurance Commissioners, who must be satisfied that there are good reasons for it owing to special circumstances.**

In sparsely populated districts of Scotland, an Insurance Committee may, with the consent of the Insurance Commissioners, modify or suspend any of the benefits for which it is responsible, and substitute others of an equivalent value.

Reduction in Benefits.

If any valuation of an Approved Society discloses a deficiency, arising from bad management or otherwise, the benefits may be reduced or a levy may be made upon the members.

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OFFICIAL EXPLANATORY LEAFLET No. 9.

QUESTIONS AND ANSWERS FOR MEMBERS OF TRADE UNIONS.*

Q.—I am a member of a Trade Union, and I wish to know what my position will be under the Health part of the National Insurance Act?

A.—**If your Trade Union becomes an Approved Society, you can have your contributions under the State scheme paid into your Trade Union,** and you can obtain from it the benefits conferred by the Act.

Q.—But has not my Trade Union to set up a separate Section?

A.—There is no need for a separate Section. The Union may please itself about that. The Act only *requires* the establishment of a separate Section where the Society seeking to become an Approved Society is at present carried on for profit or is not controlled by its members. In all other cases a Society can become approved even though it carries on other business than the administration of the benefits conferred by the National Insurance Act, and even though some of its members are not insured under the Act.

Q.—Can a Trade Union use for all Trade Union purposes the funds coming under the Health part of the State scheme?

A.—No. The Trade Union must keep the books and accounts of the funds under the State scheme quite separate from the books and accounts of its other business; and not one penny of the money coming in under the State scheme can be used for any other purpose except for the benefits set out in the Act and the cost of administration of those benefits.

Q.—Can my Trade Union compel me to contribute to the ordinary side of its business as well as to the State scheme?

A.—The Trade Union can make this a condition of your becoming a member of their Society. It is a matter for the rules of your Union.

* This leaflet applies to Women's Trade Unions as well as to Men's. Women contribute 3d. instead of 4d., their full rate of sickness benefit is 7s. 6d. instead of 10s., the State pays one-quarter instead of two-ninths of the cost of benefits and administration.

Q.—Will the 4d. which I have to contribute under the State scheme be in addition to what I am already contributing to the Trade Union?

A.—It will clearly be in addition to any contributions made for purely Trade Union purposes, such as contributions to an unemployment fund or a strike fund. Some Unions, however, are at present giving sick pay, and in those cases part of the present contribution goes to provide that sick pay. This part need only be continued to the extent to which sickness benefit is desired beyond the amount provided by the State scheme.

Q.—But how can the members avoid paying twice over?

A.—Suppose a member now pays 10d. a week, 6d. of which is wanted for unemployment or strike purposes and 4d. for sickness purposes. Under the altered conditions he will continue to pay 6d. direct to his Union for the unemployment or strike purposes as before, but he would cease to pay 4d. for sickness purposes directly to his Union, as 4d. will be deducted from his wages and paid into the State scheme. The 4d. so deducted will carry with it the employer's 3d. and the State grant of two-ninths of the cost of the benefits and administration, and will thus be sufficient to enable his Union to provide the benefits conferred by the Act.

Q.—**You mean he will substitute his contribution under the Act for his present contributions to the sick fund?**

A.—Yes, and the benefits conferred by the Act are worth much more than 4d.; they include—

. . . . . .

(*As in Leaflet No.* 6.)

Q.—But supposing he is paying 6d. to the sick fund at present, what then?

A.—He will still get more than 6d. worth of benefit from his 4d.; but as he has been accustomed to paying 6d. he may wish to continue paying 6d. for sickness purposes; in that case he will then pay 2d. to his Union besides having 4d. deducted from his wages under the State scheme, and the 2d. will entitle him to further benefits from his Union.

Q.—What becomes of all that he has paid to the Union in the past for sickness purposes?

A.—Whatever money is there can be used for any purpose the

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Union may lawfully determine upon. It is not brought into the State scheme.

Q.—But surely it will continue to be required as a reserve?

A.—**No, the Union will be credited under the State scheme with the full reserves necessary to enable it to pay the benefits under the Act to all its members, old or young, who become insured; and therefore there will be no need for the Union to keep a reserve of its own for these benefits.** But you must remember that, except, possibly, in the case of sanatorium benefit, no one will be entitled to any benefits under the Act until January 1913, and that disablement benefit is not payable till July 1914, so the Union's present reserves will be very useful during that period.

Q.—Can a man be a member of a Friendly Society as well as a member of his Union, or will he have to give up his Friendly Society?

A.—**As far as the Act is concerned a man can be a member of as many Friendly Societies or Unions as he pleases,** but he can only make one of them his Approved Society for the purposes of the Health Scheme of State Insurance.

Q.—I am not quite clear as to **how contributions are paid by the insured person;** will you explain?

. . . . . .

(*Questions and Answers as in Leaflet No.* 2.)

Q.—**How much security will a Trade Union have to give** in order to become approved?

A.—The amount will be fixed by the Insurance Commissioners. Security is only required to provide against defalcation of officials.

Q.—But if Union funds are deposited as security, what would happen if they were wanted for a strike?

A.—The security need not be in the form of a cash deposit; a proper fidelity bond will serve the same purpose. Even if the Union chooses to deposit cash or securities, these could be withdrawn, and a bond substituted should necessity arise. **No security need be given where the funds are only required to reimburse to the Union moneys previously expended under the Act.**

OFFICIAL EXPLANATORY LEAFLET NO. 10.

SICKNESS AND DISABLEMENT BENEFITS.

Part I. of this leaflet sets out the rates of sickness and disablement benefit in the case of persons compulsorily insured under the Act (called employed contributors) who become members of Approved Societies within a year after the commencement of the Act (July 15, 1912). Part I. also applies to employed contributors who join Approved Societies more than a year after the commencement of the Act, provided they do so before they are 17.

Part II. deals with persons who become employed contributors and join Approved Societies at any time after July 1913, and are 17 or over at the time.

PART I.

Persons who Become Employed Contributors within a Year after the Commencement of the Act (July 15, 1912).

SICKNESS BENEFIT.

. . . . . .

(*As in Leaflet No. 8, supra.*)

DISABLEMENT BENEFIT.

. . . . . .

(*As in Leaflet No. 8, supra.*)

REDUCED RATES.

(1) *Persons under 21.*

Males: **Sickness benefit**—6s. a week for 13 weeks, 5s. a week afterwards.

Disablement benefit—The full rate of 5s. a week.

Females: **Sickness benefit**—5s. a week for 13 weeks, 4s. a week afterwards.

Disablement benefit—4s. a week.

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The full rate will be payable when the insured persons reach the age of 21.

If they are married or have members of their family wholly or mainly dependent upon them, they have a right to sickness and disablement benefits at the full rate.

(2) *Persons of 50 and upwards.*

This refers only to persons who, **when they first become employed contributors,** are over the age of 50; they will be in two classes, (i) those between 50 and 60, and (ii) those between 60 and 65.

(i.) If over 50 and not over 60 at the time of becoming employed contributors—

Sickness benefit—Men, 7s. a week for 26 weeks. Women, 6s. a week for 26 weeks.

Disablement benefit—The full rate of 5s. a week for both sexes.

(ii.) If over 60 and under 65 at the time of becoming employed contributors—

Sickness benefit—Both men and women, for 26 weeks, at the rate of 6s. a week for the first 13 weeks and 5s. a week for the second 13 weeks.

