

instructions are out of date and do not correspond to present requirements, as for example the regulations relating to "insurance delegates" which were issued by the former Commissariat of Labour.<sup>1</sup>

The various changes made in the administration of the scheme since the abolition of the Commissariat of Labour, and in particular the establishment of insurance councils in the undertakings, have led to the participation of a larger number of trade unionists in the daily work of social insurance. According to information supplied by the central committees of 134 trade unions with an aggregate membership of 20,890,000, there are at present 328,000 "insurance delegates" and 201,000 members of insurance councils.<sup>2</sup>

This marked increase in the number of workers definitely associated with the management of the scheme was one of the main features of social insurance in the U.S.S.R. at the close of the second Five-Year Plan.

## Workers' Compulsory Sickness Insurance in Czechoslovakia, 1926-1937

### INTRODUCTION

The social insurance schemes for workers in Czechoslovakia cover the risks of industrial accidents and diseases, maternity, invalidity, old age, and death.

About 3,300,000 insured persons and 4,200,000 members of their families benefit from the various general or special social insurance schemes, which extend to all wage-paid labour, including workers in industry, commerce, agriculture, etc., miners, and salaried employees. Officials and employees of the State, the postal and telegraph services, and the State railways, are also covered by special schemes<sup>3</sup>.

An account is given below of the evolution of the workers' sickness and maternity insurance system during the period 1926-1937. The fiftieth anniversary of the introduction of this branch of insurance was recently celebrated in Prague.

Compulsory sickness and maternity insurance for workers was introduced in the Austrian territories now incorporated in the Czechoslovak Republic by an Act of 30 March 1888 (gazetted on 6 April 1888). This Act applied only to workers in industry, commerce, mining, and transport (except maritime transport). Workers employed in agriculture and forestry, home workers, and domestic servants, were not included within its scope. Two-thirds of the contributions were payable

---

<sup>1</sup> *Trud*, 11 July 1938.

<sup>2</sup> *Sotsialnoe Strakhovanie*, 1938, No. 10, p. 7.

<sup>3</sup> An Act introducing invalidity, old-age and survivors' insurance for persons exercising independent trades was passed in 1925, but so far has not been put into operation.

by the insured persons and one-third by the employers. Under this scheme only the insured persons were covered and members of their families had no right to medical assistance.

The insurance scheme was amended on several occasions (in 1909, 1917, 1919, and 1920) before being reorganised by the Workers' Insurance Act of 1924, which came into force on 1 July 1926.<sup>1</sup> Two amendments of the basic Act were made in 1928 and 1934<sup>2</sup> for the purpose of consolidating the sickness and maternity insurance scheme.

### SCOPE

The scope of the original Act of 1888, which was rather restricted, was extended in subsequent years. In 1909 compulsory insurance was extended to persons employed in navigation, and in 1917 members of insured persons' families were granted medical benefits on an optional basis.

After the war, Czechoslovakia was faced with two problems, that of co-ordinating the sickness insurance scheme for the whole country, and that of extending the class of persons covered by compulsory insurance.

In Bohemia, Moravia, and Silesia, which formerly belonged to Austria, sickness insurance was governed by the Act of 1888, amended as indicated above, while in Slovakia and Sub-Carpathian Russia it was regulated by the Hungarian Acts of 1891 and 1907. The first step towards amalgamation was taken by a Government Order of 22 September 1919, which was followed by further Orders in 1921, 1922, and 1923.

An Act passed in 1919 also widened the scope of the insurance scheme by extending it to workers employed in agriculture and forestry, to home workers, and to domestic servants in the service of agricultural or other employers.

An Act of 1920 made it compulsory for the insurance funds to grant medical benefit to the insured persons' families.

Under an Act of 1924, amended in 1928 and 1934, insurance became compulsory for all persons who perform work or render services in the Czechoslovak Republic under a contract of employment, service, or apprenticeship (as an improver or probationer). Insurance also became compulsory for home workers, who are defined as persons who perform work at the order or on behalf of one or more employers outside the business premises of the employer.

