

(137) UNITED STATES. CONGRESS. HOUSE. COMMITTEE ON IMMIGRATION AND NATURALISATION. *Labour Problems in Hawaii*. 67th Congress, First Session, Hearings on House Joint Resolutions Nos. 158 and 171. Serial 7, Parts 1 and 2. Washington, D.C., Govt. Printing Office, 1921.

(138) LASKER, Bruno. *Filipino Immigration to Continental United States and to Hawaii*. Chicago, University of Chicago Press, 1931. See the chapters and appendices dealing with Filipinos in Hawaii.

(139) PHILIPPINE ISLANDS. DEPARTMENT OF COMMERCE AND COMMUNICATIONS. BUREAU OF LABOUR. "Labour Conditions in the Philippine Islands", in *Labour : Bulletin of the Bureau of Labour*, Vol. VIII, No. 26, March 1927.

(140) Important current information on Porto Rico is contained in the annual reports of the Governor of the Island and of the Department of Labour, or its predecessor, the Bureau of Labour of the Department of Agriculture and Labour.

(141) UNITED STATES. DEPARTMENT OF LABOUR. *Labour Conditions in Porto Rico*, by Azel AMES, pp. 377-439. Bulletin No. 34. Washington, D.C., Govt. Printing Office, 1901.

(142) — DEPARTMENT OF COMMERCE AND LABOUR. *Labour Conditions in Porto Rico*, by Walter E. WEYL, pp. 723-856. Bulletin of the Bureau of Labour, No. 61. Washington, D.C., Govt. Printing Office, 1905.

(143) — DEPARTMENT OF LABOUR. OFFICE OF THE SECRETARY. *Labour Conditions in Porto Rico : Report*, by Joseph MARCUS. Washington, D.C., Govt. Printing Office, 1919.

(144) CLARK, Victor S., and others. *Porto Rico and Its Problems*. Washington, D.C., The Brookings Institution, 1930. Cf. the following parts :

Chapter II, "Workers in Country and in Town", Section I, "Rural Living Conditions", pp. 13-39.

Appendix A, "The Porto Rico Peasant and His Historical Antecedents", by Jose C. ROSARIO, pp. 537-575.

Appendix B, "Plantation Employment and Wage Data", pp. 576-581.

Appendix F, "General Survey of a Farm : La Esperanza", by Jose SARACUENTA, pp. 648-653.

Actuarial Report on Health Insurance in Great Britain¹

The Government Actuary has just completed a valuation of the assets and liabilities of the approved societies and their branches which administer National Health Insurance in Great Britain and Northern Ireland : this is the third valuation which has been made in the history of the scheme.

In order to understand the purpose and results of the valuation, one must know at least the essential features of the National Health Insurance Scheme. All employed persons earning less than £250 a year are liable to compulsory insurance. There is a uniform contribution for all men (9d. weekly) and another for all women (8½d. weekly), irrespective of age or wages. The contribution is shared equally be-

¹ MINISTRY OF HEALTH : *National Health Insurance. Report by the Government Actuary on the Third Valuation of the Assets and Liabilities of Approved Societies*. Cmd. 3978. London, H.M. Stationery Office, 1931. 97 pp.

tween employer and insured person, and the State pays one-seventh of the cost of men's benefits and one-fifth of the cost of women's. These resources are calculated to provide cash benefits, namely, sickness benefit (15s. a week for men and 12s. for women during twenty-six weeks), disablement benefit (7s. 6d. a week for men and women for duration of incapacity after twenty-six weeks), and maternity benefit (lump sum of 40s. for uninsured wives of insured men and 80s. for insured women), and also medical benefit (medical treatment and supply of drugs whenever and as long as necessary).

When the scheme was introduced in 1911 insured persons were free to group themselves together to form approved societies for the purpose of collecting their contributions and paying their benefits. Consequently the old voluntary mutual benefit societies (friendly societies) and the trade unions established approved societies for their compulsorily insured members, while the insurance companies which undertake burial insurance for the working class created societies for their clients. Insured persons are free to join any society which will admit them, and a society is free to reject any candidate except on the ground of age. Discrimination against elderly candidates is thus avoided and is rendered unnecessary by the provision of "reserve values": when a candidate is admitted to a society, the latter is credited with a reserve value equal to the probable surplus of contributions over benefits which would have ensued in respect of him if he had entered the society at the age of sixteen. The reserve values are provided out of a common fund which is fed by the levy of a fixed amount on every contribution paid. As regards the age distribution of their membership, therefore, societies are on a footing of equality. Selection occurs, however, in other respects. Thus, although societies rarely refuse candidates on the ground of ill-health, the membership of some societies is wholly or largely composed of persons in certain occupations of an abnormally healthy or unhealthy character. Again, occupational grouping means that some societies experience more unemployment and heavier loss of contributions than others. Finally, some societies are more efficiently administered than others. It was foreseen at the time when the scheme was framed that a certain degree of selection would occur; it was indeed considered that, since all risks, both good and bad, had to pay the same contribution, the good risks should be free, if they chose, to segregate themselves. It was also foreseen that the consequences of segregation would be that some societies would have a surplus of income over expenditure, while others would experience a deficiency. The societies enjoying a surplus are able to provide themselves with benefits additional to those prescribed by statute. Deficiencies are met in the first place by recourse to the contingencies fund which every society is required to maintain. In so far as this fund proves insufficient, the society may claim assistance from the Central Fund, to which all societies contribute; assistance, however, is not granted if the deficiency is due to inefficient administration. If the contingencies fund is exhausted and assistance is not forthcoming from the Central Fund, a society in deficiency must levy an additional contribution or reduce