Disablement benefit—The full rate of 5s. a week for both sexes.

Persons over 50 when they first become employed contributors **will have a right to full sickness benefit (10s. for men and 7s. 6d. for women) as soon as 500 weekly contributions have been paid, that is to say in rather less than 10 years if they pay regularly.**

(iii.) Special arrangements are made for persons who are 65 and upwards at the commencement of the Act.

There is no reduction in the case of persons who first become employed contributors before they reach 50, and go on after that age; and persons who become employed contributors after 50 but before 60 will be treated after they reach 60 in the same way as they are treated between 50 and 60; and similarly as regards the treatment of persons over 65 who became insured before 65.

PART II.

Persons who Become Employed Contributors at any Time after July 1913, *and are* 17 *or over at the Time.*

They will receive reduced sickness benefit to be fixed in accordance with tables to be prepared by the Insurance Commissioners, but they will in no case receive less than 5s. a week. They can, however, obtain full sickness benefit either by paying a larger contribution or by paying a lump sum sufficient to secure them sickness benefit at the full rate.

But if they can prove that their time, since they attained 17, has been spent **in a school or college or in indentured apprenticeship, or under instruction without wages,** or in some other way in the completion of their education, they will be entitled to full sickness benefit without increase of contributions.

Note.—(1) The rate of sickness benefit will be reduced in the case of persons who are behind-hand with their contributions.

(2) Where the rate of sickness benefit exceeds two-thirds of the usual rate of wages the society may, at its discretion, subject to the consent of the Insurance Commissioners, reduce the rate of sickness benefit and give some other benefit instead.

OFFICIAL EXPLANATORY LEAFLET NO. 11.

HOW TO BECOME INSURED.*

Q.—I hear that as a working man I am bound to become insured under the National Insurance Act?

A.—Yes, that is true.

Q.—But how am I to do it?

A.—**By joining an Approved Society.**

Q.—What is an "Approved Society"? I suppose it means a friendly society?

* This leaflet applies to Women as well as to Men. Women contribute 3d. instead of 4d., and their full rate of sickness benefit is 7s. 6d. instead of 10s.

APPENDIX II. No. 11.

A.—An Approved Society means a Society approved by the Insurance Commissioners. But it is a mistake to suppose that only friendly societies can become approved. Any Society whether it now gives sick pay or not can become approved, provided it is under the control of the members themselves and is not carried on for profit.

Q.—Can a Trade Union become an Approved Society?

A.—Certainly. Friendly Societies, Trade Unions, Provident Societies, Dividing Societies, Collecting Friendly Societies and Industrial Assurance Companies can become Approved Societies or form Sections for the administration of the Act, and new Societies may be formed for the purpose of the Act.

Q.—But I am too old to join a Society now. I am 45; no Society would take me.

A.—Oh! no; if you join at once (or at latest before July 1913) your age makes no difference; the Insurance Act puts you back to 16. You have not got to pay extra because you have now reached middle age. You will pay the same as if you were joining at 16, and you will receive full benefits. Your Society will be credited with the amount which would have now accumulated, had you joined when you were 16, so it will be glad to have you.

Q.—But no Society is obliged to accept me.

A.—True, and different Societies will have different rules as to whom they will admit. You may choose any Society that will take you, and you will have no difficulty in finding one to suit you.

Q.—**What happens if I do not join a Society?**

A.—Then you will become a Deposit Contributor.

Q.—Is that the same as a Post Office Contributor?

A.—I expect you mean the same thing, but "deposit contributor" is the proper expression. A deposit contributor deposits his contributions in the Post Office.

Q.—And a member of an Approved Society deposits his money in his Society—I cannot see any difference.

A.—A deposit contributor will only have a right to the benefits which can actually be provided out of the money deposited (namely, the contributions paid by himself and his employer) together with

the State grant. When this amount is used up he will receive no further benefits. The member of a Society, on the other hand, is entitled to the full benefits of the Act.

Q.—Why is that?

A.—Because in a Society all the members pay into a common fund for the benefit of those who fall ill; sick pay is given to the members out of that fund. A deposit contributor is all by himself, and when he has spent his own money there is nothing left.

Q.—Then a deposit contributor does not get the full benefits of the Act, because he is not really insured?

A.—Quite so, and that is why no one who can join a Society should become a deposit contributor. The arrangements for deposit contributors are only meant for those who cannot join Societies.

Q.—I see; **the real question is not whether to join a Society or to become a deposit contributor, but what Society to join.**

A.—Yes, that is right. Deposit contributors do not concern you. Your business is to choose a good Society. A Society which is not well managed is not likely to be able to continue the ordinary benefits. A Society which is well managed should, in a few years, be able to give additional benefits besides the ordinary benefits.

Q.—**What are the ordinary benefits?**

. . . . . .

(*As in Leaflet No.* 6.)

Q.—**How are the contributions paid?**

A.—Payments will probably be made in this way: When you join your Society you will receive a card; when your employer pays your wages he will ask for your card, and will then put on it special insurance stamps to the value of 7d. for every week you have worked; he will deduct 4d. a week from your wages, paying the remaining 3d. a week himself. When the card has been filled up, say at the end of a quarter, you will take it to your Society and get a new one in exchange.

Q.—But you have said nothing about my contributions to my Society—you have only mentioned the State scheme.

A.—**Your contributions under the State scheme are your contributions to your Society.**

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Q.—But I shall have to pay something to my Society as well?

A.—Not unless you consider the benefits given by the Act are not enough and you want to join the ordinary or voluntary side of your Society for other benefits, such as death benefits, which the Act does not give, or for increased sick pay, or for anything else.

No. 12.

OFFICIAL EXPLANATORY LEAFLET No. 12.

FINANCE.

1. How Societies Obtain their Funds.

Q.—In what way does the money paid by the insured person and his employer find its way into the possession of the Approved Societies?

A.—The money is paid in the first place into the local Post Offices in exchange for insurance stamps to be placed on the cards of the insured persons. The stamped cards are lodged with the Societies at the end of the period of their currency, and the Society then forwards them to the Insurance Commissioners and is credited with the amount of the stamps, less a deduction which will be explained later. The money received by the Post Offices from the sale of stamps has in the meantime been accumulating in the "National Health Insurance Fund" in the same way that money is accumulated in a bank. As the Societies are called upon to pay out benefits they draw upon this central fund, as from a bank, for the amounts paid out and for the expenses of administration.

The deduction referred to above is a deduction of one penny and five-ninths from every sevenpenny contribution collected and credited to the Societies, and it is made for the purpose of providing the money for the Reserve Values. It is not retained permanently by the Commissioners, but has to be used by them in payment of interest upon the Reserve Values and in paying off the Reserve Values themselves. In other words, it is redistributed among the Societies in accordance with the ages of the members, and it is itself part of the money upon which Societies can draw, as explained in the previous paragraph.

Q.—How is the State contribution paid?

A.—The State pays two-ninths of whatever total benefits the Societies pay out. If a Society pays sickness or other benefits to

the value of £90 it draws this amount from the National Insurance Fund; £70 of this is provided from the money standing to the Society's credit in that Fund and the other £20 is paid from the money provided by Parliament.

2. MEANING OF "RESERVE VALUE" AND "TRANSFER VALUE."

Q.—What do you mean by Reserve Values?