Persons who perform work or render services by way of subsidiary or casual employment are excluded from sickness insurance, and also the following classes of persons: (1) miners covered by the special insurance scheme introduced by the Act of 11 July 1922, as amended by the Act of 3 July 1936; (2) employees of the State or other public authorities (provinces, districts, or municipalities) and of the railways, provided that these employees are entitled to benefits equivalent to those granted under the general scheme; (3) wage earners who are

---

<sup>1</sup> *Legislative Series*, 1924, Cz. 4.

<sup>2</sup> *Ibid.*, 1928, Cz. 2; 1934, Cz. 4.

in Czechoslovakia temporarily and in attendance on an employer not domiciled in Czechoslovakia.

The average annual number of insured persons is shown in the following table.

TABLE I. NUMBER OF INSURED PERSONS

Year	Total number of insured persons	Index number (1930 = 100)	Year	Total number of insured persons	Index number (1930 = 100)
1926	2,303,379	94.22	1932	2,066,824	84.54
1927	2,295,919	93.91	1933	1,884,948	77.10
1928	2,488,252	101.78	1934	1,878,554	76.84
1929	2,505,537	102.49	1935	1,918,567	78.48
1930	2,444,690	100.00	1936	2,063,611	84.41
1931	2,309,688	94.48	1937	2,257,529	92.35

This table brings out the close relationship existing between the economic situation of the country and the number of insured persons. Three prosperous years, 1928, 1929, and 1930 (which is used as a basis of comparison), were followed by three years of depression, 1933, 1934, and 1935. The subsequent increase in the number of insured persons shows the effects of the economic revival.

Table II shows the average number of insured women included in the total number of insured persons.

TABLE II. INSURED WOMEN

Year	Total number of insured persons	Total number of women	Per cent.
1928	2,488,252	—	—
1929	2,505,537	896,513	35.78
1930	2,444,690	884,557	36.18
1931	2,309,688	846,295	36.64
1932	2,066,824	779,103	37.70
1933	1,884,948	734,866	38.99
1934	1,878,554	738,234	39.30
1935	1,918,567	752,951	39.25
1936	2,063,611	797,941	38.67
1937	2,257,529	850,256	37.66

The general sickness insurance scheme also covers the sickness and maternity risks of a part of the insured salaried employees, the remainder being insured with special sickness insurance funds. As a rule, however, salaried employees' insurance is governed by the Austrian Act of 1888 and the Hungarian Act of 1907 (amended on many occasions) and the Act of 1 July 1926. Maternity insurance is organised on the same lines as sickness insurance. The insured persons are classified in fifteen wage groups, the average contribution at present being equal to 5.7 per cent. of the wage earned. The introduction of a single sickness insurance scheme for all salaried employees is still under consideration.

On 31 December 1935 the total number of persons insured was 458,908, including 130,492 affiliated to the workers' sickness insurance funds and 328,416 affiliated to the special sickness insurance funds for salaried employees.

#### INSURANCE INSTITUTIONS

##### *Sickness Insurance Funds*

The sickness insurance scheme is administered by self-governing institutions called sickness insurance funds.

Immediately after its formation, the Czechoslovak Republic was forced to take a number of measures to improve the organisation of insurance. Prior to 1919, the number of sickness funds (works funds, occupational guild funds, etc.) was very great but the average membership of the funds was generally small. The average membership of some funds was no more than 600, and several funds had not even 50 members.

On 1 July 1919 the total number of sickness insurance funds in Czechoslovakia was 2,361.

The Act of 1919 made a considerable reduction (78 per cent.) in this number and prohibited the setting up of new funds. On 31 December 1936 there were in existence 295 sickness insurance funds of six different types:

Type of fund	Number	Average membership per fund
District funds	184	9,086.4
Agricultural funds	67	7,929.4
Works funds	17	1,264.4
Occupational guild funds	20	2,712.3
Association fund	1	24,751.0
Friendly society funds	6	9,993.0
Total	295	6,961.4

The administrative organs of the sickness insurance funds are :  
(1) the general meeting of delegates ; (2) a managing committee,

composed of 12 members including 9 representatives of the insured persons (elected by the general meeting of delegates) and 3 employers' representatives; (3) a supervisory committee, also composed of 12 members including 9 employers' representatives and 3 representatives of the insured persons; (4) a director appointed by the Central Social Insurance Institution.

