

## Operation of Laws providing Benefits in case of Injury, Sickness, Old Age, and Death in Great Britain

Benefits are secured to the employed population and their dependants in case of physical incapacity and death under four principal Acts: the Workmen's Compensation Act, the National Health Insurance Act, the Old-Age Pensions Act, and the Widows', Orphans', and Old-Age Contributory Pensions Act. A brief description of the provisions of each of these Acts is given below, together with statistics illustrating their scope, income, and expenditure.

### WORKMEN'S COMPENSATION

#### *Legal Provisions*

Workmen's compensation was instituted in 1897.

The right to compensation is conferred on all employed persons, save non-manual workers whose remuneration exceeds £350 a year.

Insurance is optional. Most employers insure with insurance companies or mutual indemnity associations. The chief insurance companies have agreed to fix premiums in such a way that 62½ per cent. thereof is expended on compensation.

Compensation is payable for personal injury by accident arising out of and in the course of employment, and for injury to health from specified occupational diseases. It consists in cash benefits only.

During total incapacity the injured workman receives from the fourth day a weekly payment varying from 75 to 50 per cent. of his wages according as his wages vary from 25s. to 50s. a week or more; maximum: 30s. a week. During partial incapacity he receives a like percentage of his wage loss.

The amount of compensation payable in case of death varies according to the wages of the workman and the degree in which his survivors were dependent on him. Where survivors wholly dependent are left, the compensation is a lump sum of three years' wages; maximum: £300; minimum: £200. In addition, children each receive compensation at the rate of 15 per cent. of wages until they reach the age of 16. Maximum total compensation: £600.

#### *Statistics*

It is estimated that about 16,000,000 workmen are covered by the legislation, that the amount of compensation paid in 1931 was about £7,500,000, and that the total cost to employers in that year was about £11,000,000.

Detailed statistics of the number of compensable cases and of the amount of compensation paid are collected for seven important branches of economic activity : shipping, factories, railways, docks, mines, quarries, and constructional work (excluding building). These statistics are summarised in the following table :

COMPENSATION IN SEVEN IMPORTANT BRANCHES  
OF ECONOMIC ACTIVITY

| Year              | Number of persons covered (000's) | Incapacity |                       | Death |                       | Total   |                       |
|-------------------|-----------------------------------|------------|-----------------------|-------|-----------------------|---------|-----------------------|
|                   |                                   | Cases      | Compensation (£000's) | Cases | Compensation (£000's) | Cases   | Compensation (£000's) |
| 1913 <sup>1</sup> | 7,509                             | 476,920    | 2,767                 | 3,748 | 595                   | 480,668 | 3,362                 |
| 1920 <sup>1</sup> | 8,348                             | 381,986    | 5,222                 | 3,531 | 756                   | 385,517 | 5,978                 |
| 1925              | 7,541                             | 473,055    | 5,778                 | 3,030 | 865                   | 476,085 | 6,643                 |
| 1927              | 7,403                             | 455,852    | 5,553                 | 2,567 | 763                   | 458,419 | 6,316                 |
| 1928              | 7,434                             | 461,485    | 5,684                 | 2,735 | 773                   | 464,220 | 6,457                 |
| 1929              | 7,450                             | 478,602    | 5,762                 | 2,819 | 808                   | 481,421 | 6,570                 |
| 1930              | 7,182                             | 458,509    | 5,664                 | 2,621 | 752                   | 461,130 | 6,416                 |
| 1931              | 6,914                             | 396,571    | 5,402                 | 2,315 | 665                   | 398,886 | 6,067                 |

<sup>1</sup> Including Ireland.

*Compensation.* Between 1917 and 1923 the rates of compensation were raised in order to take account of the increase in the cost of living. In 1924 the scale was permanently modified and the amount payable in case of death was considerably increased.

## NATIONAL HEALTH INSURANCE

### *Legal Provisions*

Compulsory health insurance was instituted in 1911.

Insurance is compulsory for all employed persons save non-manual workers whose remuneration exceeds £250 a year. Persons whose terms of employment secure to them equivalent benefits are exempted.

The collection of contributions and the service of cash benefits is undertaken by about 7,500 approved mutual benefit societies freely established by groups of insured persons. Medical benefit is administered on a territorial basis by about 200 local insurance committees representing insured persons, doctors, and the local authority. Societies and committees are supervised by the Ministry of Health and the Department of Health for Scotland.