A.—Reserve Value is the capital sum which has to be provided in the case of any individual on his first entry into insurance, who is, under the provisions of the Act, entitled to benefits in excess of what his statutory contributions will enable the Society to pay. This capital sum has to be provided in order to safeguard the Society from the loss which would otherwise arise from accepting him as a member.

Q.—But what happens if a man leaves one Society and joins another?

A.—The new Society is entitled to a Transfer Value.

Transfer Value is the capital sum which in the case of an individual already in insurance must be paid by one Society to another when the individual changes his Society. It represents the amount by which the actuarial value of his past contributions (together with any Reserve Value originally credited in respect of him) exceeds the actuarial value of the benefits to which he has been entitled up to date; or conversely (since taken over his career as a whole the actuarial value of benefits is equal to the actuarial value of contributions) the amount by which the actuarial value of his future contributions falls short of the actuarial value of his future benefits—in other words, the net liability transferred from the old to the new Society by reason of the former ceasing to be, and the latter becoming, responsible for him.

Q.—Does the State pay two-ninths of the Reserve Values, I mean two-ninths of the cost of admitting persons of all ages at the same rate as if they were sixteen?

A.—Yes, the State bears two-ninths of that cost, but not in the form of two-ninths of the Reserve Values. The full liability for two-ninths of the benefits, at all ages, is borne directly by the State; no Reserve Values are therefore required in respect of this two-ninths and none are created. Reserve Values are only needed in respect of seven-ninths of the expenditure on benefits, that is to say, that part which is provided by the contributions. The total

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amount of Reserve Values created under the Act will amount to about £66,000,000.

3. THE VALUE TO VARIOUS INDIVIDUALS OF THE STATE GRANT.

. . . . . .

(This Portion of the Leaflet does not Affect any Legal or Practical Question.)

4. INVESTMENTS BY SOCIETIES (section 56).

Q.—How much of the funds contributed under the Act may the Societies themselves invest?

A.—How the funds contributed under the Act are placed to the credit of Societies was explained in the answer to a previous question. Such part of these funds as is not required for current expenses will be available for investment. Four-sevenths of the amount available for investment in respect of the contributions of men and one-half of the amount available in respect of the contributions of women will, if the Societies so desire, be paid over to them for them to invest themselves. The remaining three-sevenths, or one-half as the case may be, is retained for investment by the Commissioners (section 56 (1) (*a*) and (*b*)).

Q.—In what manner are the Societies allowed to invest these amounts?

A.—They can choose either of two courses:—

(1) They may themselves invest the money through their trustees in any of the investments allowed by the Act for the purpose, choosing the investment after considering the rate of interest and the safety of the money so placed.

(2) They may, on the other hand, leave the money in the hands of the Commissioners, who will act as their trustees for the purpose of investing in such securities as they may direct.

The only difference between these two methods is that the Commissioners instead of the trustees are responsible to the Society for the safe custody of the funds. In either case Societies will gain or lose by the fluctuation in value of the securities.

Societies may, however, if they prefer it, leave the whole of the money (the four-sevenths as well as the three-sevenths) in the investment account. Societies have then no further concern with the value of the security in which it is invested; they can draw upon the money when required, and will receive the interest prescribed by the Commissioners. Money so left is simply in a deposit account for the Society.

OFFICIAL EXPLANATORY LEAFLET NO. 13.

THE POSITION OF SMALL SOCIETIES UNDER THE ACT.

1. APPROVAL OF SMALL SOCIETIES.

The National Insurance Act does not specify any minimum membership, for the purposes of approval; and any Society, whether it is registered or unregistered, may apply for approval. The principal conditions for approval are—

(1) that it is not carried on for profit;
(2) that it is under the absolute control of its members.

If a Society does not itself satisfy these conditions, it can set up a separate section which will do so, and approval will be granted to the separate section.

2. EXISTING FUNDS OF SMALL SOCIETIES.

The existing funds of the Societies are left entirely to the Societies. The State does not take away a single penny of these funds. Though it may be necessary for Societies to alter their table of benefits and contributions (as is explained later on in this leaflet), this does not alter the fact that the existing funds remain the property of the existing members.

Societies which become approved may continue to give benefits on their voluntary side; where this is done no part of the contributions paid into the voluntary side can be touched by the Insurance Commissioners, and if the Society becomes insolvent on the State side the State cannot require the funds belonging to the voluntary side to be used to make it solvent.

The Insurance Commissioners have in fact no powers with

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regard to the voluntary side of the Societies. Their powers only extend to the State Scheme.

3. THE STATE SCHEME.

. . . . . .

(*List of Contributions and Benefits as in Leaflets* 6 *and* 7.)

4. HOW THE STATE SCHEME HELPS EXISTING FUNDS.

If a Society is at present giving any of the above benefits—for instance, sick pay or medical benefit—it will be able to give these benefits in the future to persons insured under the Act out of the funds contributed under the State scheme and there will be no need to use its own private funds for the purpose.

Two results follow from this:—

(1) The reserves which have been accumulated by the Society out of the members' contributions for these benefits in the past will no longer be needed for these benefits; these reserves will be set free for securing the payment of benefits outside those given under the Act.

(2) Members will pay smaller contributions to the ordinary or voluntary side of their Society, now that they are paying under the State scheme for the benefits given by the Act; and they will desire to get as much as they can for these reduced contributions.

These two results have both to be considered together, because the question as to what benefits can be given for the reduced contributions, outside the State scheme, will depend upon the amount of the reserves which can be used for the purpose.

The amount of the reserves which can be used does not merely depend upon the amount of money in the bank, but upon the number and the ages of all the members of the Society (whether they become insured under the Act or not), the benefits to which they are entitled by the contributions they have hitherto been paying, and the contributions which they are going to pay from now onwards apart from the 4d. deducted from their wages for the benefits under the Act.

Now a Society is under contract to give to all its members the benefits for which they pay. Reserves are necessary to enable the Society to keep its contracts with its members, both old and young; so that any alteration of the reserves concerns all the members.

Every Society therefore has three things to do:—

(1) The Society must find out the value of that portion of its reserves which is no longer needed for sick pay, etc., in the case of the members who will be insured under the Act. To find this out it will be necessary to obtain expert advice.

(2) With the help of such advice the Society must draw up fresh tables showing the various benefits which, with the help of the reserves set free, it can afford to give for the reduced contributions.

(3) The Society can arrange for members who will be insured under the Act to substitute the whole or part of their contributions under the State scheme for a corresponding part of their present contributions.

A typical example of how this works in the case of a member insured under the Act may make this clear. Let us imagine a person who is now paying sixpence a week to his Society, and is able to claim various benefits, for example, funeral benefits and sick pay on certain conditions. Now under the new state of things he may, if he likes, decide that he can continue to afford sixpence a week, but no more. In that case, since all the benefits of the Act (sick pay, medical attendance, etc.) are obtainable simply from the amount of the fourpence deducted weekly from his wages, plus his employers' weekly threepence plus the State grant (and these sums find their way to his Society's funds), it follows that, without exceeding the total of sixpence in accordance with his decision, he will still be able to pay twopence to his Society. This twopence will suffice to enable his Society, with the help of the reserves set free (if it is a sound one), to give him substantial benefits outside the Act, in the way of funeral benefits, extra sick pay or other benefits, whilst he will also get the full benefits under the Act.

Every registered Society which has amongst its members persons who will be insured under the Act is obliged to prepare a scheme for dealing with its reserves, whether it seeks approval under the Act or not. The scheme must be submitted to the Registrar of Friendly Societies, not to the Insurance Commissioners.