its benefits below the statutory rate. The object of the actuarial valuation, which takes place at intervals of about five years, is to establish the amount of the surplus or deficiency resulting from the operations of each society during the interval.

MOVEMENT OF INSURED POPULATION

The third valuation covered 7,608 approved societies and branches having a membership of 16,380,143, of which 10,816,420 were men and 5,563,723 were women. The main body of societies, comprising 13,416,684 persons, was valued as at the end of 1928. The remainder were divided into two groups with memberships of 2,440,466 and 522,993 and were valued at the end of 1927 and 1929 respectively.

The number of insured persons had grown by 1,647,700 since the previous valuation; the increase to be expected from the normal growth of the population, however, was only 700,000. The difference of over 900,000 is attributed to several causes. The opportunity offered by the Contributory Pensions Act of 1925 to insure voluntarily for old-age and survivors' pensions in conjunction with sickness benefit has been taken by 245,000 voluntary contributors. By an amendment of 1928, unemployed persons were enabled to retain membership without paying contributions during an average period of twenty-one months instead of twelve months as formerly: the operation of this provision swelled the membership by a further 230,000. There remain still 400,000 to be accounted for. This balance is attributed mainly to the development of new industries and to the increase in the proportion of women who remain in industry after marriage. While the number of men has increased by 10.3 per cent. and that of all women by 13.3 per cent., the number of married women has risen by 23.8 per cent.

These new members are very unequally distributed over the various types of society, as the following table shows:

Type of society	Membership (000's)		Percentage increase
	Second valuation	Third valuation	
Friendly societies with branches	3,011	3,126	9.6
Friendly societies without branches	3,426	3,933	14.8
Insurance companies' societies	6,592	7,602	15.3
Trade unions	1,466	1,471	0.3
Employers' provident funds	101	112	11.0

VALUATION RESULTS

General Results

The outstanding result of the valuation is that, in spite of the direct and indirect effects of the economic depression which had been in operation throughout the period under review, 7,001 societies and branches comprising 15,222,143 members were found to have accumulated surpluses totalling £36,638,344 and averaging £2.41 per member. Only 418 societies and branches, with a membership of 722,131, were found to be in deficiency, the amount of which was £847,667 or £1.17 per member. Assets and liabilities were found to be equal in the case of 189 societies and branches with 435,869 members.

*Surpluses**Effect of Sex Distribution of Membership.*

Some societies insure one sex only, while others insure both, but of the latter a growing number have created entirely separate funds for men and for women : in fact, at this valuation 72 per cent. of insured persons were members of societies insuring one sex only or possessing separate funds for each sex, as compared with 46 per cent. at the previous valuation. The average amount of surplus for men insured separately was £2.76 and for women insured separately £1.11, while for men and women in common insurance it was £2.99. The contrast between the first two figures is very striking but fairly indicates the difference in the sickness experience of the two sexes. The third figure, which is in apparent contradiction with the others, is explained by the fact that the societies founded by insurance companies, which, as is shown below, have rather low surpluses, have only a slight proportion of their members in common insurance.

The Results according to Type of Society.

When classified according to type of society, as in the accompanying table, the valuation results show that the average surplus per member varies between £3 and £4 in all types, except the societies founded by insurance companies. The latter, however, consist mainly of two blocks of associated societies having memberships of 2 million and 1½ million respectively : in the larger block the average surplus was about £3 per head — only a little below the average for the other types of society — but in the smaller it was only about £1. Heavier sickness claims and loss of contributions from unemployment do not entirely explain this low figure, which seems to call for further investigation.