### *The Central Social Insurance Institution*

The Central Social Insurance Institution was set up by the Act of 9 October 1924<sup>1</sup> to manage the general scheme of insurance against invalidity, old age and death, and to supervise the work of the sickness insurance funds. The Institution is also required to prepare a yearly report on the working of the scheme, on the basis of reports received from the sickness funds.

The administrative organs of the Central Institution, which is under the supervision of the Ministry of Social Welfare, are: (1) an Administrative Board, composed of 12 representatives of the insured persons, 12 representatives of the employers, and 16 social insurance experts; (2) a Managing Committee, composed of 10 members including 3 workers' representatives, 3 employers' representatives, and 4 experts; (3) a Directorate composed of three members.

### *Federations of Sickness Insurance Funds*

According to Section 93 of the Act, sickness insurance funds must belong to one of the federations of sickness insurance funds. The main duty of the federations is to uphold and represent the interests of the funds by various means and in particular by: (1) the promotion of uniform practice for all sickness funds in the administration of sickness insurance; (2) the conclusion of joint contracts with medical practitioners, dentists, dispensing chemists, hospitals, etc.; (3) co-operation in the prevention of social diseases, and especially in combating tuberculosis, alcoholism, and venereal disease; (4) the establishment of curative institutions, sanatoria, etc.; (5) the provision of legal aid, etc.

At present there are seven federations (four Czech-speaking and three German-speaking), of which the most important is the Central Union of Sickness Insurance Funds in Prague, with 91 affiliated funds.

The principal establishments set up by the federations include seven hospitals (309 beds), two sanatoria (270 beds), and three convalescent homes (122 beds).

In addition, the federations co-operate closely with a number of associations specially engaged in giving preventive and curative treatment to the workers and their families.

### FINANCIAL RESOURCES

The funds are required to provide benefits in cash and in kind in case of sickness or maternity. The necessary resources are derived

---

<sup>1</sup> *Legislative Series*, 1924, Cz. 4.

mainly from contributions, half of which is payable by the insured person and half by the employer.

The contribution rate is not fixed uniformly for all funds. Although as a rule the benefits granted by the funds are the same, the expenditure entailed varies with the social and economic conditions such as sickness incidence, the classification of the insured persons in the wage groups, etc., which prevail in the areas of the different funds. The rate of the daily contribution is fixed, if it is lower than 5.5 per cent. of the average daily earnings, by the fund itself, subject to the approval of the Central Social Insurance Institution. The contribution rate is fixed by the Central Institution, after consultation with the fund concerned, when a contribution of 5.5 per cent. is found to be insufficient to cover ordinary expenditure. At present the contribution varies from 4.3 to 7.5 per cent. ; the weighted average for all the funds during the period 1929-1936 is given below in table III.

TABLE III. CONTRIBUTION RATES

Date :	1 July 1929	1 July 1930	1 January					
			1931	1932	1933	1934	1935	1936
Average contribution as percentage of wages insured	5.03	5.11	5.18	5.39	5.57	5.59	5.56	5.57

The insured persons are divided into ten wage groups according to their earnings, as shown below in table IV.

TABLE IV. WAGE GROUPS

Wage group	Daily wage (crowns)	The average daily wage is deemed to be (crowns)
1	Up to 6	4
2	6 - 10	8
3	10 - 14	12
4	14 - 18	16
5	18 - 22	20
6	22 - 25.50	24
7	25.50-28.50	27
8	28.50-31.50	30
9	31.50-34.50	33
10	Over 34.50	36

Table V shows the fluctuations of the average daily wage insured, the total amount of annual wages, and the total amount of paid up contributions.