Unregistered Societies are not obliged to prepare a scheme, but from what has been said it is clear that they should take steps to see where they stand in view of the Act.

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5. ASSOCIATIONS OF SMALL SOCIETIES.

A small Society which wishes to retain its independence can itself become an Approved Society as shown above.

But in the case of Societies with less than 5000 insured members, some provision is necessary to secure a proper average of risks. They are offered a choice of two alternatives :—

(1) they may themselves **associate** with other Societies in the same part of the United Kingdom (England, Scotland, Ireland, or Wales), or

(2) if they do not associate in this way, they will find themselves **grouped** with other small unassociated Societies in the same county or burgh (*i.e.* a burgh containing a population of 20,000 or upwards).

In either case the small Societies retain their independence, and are only associated or grouped for the purpose of dealing with surpluses and deficiencies shown at the first and every subsequent valuation.

The Associated Societies elect for themselves a Central Financial Committee.

The Grouped Societies are dealt with by the Insurance Committee for the county or burgh.

Every small Society which at the periodical valuation shows a disposable surplus must pay one-third of it to a central pool.

From the pool so accumulated, the Central Financial Committee or the Insurance Committee (as the case may be) must, so far as the funds in the pool allow, make good three-fourths (or if they think fit, the whole) of any deficiency shown by a Society in the same Association or Group.

The balance, if any, left over in the pool will be returned proportionately to the Societies with surpluses.

The Central Financial Committee or the Insurance Committee have the power, with the consent of the Insurance Commissioners, of refusing to make good any part of a deficiency caused by maladministration. But apart from this, neither Committee has any powers of management or control over the affairs of a small Society.

The Society can, for instance, present a scheme to the Insurance Commissioners for dealing with the two-thirds remaining surplus retained by it and with any balance of the remaining third which

may come back from the pool, and the consent of the Central Financial Committee or of the Insurance Committee is not required for this purpose. APPENDIX II. No. 13.

The funds for pooling purposes are only the funds under the State scheme. The funds on the voluntary side will not be brought into the pool.

6. AFFILIATION OR FEDERATION OF SMALL SOCIETIES.

Any small Society which desires to maintain its independence can become approved itself, and, subject to the pooling arrangements mentioned above, has complete control of its own affairs.

But if small Societies desire any closer form of association, they may instead :—

(*a*) Become branches or lodges of some existing large Society in accordance with its rules.

(*b*) Constitute themselves a new "Society with branches," that is to say, the small Societies in a county, for instance, might form a Society, which would be the Approved Society, and the separate small Societies would be branches of it. If so desired, the constitution of such a Society might leave a considerable amount of self-management to the affiliated Societies.

The new Society would, of course, be registered under the Friendly Societies Acts, and the affiliated Societies would be registered as branches of it, keeping their own names if they wish.

Under this arrangement the new Society will be a "Society with branches" for the purpose of the Act, that is to say, the branches will be separately valued and will only pool one-third of their surpluses as in the case of an Association of Societies.

After each Leaflet the following notice is printed :—

The object of this series of leaflets is to express, in a simple form, the chief provisions of the Insurance Act with regard to the particular subjects dealt with. It is confined to those main points which can alone be dealt with in a few pages. The various legal qualifications, exceptions, etc., that would properly be found in a complete statement of the provisions of the Act are not set out in full.

It must, of course, be clearly understood that nothing in this leaflet is

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to be regarded as determining any of the questions that have to be decided under the Act, whether by the Commissioners or otherwise.

Further information may be obtained from the other leaflets and pamphlets issued by the Commission, and from the various published text-books and handbooks on the Act.

No. 14. OFFICIAL EXPLANATORY LEAFLET No. 14.

FRIENDLY SOCIETY CONTRIBUTIONS BEFORE AND AFTER THE ACT.

WILL PRESENT FRIENDLY SOCIETY MEMBERS HAVE TO PAY 4D. A WEEK UNDER THE STATE SCHEME IN ADDITION TO WHAT THEY ARE PAYING AT PRESENT?

Members of Friendly Societies who will be insured under the Act are, as a rule, already receiving some of the benefits that will be obtained under the Act, for instance, sick pay and medical benefit.

In future, members of Friendly Societies will be able to receive these benefits out of the funds contributed under the State scheme, and there will therefore be no need for them to contribute to the ordinary or voluntary side of their Societies for *these* benefits, in addition to the contributions they will make under the State scheme through the 4d. deducted weekly by their employers from their wages. This 4d. finds its way (together with the employer's 3d. and the State grant) into the funds of the Society, by means of the stamped cards, and thus enables the Society to provide all the benefits under the Act.

Thus, if a member decides to be content with the benefits provided under the Act (supplemented by any benefits which the Society may be able to give him out of the reserves set free by the Act without continuing his contribution on the voluntary side), he need pay nothing beyond the 4d. deducted from his wages. But if he decides that he would like to continue to draw funeral benefits, or some extra sick benefits, or other forms of benefit outside the Act (beyond what the Society may be able to give him out of its reserves without any further contribution), he will then pay (in addition to the 4d. deducted from his wages) to the ordinary or voluntary side of his Society whatever weekly contribution is needed to provide

such benefits. The amount of that weekly payment will depend, of course, upon his age, upon the nature and amount of the benefits he desires to get (apart from the benefits of the Act), and upon the state of the Society's reserves. This matter will have to be worked out for the Society by a competent actuary, and a satisfactory scheme formulated accordingly for submission to the Registrar of Friendly Societies under section 72 of the Act. The arrangements so made will be quite apart from the payments deducted under the Act, from his wages, and apart from the benefits he obtains under the Act, and will be carried out in such a way as to secure to the members of the Society the full value of the existing reserve funds which the Society has accumulated through the past payments of him and his fellow members.

A typical example may make this clear:—

Suppose a man is now paying 2s. a month (6d. a week), 1s. a month goes to the sick fund and gives him a right (as it might do if he joined as a boy) to 10s. a week sickness benefit for the first 26 weeks of sickness, and 5s. a week afterwards; 4d. a month goes for the club doctor; 4d. a month gives him a right to funeral benefits (namely, £12 at his death, and £6 at the death of his wife); and 4d. a month is needed for management.

This man, we will suppose, wishes to go on paying 2s. a month, and he wants sick pay, doctor, and funeral benefits as before. But he does *not* want to have to pay another 4d. a week (1s. 4d. a month) under the State scheme *in addition* to the 2s. which he has been paying in the past.

After the Act comes into force this man will cease to pay 2s. a month direct to his Society, but he will contribute the same amount in another way, as follows:—

He will be given a card by his Society with spaces marked for stamps. The employer will deduct 4d. a week from the man's wages (1s. 4d. a month) and will pay 3d. a week himself, putting on to the card every week a special stamp worth 7d. The man will take this card to his Society from time to time and thus the contributions under the State scheme will find their way into his Society's funds.

Under the State scheme he will get medical benefit (or, in special circumstances, money payments instead), and the same sick pay as before. In addition, he will have a right to maternity benefit when his wife is confined, and to sanatorium benefit.

These benefits (and also the cost of management) he will get for his contribution of 4d. a week or 1s. 4d. a month under the Act.