The scheme is financed by a joint contribution from the insured person and his employer and by a State subsidy.

The joint contribution is payable weekly as follows :

|       | Employer | Insured | Total |
|-------|----------|---------|-------|
| Man   | 4½d.     | 4½d.    | 9d.   |
| Woman | 4½d.     | 4d.     | 8½d.  |

The State pays a proportion (one-seventh for men and one-fifth for women) of the cost of benefits and administration, and, until 1931, the entire cost of central administration.

The benefits comprise medical, sickness, disablement, maternity, and additional benefits.

Medical benefit consists of medical treatment and supply of drugs, afforded as long and as often as necessary.

Sickness benefit is a weekly payment from the fourth day of incapacity for 26 weeks at the rate of 15s. for men and 12s. for women (10s. for married women in 1933 and after). The qualifying period for the full rate of benefit is 104 contribution weeks.

Disablement benefit is a weekly payment equal to half the rate of sickness benefit for the further duration of incapacity. The qualifying period is 104 contribution weeks.

Maternity benefit consists of a lump sum of £2 for an uninsured wife and £4 for an insured wife.

Any approved society which, at its quinquennial valuation, is found to have a disposable surplus may use it for the provision of increased cash benefits and for paying part of the cost of dental, ophthalmic, hospital, and other treatments.

### Statistics

#### NUMBER OF INSURED PERSONS

| Year | 000's  | Year | 000's  |
|------|--------|------|--------|
| 1914 | 13,687 | 1928 | 16,526 |
| 1920 | 15,279 | 1929 | 16,748 |
| 1925 | 15,835 | 1930 | 16,997 |
| 1927 | 16,498 | 1931 | 17,232 |

#### RECEIPTS AND ACCUMULATED FUNDS

(£000's)

| Year | Contributions | Interest | State subsidy | Total  | Funds at end of year |
|------|---------------|----------|---------------|--------|----------------------|
| 1914 | 16,797        | 618      | 5,737         | 23,152 | 22,983               |
| 1920 | 22,688        | 3,271    | 10,206        | 36,165 | 81,441               |
| 1925 | 27,721        | 5,644    | 8,073         | 41,438 | 126,627              |
| 1927 | 26,382        | 5,571    | 7,573         | 39,526 | 125,178              |
| 1928 | 25,979        | 5,660    | 7,135         | 38,774 | 126,429              |
| 1929 | 26,005        | 5,535    | 7,631         | 39,171 | 125,696              |
| 1930 | 26,039        | 5,930    | 7,335         | 39,304 | 126,426              |
| 1931 | 25,769        | 6,202    | 7,074         | 39,045 | 127,936              |

*Contributions.* As from July 1920 the rates of the weekly joint contribution were increased simultaneously with the increase of benefit rates, from 7d. to 10d. in the case of men and from 6d. to 9d. in the case of women. They were decreased to 9d. and 8½d. respectively as from January 1926 because, with the introduction of old-age pensions at 65, disablement benefit ceased to be payable at that age instead of at 70 as formerly.

*State Subsidy.* As from July 1920 the amount of the State subsidy in the case of women was reduced from one-fourth to two-ninths of the cost of benefits and their administration. As from April 1922 the special subsidy granted in 1920 towards the increased cost of medical benefit was discontinued. As from January 1926 the amount of the State subsidy was reduced, from two-ninths to one-seventh, in the case of men, and to one-fifth, in the case of women, of the cost of benefits and their administration.

*Accumulated Funds.* The accumulated funds have remained at about the same level since 1925, their growth being checked by the allocation of large sums for the provision of additional benefits.