TABLE V. TOTAL CONTRIBUTIONS, TOTAL WAGES, AND AVERAGE WAGE

Year	Total amount of contributions paid (million crowns)	Total amount of annual wages (milliard crowns)	Average daily wage insured (crowns)
1926	848.92	—	—
1927	781.41	—	—
1928	871.10	—	—
1929	980.58	14.94	19.11
1930	990.53	14.59	19.13
1931	923.25	13.45	18.66
1932	833.18	11.43	17.73
1933	736.90	9.83	16.72
1934	721.04	9.55	16.30
1935	718.61	9.54	15.93
1936	784.62	10.42	16.18
1937	888.31	12.07	17.13

The figures given above, especially those in the third column, reflect the results of the economic depression during the years 1933-1935 and the beneficial effects of the economic revival which took place in 1936-1937. Taking the figures for 1930 as a basis of comparison, it will be seen that the relative results for 1935, when the lowest level was reached, and those for 1937 were as follows :

TABLE VI. INDEX NUMBERS OF INSURED WAGES AND CONTRIBUTIONS

Year	Total number of insured persons	Contributions paid	Average daily wage
1930	100.00	100.00	100.00
1935	78.48	72.55	83.3
1937	92.35	89.68	89.6

Since 1935 the evolution has been satisfactory, but the results for 1937 are still below the level for 1930. Besides contributions the insurance funds have other sources of revenue (interest on capital) amounting to about 100,000,000 crowns a year.

### BENEFITS

Under the original Act the insured persons were entitled as a rule to the following benefits : free medical and obstetrical treatment, free medicines and other therapeutic requisites and daily cash benefit equal to 60 per cent. of the usual daily wage. These benefits were granted during a maximum period of twenty weeks.

Insured women were entitled to an allowance during the four weeks following confinement.

In case of the death of an insured person, the survivors were entitled to funeral benefit equal to 20 times the usual daily wage.

All the amendments made to the Act of 1888 improved the position of the insured persons. Under the Act of 1934<sup>1</sup>, which is at present in force, the insured persons and their families are entitled to the benefits described below.

See p. 248.

#### *Cash Benefit*

*Sickness.* An insured person is entitled to daily cash benefit from the fourth day of incapacity for a period not exceeding 365 days. The rate of cash benefit varies with the wage group, but as a rule it is equal to about two-thirds of the average daily wage. Benefit thus fixed is payable during 365 days by funds which fix their insurance contribution at less than 5 per cent. of the wage earned. Funds which fix their contribution between 5 and 5.5 per cent. reduce sickness benefit to 50 per cent. of the wage during the first fourteen days and pay full benefit only from the fifteenth day of incapacity. Those which fix their contribution at more than 5.5 per cent. of the wage pay reduced benefit during the first ninety days. Table VII shows the various benefit rates.

TABLE VII. CASH SICKNESS BENEFIT

(Crowns)

Wage group :	I	II	III	IV	V	VI	VII	VIII	IX	X
Average daily wage	4	8	12	16	20	24	27	30	33	36
Daily sickness benefit	2.70	5	7.50	10	13	16	18	20	22	24
Reduced benefit	2.50	4	6	8	10	12	13.50	15	16.50	18

<sup>1</sup> *Legislative Series*, 1934, Cz. 4.



*Maternity.* An insured woman is entitled to a daily allowance equal to the daily sickness benefit during six weeks before and six weeks after confinement ; further, if she nurses her child, she receives a nursing bonus equal to half the daily sickness benefit up to the end of the twelfth week after confinement.

*Death.* In case of death of an insured person, the survivors are entitled to funeral benefit equal to thirty times the average daily wage of the insured person, with a minimum of 150 crowns. In case of death of a member of the insured person's family, the insured person receives funeral benefit fixed at 60, 180 or 250 crowns according to the age of the deceased person (under two, under fourteen, or over fourteen).

Table VIII shows the fluctuations of the aggregate cash benefits paid in recent years.

TABLE VIII. CASH BENEFITS PAID

Year	Total cash benefits (million crowns)	Total sickness benefits (million crowns)
1927	413.12	350.13
1929	501.43	431.13
1931	467.66	399.74
1933	287.89	246.07
1935	214.09	180.32
1937	264.21	—

### *Benefits in Kind*

*Sickness.* An insured person is entitled to free medical treatment and free medicines and other therapeutic requisites for himself and the members of his family. Medical benefit is granted from the beginning of the sickness for its duration, up to a maximum of one year from the date on which the insured person ceases to carry on an insured occupation.