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And, therefore, whilst still keeping his expenditure within 2s. a month as before, he will be able to pay direct to his Society 8d. a month, or 2d. a week. Of this 8d., 4d. a month would go to the funeral fund, leaving 4d. a month to spare. This 4d. will suffice to enable his Society (if it is a sound one) to give him very substantial benefits in the way of extra sickness pay or other benefits. Besides this there will be that part of the existing reserves of his Society which were needed before for securing the sickness benefits, the liability for which has been taken over by the State scheme.

If, however, he decides that he will continue to afford 2s. a month or 6d. a week as before, but *in addition to* the 4d. deducted weekly from his wages, in this case his Society will, of course, be able to give him all that it gave him before, but he will also have, in addition, all the various benefits which he will receive under the Act in virtue of his 4d., the employer's 3d. and the State grant.

No. 15.

OFFICIAL EXPLANATORY LEAFLET No. 15.

VOLUNTARY CONTRIBUTORS.

WHO MAY BE VOLUNTARY CONTRIBUTORS.

Upon the conditions mentioned below any man or woman can become a voluntary contributor, with the exception of married women who during the lifetime of their husbands can only become voluntary contributors under special arrangements.

Conditions.

In order to become voluntary contributors persons must be under 65 years of age and—

(1) must be earning their own living;

(2) their income from all sources must be not more than £160 a year,

unless they have previously been insured under the Act for at least five years whether as employed or as voluntary contributors.

Once having become voluntary contributors and having completed five years of insurance, they may continue to be voluntary contributors whatever their income and whether they are earning their own living or not.

Contributions by voluntary contributors cease to be payable when they reach the age of 70.

The following persons may become voluntary contributors subject to the conditions mentioned above—

(*a*) Persons working on their own account.

(*b*) Persons who are in employment but who are not obliged to be insured.

This includes—

(1) An agent paid otherwise than by salary, who is not mainly employed by one employer nor mainly dependent for his livelihood on one employer.

(2) Persons casually employed (who are not casually employed for purposes of trade or who are not engaged or paid through a club for the purposes of a game or recreation).

(3) Certificated elementary school teachers who have accepted the Teachers' Superannuation Act of 1898.

(4) Persons who are not obliged to be insured because they are excluded from the Act by special order. *See* leaflet No. 4, "Who Will be Insured."

Among the persons who may be excluded in this way and may become voluntary contributors will be the following:—

(*a*) Outworkers.

(*b*) Share fishermen.

(*c*) Persons in the employment of the Crown.

(*d*) Persons in the employment of local or other public authorities.

(*e*) Clerks or salaried officials in the service of a railway or other statutory company who are entitled to rights in a superannuation fund established by Act of Parliament.

What Voluntary Contributors will Pay.

The rate of contributions payable by a voluntary contributor who becomes a member of an Approved Society will depend partly on his age and partly **on the date on which he becomes insured.**

(1) **If he becomes insured before January 15, 1913,** and is under 45, he will pay 7d. a week (women will pay 6d.).

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If he is over 45 he will pay more than this according to his age, but not so much as if he joined after January 15, 1913.

(2) If he becomes insured after January 15, 1913, he will pay rates varying with his age *—but in any case higher than they would be if he joined before that date.

The State contributes 2d. towards every 9d. expended on benefits and on the administration of benefits. The State contributes 2d. towards every 8d. in the case of women.

WHAT VOLUNTARY CONTRIBUTORS WILL RECEIVE.

Benefits.

. . . . . .

(*List as in Previous Leaflets.*)

APPENDIX III.

APPENDIX III.

PROCEDURE FOR OBTAINING THE DECISION OF THE UMPIRE ON QUESTIONS ARISING UNDER PART II., AND LIST OF CASES SUBMITTED DOWN TO MAY 2, 1912.

STATUTORY RULES AND ORDERS, 1912. No. 313.

THE UNEMPLOYMENT INSURANCE (UMPIRE) REGULATIONS, 1912, DATED MARCH 26, 1912, MADE BY THE BOARD OF TRADE UNDER SECTION 91 OF THE NATIONAL INSURANCE ACT, 1911 (1 & 2 GEO. 5, C. 55), WITH RESPECT TO DECISIONS BY THE UMPIRE ON QUESTIONS WHETHER CONTRIBUTIONS ARE PAYABLE.

The Board of Trade, in pursuance of section 91 of the National Insurance Act, 1911, hereby make the following regulations :—

1. *Applications for Umpire's Decision.*—(1) If any workman or the employer of any workman desires to obtain a decision by the

* See Appendix IV., *infra*.

umpire appointed under Part II. of the National Insurance Act, 1911 (in these Regulations referred to as the Act), of the question whether contributions under that Part of the Act are payable in respect of that workman or of the class of workmen to which that workman belongs, or if the Board of Trade desire to obtain such a decision as respects any workman or any class of workman, the workman or the employer, or the Board, as the case may be, may make an application for the purpose by sending or delivering to the umpire an application in the form set out in the Schedule to these Regulations.

(2) An application under these Regulations may be made on behalf of any workman or employer by any association of workmen or any association of employers of which he is a member, and may be made on behalf of the Board of Trade by any officer of the Board authorised by the Board in that behalf.

(3) An application may be made to the umpire at any time for the revision of any decision previously given by him on any application under these Regulations.

Any such application must be made by some person by whom the original application could have been made, and shall contain a statement of any new facts or other grounds on which the applicant claims that the decision ought to be revised.

2. *Decision of Applications by Umpire.*—If the umpire on the consideration of any application under these Regulations is of opinion that the application is frivolous or raises a question which does not admit of reasonable doubt, he shall give his decision on the application forthwith; but if he is not so of opinion, he shall reserve his decision, and, subject as herein-after provided, give public notice in the *Board of Trade Journal* and in such other manner as he thinks fit of the nature of the application and of the date, not being less than fourteen days after the date of the notice, on or after which he proposes to give his decision on the application:

Provided that where the only question raised in the application is whether any particular workman belongs to a class of workmen with respect to whom it has been decided, or with respect to whom, in the opinion of the umpire, there is no reasonable doubt, that contributions are payable, it shall be sufficient if, in lieu of public notice, notice is given to the workman and his employer and the Board of Trade.

3. *Power to Make Representations to Umpire, etc.*—If before the date specified in the notice any representations with reference to the application are made in writing to the umpire by or on behalf

APPENDIX III.

of any workman or employer appearing to him to be interested or the Board of Trade, the umpire shall take those representations into his consideration, and the umpire may at any time before the said date require any persons to supply to him such information in writing as he thinks necessary for the purpose of enabling him to give a decision.

All such representations and information shall be open to inspection by any employer or workman appearing to the umpire to be interested or any persons authorised in that behalf by any such employer or workman or the Board of Trade.

4. *Oral Hearing before Umpire.* — Any persons claiming to be interested may apply to the umpire to be heard by him orally in reference to any application under these Regulations, and the umpire may, in any case in which he thinks it desirable, require the attendance of any person before him to give oral information on the subject of any application.

5. *Notice of Decision.*—The umpire shall give notice of his decision to the applicant and to the Board of Trade, and the Board shall publish the decision in such manner as they think fit.

6. *Umpire to Determine his Procedure.* — Subject to the provisions of these Regulations, the umpire may determine his own procedure.

7. *Reference to Umpire of Questions Arising in any Proceedings.*— Where any question is required to be referred to the umpire under subsection (6) of section 101 of the Act, the question shall be referred to the umpire by means of an application for the purpose made by the Court before whom the proceedings in which the question arises are pending, and in any such case the foregoing provisions of these Regulations shall apply as if the application were an application by a workman or an employer.