## EXPENDITURE

(£000's)

| Year | Benefits |                  |           |         |       | Admin-<br>istration | Total  |
|------|----------|------------------|-----------|---------|-------|---------------------|--------|
|      | Sickness | Disable-<br>ment | Maternity | Medical | Other |                     |        |
| 1914 | 6,458    | 184              | 1,368     | 5,620   | 817   | 3,002               | 17,449 |
| 1920 | 6,163    | 2,002            | 1,924     | 10,017  | 1,084 | 4,979               | 26,169 |
| 1925 | 10,339   | 5,103            | 1,704     | 9,428   | 937   | 4,908               | 32,419 |
| 1927 | 13,034   | 7,175            | 1,738     | 9,784   | 3,980 | 5,189               | 40,900 |
| 1928 | 11,276   | 6,146            | 1,750     | 10,093  | 3,045 | 5,263               | 37,573 |
| 1929 | 13,215   | 6,432            | 1,735     | 10,338  | 2,783 | 5,395               | 39,898 |
| 1930 | 11,173   | 6,333            | 1,802     | 10,282  | 3,351 | 5,658               | 38,599 |
| 1931 | 11,087   | 6,072            | 1,762     | 10,683  | 3,310 | 5,693               | 38,607 |

*Sickness, Disablement, and Maternity Benefits.* As from July 1920 the rates of these benefits were increased by about one-half. As from July 1921 the figures include the expenditure on supplements to the statutory benefits, granted by way of additional benefits.

*Other Benefits.* As from May 1921 sanatorium benefit was abolished. As from July 1921 additional treatment benefits have been provided.

## NON-CONTRIBUTORY PENSIONS

*Legal Provisions*

Non-contributory pensions were instituted in 1908.

They are payable as of right to British subjects who have resided in Great Britain for 12 years out of the 20 years preceding attainment of the pensionable age and whose means do not exceed a prescribed amount.

If a person has been in receipt of a *contributory* old-age pension up to the age of 70 (see below : "Contributory Pensions"), he is eligible for a non-contributory pension from the age of 70 at the full rate without any condition as to nationality, period of residence, or means.

Non-contributory pensions are administered by the State in conjunction with the local authorities.

The whole cost of non-contributory pensions is borne by the State.

Non-contributory pensions are payable for life from the age of 70 (50 in the case of blind persons).

The full rate of the pension is 10s. a week (£26 5s. a year). In the case of persons who have not hitherto been in receipt of a contributory pension, the full rate is reduced by the amount of any yearly means in excess of £26 5s. (excluding the first £39 of unearned yearly means).

*Statistics*

## NUMBER AND COST OF NON-CONTRIBUTORY PENSIONS AWARDED SUBJECT TO NATIONALITY, RESIDENCE, AND MEANS CONDITIONS

| Year | Number of beneficiaries |                           |           | Cost (£000's) |
|------|-------------------------|---------------------------|-----------|---------------|
|      | Pensions at full rate   | Pensions at reduced rates | Total     |               |
| 1913 | 738,646                 | 43,283                    | 781,929   | 9,822         |
| 1920 | 774,937                 | 53,425                    | 828,362   | 20,696        |
| 1925 | 1,041,100               | 29,993                    | 1,071,093 | 27,017        |
| 1927 | 972,621                 | 23,357                    | 995,978   | 26,808        |
| 1928 | 926,287                 | 24,508                    | 950,795   | 25,474        |
| 1929 | 901,263                 | 25,472                    | 926,735   | 24,377        |
| 1930 | 855,204                 | 25,097                    | 880,301   | 23,632        |
| 1931 | 804,831                 | 24,827                    | 829,658   | 22,219        |

As from July 1926 persons insured under the contributory pension scheme and their wives became entitled to non-contributory pensions without any condition as to nationality, residence, or means. Year by year the number of pensions awarded subject to conditions diminishes while, as the next table shows, that of unconditional pensions increases.

OLD-AGE PENSIONS PAYABLE FROM AGE 70 TO PERSONS PREVIOUSLY  
IN RECEIPT OF CONTRIBUTORY PENSIONS

| Year | Number  | Cost<br>(£000's) | Year | Number  | Cost<br>(£000's) |
|------|---------|------------------|------|---------|------------------|
| 1927 | 289,681 | 6,022            | 1930 | 551,851 | 13,044           |
| 1928 | 366,786 | 8,578            | 1931 | 647,795 | 15,630           |
| 1929 | 446,596 | 10,541           |      |         |                  |

CONTRIBUTORY PENSIONS

*Legal Provisions*

Widows', orphans', and old-age contributory pensions were instituted in 1925.

Insurance is compulsory for the same persons as are liable to National Health Insurance, and also for some classes of employed persons not so liable.

Contributions are collected with those of health insurance.