*Maternity.* An insured woman (or the wife of an insured man) is entitled to the free services of a midwife and, if necessary, of a doctor.

*Hospital treatment.* Medical treatment and daily cash benefit may be replaced by hospital treatment at the expense of the sickness insurance fund. In this case, the fund pays the cost of transporting the sick person to the hospital or other curative establishment. Hospital treatment may also be granted to the wife and children of an insured person. During the first 28 days of hospital treatment the insured person is entitled on behalf of his family to an allowance equal to half the cash sickness benefit ; after the expiry of this period an allowance equal to the whole daily cash benefit is granted.

TABLE IX. BENEFITS IN KIND

*(Million crowns)*

Year	Aggregate benefits in kind	Cost of medical treatment	Cost of medicines	Cost of hospital treatment
1927	322.01	136.40	101.96	83.65
1929	355.46	149.42	109.55	96.49
1931	373.86	153.11	112.86	107.89
1933	337.19	143.98	78.82	114.39
1935	339.36	146.10	78.37	114.89
1937	396.65	—	—	—

The importance of medical assistance and medicines for the wage earners is very great. Medical benefits, which are provided either by the sickness funds or by the Central Institution, are intended to ensure : (1) the treatment of the insured persons and their restoration to health, and (2) the prevention of sickness and premature working incapacity.

In this work the insurance funds require the services of a number of medical practitioners. The Central Institution has also established its own preventive and curative services. The federations of sickness funds have drawn up, in agreement with the medical associations, a model contract which is used by the various funds for the conclusion of individual or collective contracts with the doctors. During 1936, 7,427 contracts were concluded with medical practitioners, and 2,065 with medical specialists, which means that on an average 306 persons were covered by every contract concluded with a medical practitioner and 1,101 persons by every contract made with a specialist.

During the same year, 925,757 cases of illness (including confinements) were reported, the number of days' benefit being 20,720,162. The average expenditure per case of illness was 515.83 crowns (including 61.19 crowns for treatment in hospitals and 52.73 crowns for treatment in other establishments), and the average expenditure per day of sickness was 24.56 crowns.

The following table (p. 252) shows the number of medical establishments owned by the sickness insurance funds.

Treatment in sanatoria, baths, and convalescent homes, was granted during 1936 in 29,438 cases, the total expenditure involved being 39,500,000 crowns. The Central Institution refunded the cost of 16,400 cases (19,000,000 crowns) to the sickness insurance funds. The Central Institution also supplements the work of the funds by organising preventive and curative treatment on a large scale, and thus makes an essential contribution towards the campaign against social diseases. It maintains 9 dispensaries for tubercular patients, 2 dispensaries

TABLE X. MEDICAL ESTABLISHMENTS BELONGING TO THE SICKNESS INSURANCE SYSTEM

Kind of establishment	Number	Number of beds
General dispensaries	384	—
Special dispensaries	278	—
Hospitals	32	(946)
Sanatoria	9	(1,011)
Baths and curative establishments	83	(2,278)
Rest and convalescent homes	27	(2,055)

for venereal diseases, and 1 sanatorium for the treatment of cardiac patients; a sanatorium for tubercular patients, with 400 beds, is now being built.

#### FINANCIAL ADMINISTRATION

The financial administration of the sickness insurance scheme is based on the assessment system. Every sickness fund is required to establish a reserve fund at least equal to its average annual expenditure during the three preceding financial years. This capital is kept as a safety reserve for periods of extraordinary expenditure (due to depression, epidemics, etc.).

The results of the financial administration are given in table XI.