8. *Appointment of Deputy Umpire.*—The umpire may, with the consent of the Board of Trade, appoint any person to act as deputy umpire in the case of the unavoidable absence of the umpire, and the Board of Trade may in the case of the incapacity of the umpire appoint any person to act as deputy umpire during the incapacity of the umpire.

9. *Short Title, Commencement, and Application.*—(1) These Regulations may be cited as the Unemployment Insurance (Umpire) Regulations, 1912.

(2) These Regulations shall come into operation forthwith.

(3) As respects workmen employed by or under the Crown, these Regulations are subject to any Order in Council that may

hereafter be made under subsection (3) of section 107 of the Act.

Signed by order of the Board of Trade this 26th day of March, 1912.

H. LLEWELLYN SMITH,
Secretary to the Board of Trade.

SCHEDULE.

A.—FORM OF APPLICATION REFERRING TO A CLASS OF WORKMEN.

NATIONAL INSURANCE ACT, 1911.

(UNEMPLOYMENT INSURANCE.)

APPLICATION TO UMPIRE FOR A DECISION WHETHER CONTRIBUTIONS ARE PAYABLE.

I, *A. B.*, [the employer of] a workman of the class specified in the annexed particulars, desire to obtain the decision of the umpire whether contributions under Part II. of the National Insurance Act, 1911, are payable in respect of that class of workmen.

Particulars.

(1) Trade designation . . _____

(2) Exact description of work performed by class. _____

(3) District where occupation is carried on. _____

(4) Whether in opinion of applicant the employment of the class of workmen is or is not employment in an insured trade, with reasons for the opinion. _____

Name of Applicant _____

Address of Applicant _____

_____

Note.—If the application is made by any association of workmen or employers on behalf of the applicant, the fact must be stated.

APPENDIX III.

B.—APPLICATION REFERRING SOLELY TO AN INDIVIDUAL WORKMAN.

NATIONAL INSURANCE ACT, 1911.

(UNEMPLOYMENT INSURANCE.)

APPLICATION TO UMPIRE FOR DECISION WHETHER CONTRIBUTIONS ARE PAYABLE.

I, *A. B.*, [the employer of] the workman specified in the annexed particulars, desire to obtain the decision of the umpire whether contributions under Part II. of the National Insurance Act, 1911, are payable in respect of [that workman] [myself].

Particulars.

(1) Name and address of workman. _____

(2) Name and address of employer. _____

(3) Occupation of workman with particulars sufficient to show that he is a workman within the meaning of section 107 of the National Insurance Act, 1911. _____

(4) Exact description of work performed. _____

(5) Workman's position and condition of service. _____

(6) Whether in opinion of applicant, the employment is or is not employment in an insured trade, with reasons for the opinion. _____

Name of Applicant _____

Note.—If the application is made by any association of workmen or employers on behalf of the applicant, the fact must be stated.

NATIONAL INSURANCE ACT, 1911.

PART II.—UNEMPLOYMENT.

(Applications to the Umpire.)

In pursuance of Regulations made by the Board of Trade and dated 26th day of March 1912, Notice is hereby given that the Umpire (Unemployment Insurance) has received applications for decisions as to whether contributions are payable or not in respect of the following classes of workmen :—

1. **Masons**—Banker hands, described as working stone with chisel and mallet to finished dimensions, in quarrying districts, and generally in connection with building operations.

2. **Galvanisers.**

3. **Electrical Battery Makers,** described as engaged in the manufacture of cells which induce electrical currents by chemical action. Casing and fitting up cells.

4. **Springmakers,** making volute, spiral, and laminated springs.

5. **Machinists** employed in the manufacture of **mudguards** for **cycles.**

6. **Machinists, Braziers,** and others engaged in the manufacture of **rims for cycle wheels.**

* 7. Persons engaged in the manufacture of **rubber tyres** for motors, cycles, and other vehicles, including the manufacture of elastic air tubes.

8. **Machinists** engaged in the manufacture of steel wire **spokes** for **cycle wheels,** described as cutting wire to length required, screwing and heading the spokes, enamelling or plating.

* 9. **Accumulator Makers,** described as engaged in the manufacture of lead plates, casing the cell and making the necessary connections.

Notice is further given that the Umpire proposes to give his decision on the above applications on or after the 30th day of April next.—*Board of Trade Journal*, April 11, 1912.

10. **Fitters, Joiners, Smiths, Bricklayers** and **their Labourers** employed solely in the work necessary to the erect-

* Decision published that these are not included under the Act (*Labour Gazette*, May 1912).

APPENDIX III.

ing, driving, and upkeep of plant and machinery, used in the mills, and in the upkeep of the premises of a firm whose business is that of **Seed Crushers, Oil Cake Manufacturers,** and **Oil Refiners.**

11. **Bedstead Casters,** described as engaged in the carrying of hot metal from the cupola into the casting shop where it is poured into the chills.

12. **Gun Press Workers,** described as engaged in the making of tubes or covers for guns.

Notice is further given that the Umpire proposes to give his decision on the above applications on or after the 13th day of May next.—*Board of Trade Journal*, April 18, 1912.

* 13. **Brickworks**—Persons employed in: (*a*) Making stock bricks by machinery; (*b*) the burning of bricks in open clamp kilns.

14. Men employed in: (*a*) **Road-making**; (*b*) **Road Maintenance**; (*c*) **Sewer laying**; (*d*) **Sewer repairs**; (*e*) **Street cleaning**; (*f*) men employed as **Water Inspectors** for town supply.

15. Persons engaged in the manufacturing of: (*a*) **Steel Ship and Boiler Plates, Steel Bars and Sheets**; (*b*) **Iron Plates, Bars, Sheets, and Strips**; (*c*) **Pig-Iron from the Ore**; (*d*) **Tubes from Strips**; (*e*) **Rivets, Bolts, and Nuts from the Steel and Iron.**

16. **Smiths, Mill Mechanics,** and **Engine Tenters in Textile Mills.**

17. **Fitters, Smiths,** and **Lathe hands** working at small machines in **tramway company's** shops—drilling and turning, boring and fitting parts required for supplying men repairing vehicles.

18. **Paviors, Platelayers, Labourers,** and **Carters** employed in repairing and maintaining **tramway tracks** and at times renewing same.

19. **Bricklayers, Slaters, Labourers,** and **Carters** engaged at times in the maintenance and repair of **tramway depots** and other buildings the property of the company.

* Decision published that these are not included under the Act (*Labour Gazette*, May 1912).

20. Men working at small circular saws **cutting out small timber** to size for framing and repair of **tram cars.**

21. Men employed: (*a*) in **sawmills** entirely in making **packing cases,** and (*b*) **Joiners, Carpenters, and Mechanics,** and **Mechanics in Engineer's Department of Soap Works.**

Notice is further given that the Umpire proposes to give his decision on the above applications on or after the 13th day of May next.—*Board of Trade Journal*, April 25, 1912.

22. Men engaged in **Dye Works:**

(*a*) As **Gas Engine** and **Well Pump** hands.
(*b*) As **Stokers** and **Engine Drivers.**
(*c*) As **Painters.**
(*d*) As **Electricians.**
(*e*) As **"Barbe"** machine hands.

23. **Wire** Drawers and Galvanisers, **Wire** cleaners and testers, Bar, Strip, Hoop, and Wire rod rollers.