RESULTS OF VALUATION ACCORDING TO TYPE OF SOCIETY

Type of society	Valuation showing :									
	Surplus				Equality		Deficiency			
	Membership		Amount		Membership		Membership		Amount	
	000's	Women per cent.	£000	Average £	000's	Women per cent.	000's	Women per cent.	£000	Average £
Friendly societies with branches	2,885	24	9,361	3.24	188	23	124	44	189	1.52
Friendly societies without branches	3,585	31	11,169	3.14	61	26	314	24	421	1.25
Insurance companies' societies	7,429	41	11,457	1.54	234	90	20	95	6	0.32
Trade unions	1,209	14	4,221	3.49	3	0	264	33	231	0.88
Employers' provident funds	114	28	430	3.77	0	—	0	—	—	—
All societies	15,222	33	36,638	2.41	436	58	722	32	847	1.17

Schemes of Additional Benefits.

Societies which are found on valuation to possess a surplus may use it during the next five years for the provision of benefits additional to those which the law prescribes. Not the whole of the surplus may be so applied, however, but only such portion as would leave a safe margin when regard is had to the trend of claims in the society concerned.

The surplus which the actuary has declared disposable for the provision of additional benefits amounts to £19,811,266, or a little over half the gross surplus. The large sum thus kept in reserve will enable societies to maintain their additional benefits at a constant rate not only during the next five years, but during the quinquennium following the fourth valuation, if, as is possible, future experience is less favourable than past.

Societies having a membership of 9,484,819 men and 2,103,325 women will be able to provide additional benefits during the coming quinquennium. On the other hand, societies having a membership of 1,331,601 men and 3,460,398 women will be unable to provide such benefits. As compared with that resulting from the second valuation, the present situation is less favourable; $2\frac{1}{4}$ million persons have had their benefits increased, $2\frac{1}{2}$ million have had them maintained, $4\frac{1}{2}$ million have had them reduced, and one million have had them discontinued.

Each society which has a disposable surplus draws up its own scheme of additional benefits, which is, however, subject to the approval of the Ministry of Health. On the supposition that the societies concerned share their surplus equally between increases in the legal cash benefits and the provision of additional curative benefits, 11,588,144 men and women members would obtain on the average :

- an increase of 3s. 8d. a week in sickness benefit ;
- an increase of 1s. 10d. a week in disablement benefit ;
- an increase of 7s. 4d. (or 14s. 8d., as the case may be) in the lump-sum maternity benefit ;
- curative benefits to the value of 4s. 11d. a year.

Deficiencies

Methods of Meeting Deficiencies.

The 50 societies and 368 branches which were found to be in deficiency had a membership of 722,131, or 4.4 per cent. of the insured population, and the total amount in deficiency was £847,667.

In the case of branches, the deficiency is chargeable against the contingencies fund of the society of which it forms part. This fund was found to be ample for the purpose, save in the case of one society, which had 85 branches still in deficiency after exhausting the contingencies fund.

In the case of the societies, the contingencies fund of the society concerned was found adequate to meet the deficiency in 27 out of the 50 societies. The remaining 23 societies (together with the 85 branches just referred to) had, after exhausting their contingencies funds, a total deficiency of £502,969 in respect of which they may seek assistance from the Central Fund.

Causes of Deficiency.

The most prominent causes of the deficiencies are the heavy claims for sickness and disablement benefits, especially from women, and the shortage of contributions owing to unemployment. The influence of these factors, which has been felt by all the societies in some degree, and is dealt with generally below, was experienced with greater force by the societies in deficiency. In some of the latter, however, this influence was aggravated by defective administration.

PROFITS AND LOSSES

The valuation of the assets and liabilities of approved societies is carried out on the basis of certain actuarial expectations, relating, for example, to the movement of the insured population, the amount of contributions, and the expenditure on cash benefits.

The most important factors of profit and loss on the valuation estimates relate to benefit claims, contribution income, and investments.

Benefit Claims

The sickness and disablement expectation, on which the valuation is made, is, in the case of men, in close accordance with the experience of the Manchester Unity in the period 1893-1897. In the case of women, the basis is the experience of sample societies in 1923, loaded to the extent of 10 per cent., separate rates being calculated for unmarried and for married women: the unmarried women's basis allows for 25 per cent. and 65 per cent. more weeks of sickness benefit and disablement benefit respectively than does the men's basis, while the married women's basis allows for 140 and 60 per cent. more weeks respectively. Although the normal rates of benefit are reduced in respect of contributions in arrears (unless due to genuine unemployment), it is mathematically impracticable to take this fact into account; the expected cost of benefits is thus calculated on the assumption that the full rate would always be payable to insured persons, with the consequence that the expectation is slightly too high.

The following table contrasts the expected with the actual expenditure of societies on sickness and disablement benefit during the quinquennium.