The funds are administered, and the pensions are awarded, by the Ministry of Health and the Department of Health for Scotland.

The scheme is financed by a joint contribution from the insured person and his employer and by a State subsidy.

The joint contribution payable weekly is as follows :

|       | Employer | Insured | Total |
|-------|----------|---------|-------|
| Man   | 4½d.     | 4½d.    | 9d.   |
| Woman | 2½d.     | 2d.     | 4½d.  |

In principle the State pays the difference between expenditure and the income from contributions.

In particular it pays the whole cost of pensions granted in respect of risks which matured before the commencement of the scheme (January 1926). Moreover, it pays the whole cost of non-contributory pensions from the age of 70 awarded to persons previously in receipt of contributory pensions (see above: "Non-Contributory Pensions").

The benefits comprise pensions between the ages of 65 and 70 for insured persons and their wives, and pensions for widows and orphans of insured persons.

The old-age pensions for an insured man and his wife amount to 10s. a week each. The qualifying period is 5 years' insurance.

The widow of an insured person is entitled to 10s. a week until remarriage plus 5s. for the first and 3s. for every other child under 16.

The orphan's pension amounts to 7s. 6d. a week. The qualifying period for widows' and orphans' pensions is 3 years' insurance.

The widow of a man who was insured under National Health Insurance but who died before the commencement of the contributor pension scheme is entitled to a pension only if she has attained the age of 55 or has a child under 16 dependent on her.

### Statistics

#### NUMBER OF INSURED PERSONS

| Year | 000's  | Year | 000's  |
|------|--------|------|--------|
| 1927 | 17,206 | 1930 | 17,423 |
| 1928 | 17,078 | 1931 | 17,653 |
| 1929 | 17,200 |      |        |

#### RECEIPTS AND ACCUMULATED FUNDS

(£000's)

| Year | Contributions | Interest | State subsidy | Total  | Funds at end of year |
|------|---------------|----------|---------------|--------|----------------------|
| 1927 | 23,254        | 1,097    | 4,000         | 28,351 | 37,426               |
| 1928 | 23,300        | 1,798    | 4,000         | 29,098 | 42,699               |
| 1929 | 24,077        | 1,999    | 4,000         | 30,076 | 46,330               |
| 1930 | 23,438        | 2,208    | 9,000         | 34,646 | 46,369               |
| 1931 | 22,871        | 2,164    | 10,000        | 35,035 | 40,539               |

*State Subsidy.* In 1930 the subsidy was raised from £4 million to £9 million a year, and thereafter increases by £1 million annually until a constant figure of £21 million is reached; this increase was necessitated by a large extension of the right to widows' pension which took effect in 1930.

*Accumulated Funds.* The decrease in accumulated funds in 1931 is due partly to the fact that expenditure had already begun to exceed income, and partly to the transfer of £1,125,000 to National Health Insurance in order to strengthen its finances against the effects of unemployment.

## EXPENDITURE

(£000's)

| Year | Pensions             |        | Administration | Total  |
|------|----------------------|--------|----------------|--------|
|      | Widows' and orphans' | 65-70  |                |        |
| 1927 | 8,044                | 3,004  | 900            | 11,948 |
| 1928 | 9,147                | 13,655 | 1,024          | 23,826 |
| 1929 | 10,614               | 14,731 | 1,100          | 26,445 |
| 1930 | 16,890               | 16,362 | 1,355          | 34,607 |
| 1931 | 21,087               | 17,348 | 1,305          | 39,740 |

*Widows' and Orphans' Pensions.* As from July 1930 elderly childless widows of persons liable to National Health Insurance but deceased before the commencement of the contributory pension scheme became entitled to widows' pensions; hence the rapid rise in expenditure. The same fact is reflected also in the figures of the following table:

## NUMBER OF PENSIONERS

| Year | Widows  | Children | 65-70   | Total     |
|------|---------|----------|---------|-----------|
| 1927 | 194,498 | 262,938  | —       | 457,436   |
| 1928 | 233,351 | 272,255  | 529,663 | 1,035,269 |
| 1929 | 280,162 | 285,445  | 569,952 | 1,135,559 |
| 1930 | 534,626 | 308,486  | 629,705 | 1,472,817 |
| 1931 | 669,171 | 326,557  | 663,892 | 1,659,620 |