24. Workmen employed by **Timber Merchants** owning and working **Sawmills,** in the conversion of timber.

25. Persons employed in **Brass Foundries** (including the casting of white metal, gun-metal, and other copper alloys) engaged in:

(i) **The manufacture of castings.**
(ii) **In machine shops in connection therewith.**
(iii) **In the trade of brass fitting.**

Such brass, etc., foundries:

(*a*) Forming part of an engineering establishment.

(*b*) Not forming part of an engineering establishment, but (i.) engaged in the manufacture of castings for the use of such; (ii.) engaged wholly or mainly in the manufacture of castings for use other than in connection with the products of an engineering establishment.

26. **Masons** engaged partly on **monumental memorials** and partly on **building fronts.**

27. **Masons** engaged in **monumental work** with mallet or hammer and chisel, preparing monuments and erecting same in cemeteries or public places.

APPENDIX III.

28. **Masons** engaged with hammer and chisel in preparing **paving stones** for footpaths and **setts** for carriage ways.

29. Men engaged in **polishing granite and marble** for use in connection with buildings.

30. **Stone Sawyers (machine)** and other machinists employed in dressing stone.

Cutting stone with hand saws for use in connection with buildings or works of construction (*a*) in quarries; (*b*) in stone-dressing yards attached to quarries; (*c*) in stone-dressing yards carried on as separate businesses or in connection with the business of a builder; (*d*) on building jobs.

31. Men engaged in **quarrying stone,** including the process of **scabbling** or other rough dressing.

Any representations with reference to any of the above applications may be made in writing to the Umpire, by, or on behalf of, any workman or employer appearing to him to be interested, or on behalf of the Board of Trade, and forwarded to the Registrar, Office of the Umpire, 47 Victoria Street, London, S.W., on or before . . .

Notice is further given that the Umpire proposes to give his decision on the above applications on or after the 20th day of May next.—*Board of Trade Journal*, May 2, 1912.

The decisions in these cases and others as they are submitted will be published from time to time in the *Board of Trade Journal*.

The Umpire has decided (*Labour Gazette*, May 1912) that the following persons **are included under the Act:—**

(i) Workmen, not being usually members of a ship's crew, employed in the construction, alteration, repair or decoration of *barges*, whether of wood or iron.

(ii) Workmen employed in the construction, repair or decoration of railway wagons, goods vans, brake vans and cattle vans.

(iii) Workmen employed in washing ceilings, stripping of paper in buildings, whitening, colouring, repairing, pumicing woodwork, and general preparations for painting.

APPENDIX IV.

TABLE OF RESERVE VALUES AND RATES FOR VOLUNTARY CONTRIBUTORS.

NATIONAL HEALTH INSURANCE.

TABLE OF RESERVE VALUES FOR MALE INSURED PERSONS.

Whereas, by section 55 of the National Insurance Act, 1911, the Insurance Commissioners are required and empowered to cause tables to be prepared showing, in cases in which such provision is necessary, the capital sums (in that Act and herein referred to as "Reserve Values") which it is necessary to provide in respect of members entering into insurance at ages over the age of 16 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 regards contributions and benefits prescribed by that Act; and whereas by section 83 of that Act it is provided that the Joint Committee constituted thereunder shall exercise and perform such powers and duties of the several bodies of Commissioners under that Act as may be provided by regulations to be made by the Treasury; and whereas by the regulations made by the Treasury thereunder it is provided that the Joint Committee alone shall exercise the power of making under subsection 1 of section 55 of the Act tables showing reserve values; Now, therefore, the Joint Committee in pursuance of the powers above recited and of all other powers enabling them in that behalf have caused to be prepared the tables hereto appended, showing in cases in which such provision is necessary the reserve values which it is necessary to provide in Great Britain or in Ireland in respect of male employed contributors entering into insurance, within one year after the commencement of the Act, at the ages shown in the first column of that table, and in respect of male voluntary contributors entering into insurance, within six months after the

APPENDIX IV.

commencement of the Act, at the ages less than the age of forty-five shown in the first column of that table, and that table shall have effect accordingly.

W. J. BRAITHWAITE, *Secretary.*

National Health Insurance Joint Committee,
Buckingham Gate,
London, S.W.
May 1, 1912.

ENGLAND, SCOTLAND, AND WALES.

Age.	Reserve Value.	Age.	Reserve Value.
Employed and Voluntary Contributors.	£ s. d.	Employed and Voluntary Contributors—*cont.*	£ s. d.
16 and under 17 . .	Nil.	42 and under 43 . .	8 2 0
17 „ 18 . .	0 9 0	43 „ 44 . .	8 9 0
18 „ 19 . .	0 17 6	44 „ 45 . .	8 16 0
19 „ 20 . .	1 6 6		
20 „ 21 . .	1 15 0	Employed Contributors only.	
21 „ 22 . .	2 2 0		
22 „ 23 . .	2 9 6	45 and under 46 . .	9 3 0
23 „ 24 . .	2 15 6	46 „ 47 . .	9 10 0
24 „ 25 . .	3 1 0	47 „ 48 . .	9 16 6
25 „ 26 . .	3 6 6	48 „ 49 . .	10 3 0
26 „ 27 . .	3 12 0	49 „ 50 . .	10 9 6
27 „ 28 . .	3 17 6	50 „ 51 . .	9 5 0
28 „ 29 . .	4 2 6	51 „ 52 . .	9 9 6
29 „ 30 . .	4 8 0	52 „ 53 . .	9 13 0
30 „ 31 . .	4 13 0	53 „ 54 . .	9 15 6
31 „ 32 . .	4 18 0	54 „ 55 . .	9 17 6
32 „ 33 . .	5 3 0	55 „ 56 . .	9 18 6
33 „ 34 . .	5 8 6	56 „ 57 . .	9 18 0
34 „ 35 . .	5 14 0	57 „ 58 . .	9 16 6
35 „ 36 . .	5 19 6	58 „ 59 . .	9 13 0
36 „ 37 . .	6 5 0	59 „ 60 . .	9 7 0
37 „ 38 . .	6 11 0	60 „ 61 . .	8 2 0
38 „ 39 . .	6 16 6	61 „ 62 . .	7 15 6
39 „ 40 . .	7 2 6	62 „ 63 . .	7 5 0
40 „ 41 . .	7 9 0	63 „ 64 . .	6 11 0
41 „ 42 . .	7 15 6	64 „ 65 . .	5 12 6

IRELAND.

Age.	Reserve Value.	Age.	Reserve Value.
Employed and Voluntary Contributors.	£ s. d.	Employed and Voluntary Contributors—*cont.*	£ s. d.
16 and under 17	Nil.	42 and under 43	7 15 6
17 „ 18	0 9 0	43 „ 44	8 2 0
18 „ 19	0 17 6	44 „ 45	8 8 6
19 „ 20	1 6 6		
20 „ 21	1 15 0	Employed Contributors only.	
21 „ 22	2 2 0		
22 „ 23	2 8 6	45 and under 46	8 15 0
23 „ 24	2 14 6	46 „ 47	9 1 6
24 „ 25	3 0 0	47 „ 48	9 8 0
25 „ 26	3 5 6	48 „ 49	9 14 0
26 „ 27	3 10 6	49 „ 50	9 19 6
27 „ 28	3 15 6	50 „ 51	8 15 0
28 „ 29	4 0 6	51 „ 52	8 19 0
29 „ 30	4 5 6	52 „ 53	9 2 0
30 „ 31	4 10 6	53 „ 54	9 3 6
31 „ 32	4 15 0	54 „ 55	9 5 0
32 „ 33	5 0 0	55 „ 56	9 5 6
33 „ 34	5 5 0	56 „ 57	9 4 6
34 „ 35	5 10 0	57 „ 58	9 2 0
35 „ 36	5 15 0	58 „ 59	8 17 6
36 „ 37	6 0 6	59 „ 60	8 11 0
37 „ 38	6 6 0	60 „ 61	7 5 0
38 „ 39	6 11 6	61 „ 62	6 17 6
39 „ 40	6 17 0	62 „ 63	6 6 6
40 „ 41	7 3 0	63 „ 64	5 12 0
41 „ 42	7 9 0	64 „ 65	4 12 6

NATIONAL HEALTH INSURANCE.