Sex	Sickness benefit			Disablement benefit		
	Expected	Actual	Actual as percentage of expected	Expected	Actual	Actual as percentage of expected
	£000,000			£000,000		
Men	43.1	39.6	92	21.4	19.3	90
Women	18.9	19.7	104	8.5	11.8	138
Total	62.0	59.3	96	29.9	31.1	104

The Actuary makes the following comment on this table :

"When the experience of the inter-valuation period is taken as a whole, the position in regard to the claims of men appears to be not unsatisfactory, but so far as women are concerned a different conclusion must be reached. An over-all excess of 4 per cent. in the claims for sickness benefit is sufficiently disturbing, bearing in mind (i) that in the case of many societies and branches the claims, even among women, have been well within the valuation provision, and (ii) that the calculation has been made on the assumption that full benefits have been paid in all cases, irrespective of the effect of arrears; an excess of 38 per cent. in the cost of disablement benefit is a matter of grave import, indicating, as it does, that the claims for this benefit have been almost universally heavier, and in many cases very much heavier, than the provision made for them."

The Actuary points out, however, that, as this table gives the results of the whole quinquennium, it cannot show what the trend of claims has been within that period. In fact there has been a marked trend in the direction of heavier claims, so that, for example, in 1927 and 1928 the relation of expectation to experience is less favourable in the case of men and more unfavourable in the case of women than the table would suggest.

The results of the last quinquennium have already been such that the additional benefits available for women must, over a wide field, be either diminished very materially or even discontinued altogether. With the present trend of claims, serious deficiencies are likely to occur among women's societies at the next valuation.

The Actuary therefore considers that the whole financial basis of women's insurance should be revised. The expenditure on women's benefits must be reduced by 20 per cent. if the present rate of contribution is to be maintained. A reduction of this order of magnitude cannot be expected to result from any improvement in the present methods of medical certification and supervision of claims. He therefore proposes that contributions be slightly increased, and that benefits be appreciably reduced. Those approved societies which have not already done so should be encouraged to create separate funds for their women members.

Contribution Income

The valuation basis provides for the non-payment of contributions during periods of sickness, and also during 2.6 weeks of unemployment per person per annum. During the last quinquennium societies have suffered a considerable loss of contributions on account of unemployment, especially in respect of their male membership. In fact the aggregate contribution income is less by £7,000,000, or 6 per cent., than the valuation requirement. This loss is compensated for partly by the payment of arrears penalties by the insured, partly by grants from the Unclaimed Stamps Fund (the balance of stamps sold over the stamps affixed to insurance cards) and partly by the reduction of the rate of benefits payable to persons whose contributions are in arrear. The net loss is estimated at between £2,000,000 and £3,000,000.

Investments

The valuation was made on the assumption that the revenue from the investments of approved societies would represent an average rate of 4 per cent. In reality, however, the funds of societies have earned rather more than this figure, between 4½ and 5 per cent., and the profit thus realised has contributed considerably to the growth of the surpluses.

Moreover, the market value of investments has increased to the extent of nearly £1,000,000. This source of profit, however, has not been taken into account in assessing the surpluses available for the provision of additional benefits.

CONCLUSIONS

In concluding his report, the Government Actuary refers to certain features in the present situation of national health insurance which evoke anxiety. The claims for sickness and disablement have been rising in recent years to a level which precludes the expectation of any large amount of further surplus from savings, and, in the case of women, results in a loss of such dimensions as to call imperatively for measures of reconstruction. The health of the population is doubtless affected in some degree by economic conditions, but cannot be admitted to vary with them to such an extent as to explain the increase in claims. Moreover, it is conclusively shown by the results of a survey recently made by the official medical referees of a sample of the claims that causes of excess which are definitely controllable have been in operation. It is evident, therefore, in the circumstances, that serious tasks rest upon those responsible for medical certification and for the supervision of claims. As regards the loss of contributions on account of unemployment the Actuary suggests with great reluctance that "the action taken in 1928, when costly concessions in respect of arrears of contributions were granted in cases of proved unemployment, may need reconsideration at an early date if a substantial improvement in the industrial situation does not emerge. The present position is that, while full benefits are being paid to the great mass of the insured whose normal occupation is employment, less than 90 per cent. of the contributions required to support these benefits are being collected."

On the other hand, however, the Actuary admits that the predominant feature of this valuation is the magnitude of the aggregate surplus and the substantial additional benefits which it will provide for a large proportion of the insured population. It is true that on the whole some reduction from the level of additional benefits attained on the second valuation has been necessitated, but in many cases these benefits are still considerably greater than anything which was envisaged when the scheme was framed.

The Agricultural Labour Situation in Hungary

The Hungarian Chamber of Agriculture has recently published its annual report for 1930¹, a section of which is devoted to labour. The position of wage-paid landless agricultural workers in Hungary, who constitute the largest group in the national working population,

¹ ORSZÁGOS MEZŐGAZDASÁGI KAMARA : *Evi jelentése az 1931 évi június hó 17-iki közgyűlése elé.* Budapest, 1931. 390 pp.