TABLE XI. RESULTS OF FINANCIAL ADMINISTRATION

Year	Total income (million crowns)	Income per insured person (crowns)	Total expenditure (million crowns)	Expendi- ture per insured person (crowns)	Cost of administration (million crowns)	Cost of ad- ministration per insured person (crowns)
1926	923.05	—	906.82	—	—	—
1927	867.81	—	935.89	—	161.30	—
1928	953.74	362.75	973.48	370.25	169.08	64.31
1929	1,077.69	398.85	1,085.38	401.70	179.29	66.36
1930	1,113.84	420.74	1,110.27	419.39	189.64	71.64
1931	1,025.25	410.76	1,086.82	435.43	190.67	76.39
1932	930.75	411.08	967.58	427.35	190.33	84.07
1933	845.49	405.85	852.11	409.03	179.54	86.18
1934	825.57	397.57	770.22	370.91	168.89	81.33
1935	826.29	390.34	775.99	366.58	169.01	79.84
1936	890.62	391.79	816.57	359.21	173.79	76.45
1937	—	—	878.81	—	—	—

The sickness insurance funds were severely affected by the depression, their financial position becoming more and more difficult, and this led to a fall in their reserves. As a result of the reforms introduced in 1934, and with the improvement of the general economic situation, the reserve funds are now in a stronger position. At the end of 1935, the total capital possessed by the funds as a whole (after deducting deficits shown by several funds) was 364,600,000 crowns. By the end of 1936, the total capital had increased to 438,700,000 crowns.

## CONCLUSION

The importance of sickness insurance for the employed population was recently stressed in a speech made by Mr. Nečas, Minister of Social Welfare, before the Central Social Insurance Institution on the occasion of the 50th anniversary of the compulsory sickness insurance system. In the course of his speech, Mr. Nečas said :

From an economic standpoint, the value and utility of sickness insurance and social insurance in general are unquestionable. Insurance restores their earning and productive capacity to a considerable number of insured persons, and this has a most beneficial effect on the standard of living of the population and of the State as a whole. Fifty years ago the total number of persons insured in the territories now forming our State was about 600,000. To-day their number is 3,500,000, or with the members of their families over 7,500,000. This means that the sickness insurance scheme covers more than 50 per cent. of the population of Czechoslovakia.

The annual income from the contributions charged by the sickness insurance funds now amounts to 950,000,000 crowns, while about 730,000,000 crowns are paid out in benefit every year.

Since 1 July 1926, when the basic Social Insurance Act came into force, the funds have spent 4,000,000,000 crowns on medical treatment. The funds own 1,300 dispensaries or consulting rooms, 180 hospitals, sanatoria, bathing establishments, and convalescent homes. A considerable amount is also spent on benefit in kind. Cash benefits paid to sick persons amount on an average to 600,000 crowns a day, or 220,000,000 crowns a year.

Sickness insurance, together with invalidity, old-age and survivors' insurance, is a powerful aid to economic revival. The capital accumulated by the sickness insurance funds and by the Central Social Insurance Institution is restored to the national economic system in the form of loans to the State, municipalities, and other public authorities, with a view to promoting the building of curative institutions, roads, workers' dwellings, etc. The loans already granted by the funds and the Central Institution amount to 7,000,000,000 crowns. It is indeed difficult to imagine how the State could have got through the periods of economic depression without serious social unrest if the help of the social insurance funds had not been forthcoming.

## BIBLIOGRAPHY

1. *Věstník Ústřední Sociální Pojišťovny*, review published by the Central Social Insurance Institution, Prague. Cf. No. 4, April 1938.
2. *50 Let Nemocenského Pojištění*, a 60-page booklet published by the Central Union of Sickness Insurance Funds in connection with the 50th anniversary of the introduction of workers' sickness insurance. Prague, 1938.
3. *Ústřední Sociální Pojišťovna 1926-1936*, published by the Central Social Insurance Institution to commemorate its 10th anniversary.
4. *Statistique de l'assurance-maladie pour l'année 1936*. Prague, 1937. 180 pp. Trilingual report (in Czech, French, and German) on the results of the working of the general sickness insurance system for workers. Published by the Central Social Insurance Institution, Prague.
5. *Sociální Revue*, No. 3, March 1938. 19th year. Monthly review, published by the Ministry of Social Welfare, Prague.