VOLUNTARY RATE FOR MALE INSURED PERSONS ENTERING INTO INSURANCE BEFORE THE 15TH DAY OF JANUARY 1913.

Whereas, by subsection (1) of section 5 of the National Insurance Act, 1911, the Insurance Commissioners are required and empowered to cause a table to be prepared showing the rate of contributions which will be sufficient, in the case of a person entering into insurance within six months after the commencement of the Act and being then of the age of 45 or upwards, to cover seven-ninths, or in the case of a woman, three-fourths of the benefits conferred by Part I. of that Act (in that Act called the voluntary rate); and, whereas, by section 83 of that Act it is

APPENDIX IV.

provided that the Joint Committee constituted thereunder shall exercise and perform such powers and duties of the several bodies of Commissioners under that Act as may be provided by regulations to be made by the Treasury; and, whereas, by the regulations made by the Treasury thereunder, it is provided that the Joint Committee alone shall exercise the power of making under sub-section 1 of section 5 of the Act the table in accordance with which the voluntary rate is to be ascertained; Now, therefore, the Joint Committee, in pursuance of the powers above recited and of all other powers enabling them in that behalf, have caused to be prepared the Table hereto appended showing in the second column thereof the rates of contributions, which will be sufficient in the case of a male person entering into insurance in Great Britain or in Ireland within six months after the commencement of the Act, at the age shown in the corresponding line of the first column of that table, to cover seven-ninths of the benefits conferred by Part I. of the Act; and the rate shown in the appropriate line of the said Table shall accordingly be the voluntary rate applicable to any such person.

W. J. BRAITHWAITE, *Secretary.*

National Health Insurance Joint Committee,
Buckingham Gate,
London, S.W.
May 1, 1912.

ENGLAND, SCOTLAND, AND WALES.

Male Voluntary Contributors.

Age.	Weekly Contribution.	Age.	Weekly Contribution.
	s. d.		*s. d.*
45 and under 46	0 9	55 and under 56	1 0½
46 „ 47	0 9	56 „ 57	1 1
47 „ 48	0 9½	57 „ 58	1 1½
48 „ 49	0 10	58 „ 59	1 2
49 „ 50	0 10	59 „ 60	1 2½
50 „ 51	0 10½	60 „ 61	1 2½
51 „ 52	0 10½	61 „ 62	1 3
52 „ 53	0 11	62 „ 63	1 3½
53 „ 54	0 11½	63 „ 64	1 3½
54 „ 55	1 0	64 „ 65	1 3½

IRELAND.

APPENDIX IV.

Age.	Weekly Contribution.	Age.	Weekly Contribution.
	s. *d.*		*s.* *d.*
45 and under 46 . .	0 7	55 and under 56 . .	0 10½
46 „ 47 . .	0 7	56 „ 57 . .	0 10½
47 „ 48 . .	0 7½	57 „ 58 . .	0 11
48 „ 49 . .	0 8	58 „ 59 . .	0 11½
49 „ 50 . .	0 8	59 „ 60 . .	1 0
50 „ 51 . .	0 8½	60 „ 61 . .	1 0
51 „ 52 . .	0 8½	61 „ 62 . .	1 0½
52 „ 53 . .	0 9	62 „ 63 . .	1 0½
53 „ 54 . .	0 9½	63 „ 64 . .	1 0½
54 „ 55 . .	0 10	64 „ 65 . .	1 0½

APPENDIX V.

APPENDIX V.

ADVISORY COMMITTEE.

ORDER MADE UNDER SECTION 78 OF THE NATIONAL INSURANCE ACT, 1911, BY THE NATIONAL HEALTH INSURANCE JOINT COMMITTEE.

Modification of Section 58 as to Constitution of Advisory Committee.

(1) The requirement of section 58 of the National Insurance Act, 1911, that the Advisory Committee shall amongst other persons comprise representatives of Approved Societies, shall be modified so as to require that the first Committee appointed under section 58 of the Act shall comprise in place of representatives of those societies representatives of such bodies of persons corporate or unincorporate as in the opinion of the Joint Committee are desirous of transacting insurance business under Part I. of the Act and of either themselves applying for approval under that part of the Act or of establishing a separate section for that purpose, and the said section 58 shall have effect accordingly.

APPENDIX V.

(2) This Order shall come into force upon the date upon which it is made and shall continue in force and have effect until revoked by any subsequent order made by the Joint Committee for the purpose provided that any such revocation shall not affect any appointment made under the provisions of this Order.

(3) This Order may be cited as the National Health Insurance (Advisory Committee) Order, 1912.

(Signed) C. F. G. MASTERMAN.

March 19, 1912.

An Order in similar terms was issued by the Scottish Commissioners on April 19, 1912.

APPENDIX VI.

APPENDIX VI.

EXPENSES INCURRED BY APPROVED SOCIETIES IN BECOMING APPROVED TO BE CHARGED AGAINST ADMINISTRATION OF BENEFITS.

The Scottish Commissioners have issued an Order in virtue of section 78 of the Act in the following terms :—

"Any expenses incurred by an Approved Society in repaying to any person expenses incurred by him before approval is given to the Society in getting up or obtaining approval for the Society may, if the Society thinks fit, be treated by the Society as though they were expenses incurred by the Society subsequent to approval for the purposes of the administration of the benefits conferred by the Act."

APPENDIX VII.

ACT OF SEDERUNT

ANENT

APPLICATIONS TO THE COURT OF SESSION UNDER THE NATIONAL INSURANCE ACT, 1911 (1 & 2 GEORGE V. CAP. 55), SECTION 66.

EDINBURGH, 14*th May* 1912.

The Lords of Council and Session, considering that it is expedient to make Regulations relative to any applications that may be made to the Court of Session by the Insurance Commissioners under section 66 of the National Insurance Act, 1911, Do hereby, under the powers contained in said section and section 80 subsection (17) of the Act, ENACT and DECLARE as follows:—

1. Where the Insurance Commissioners desire, instead of themselves deciding whether any class of employment is, or will be, employment within the meaning of Part I. of the Act, to submit the question for the decision of the Court of Session in a summary way, they shall institute proceedings for that purpose by presenting a Petition to one of the Divisions of the Court, and shall crave service upon the person, or one of the persons, as between whom and the Commissioners the question has arisen.

2. The Court shall thereafter proceed in the petition in such way as shall seem necessary and proper.

And the Lords APPOINT this Act to be inserted in the Books of Sederunt, and to be printed and published in common form.

(Signed) DUNEDIN, *I.P.D.*

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