

APPENDIX I.

A DESCRIPTION OF THE WORKERS' COMPULSORY INSURANCE ACTS OF GERMANY.

In describing these Acts, it must be clearly understood that the wisdom or otherwise of copying them in any form is not advocated. Indeed, it can be said right away that their adoption as they stand would be practically impossible under our present national conditions, even had we not already solved three-fourths of the problem by our own methods, through the Workers' Compensation and Old-age Pension Acts.

The laws are extremely complicated and intricate, as might be expected of a system which enters so thoroughly into the social and industrial life of a nation; but in the following *résumé* every effort has been made to avoid technicalities where possible, to insure clearness even at the risk of redundancy, and to present a unified view of the whole scheme.

THE GERMAN SYSTEM IS DIVIDED INTO THREE GREAT PARTS, UNDER THE FOLLOWING HEADINGS:—

FIRST, the *Sickness Assurance Act*, 1883, which provides an allowance for all sickness in the first stages, from whatever cause, and also provides for medical attendance, medicine, and surgical appliances.

SECOND, the *Accident Insurance Act*, 1885, provides for allowances after the first stage for sickness caused through trade injury, and for compensation in case of total or partial disablement or death from the same cause. It is practically the Workers' Compensation Act with some different features to be afterwards referred to, and no doubt this Act was considered when the Home authorities were framing the English Act of 1897, of which our New Zealand Act is a copy.

THIRD, the *Invalidity or Infirmary Assurance and Old-age Pensions Act*, 1889, provides an allowance for permanent incapacity for work from any cause (except sickness caused by trade accident), and also for an allowance at age 70 whether the recipient be able to earn a living or not.

In general, the three Acts operate as follows: If a workman falls sick, whether from accident or otherwise, he *ipso facto* becomes entitled to the minimum benefits of the Sickness Assurance Act—that is, immediate medical attendance, and a varying period of sick-allowance. If his incapacity last longer than thirteen weeks, he comes under the Accident assurance benefits, provided his injury was the result of a trade accident. If he becomes a permanent invalid from any cause not trade accident, he comes under the Infirmary Assurance and Old-age Pensions Act; and in any case he is entitled to a pension in his old age.

The provisions of the Acts will now be described, taking first

SICKNESS ASSURANCE.

It has to be remarked, in the first place, that prior to the passing of the Sickness Assurance Act it was even then compulsory in certain States of the German Empire for workmen to join sick-benefit societies, and the law of 1883 was designed to extend the system to all workers throughout the Empire. In 1880, before the passing of this measure, there were in Prussia 1,300,000 persons belonging to these sick-benefit societies, and in 1885, the year after the Act came into force, there were 2,200,000 embraced by this statute; so that provision had to be made right away to insure nearly a million persons.

The Act provided that all persons from age 16 upwards engaged in trades and industries earning up to a certain income were to be compulsorily insured. In those places where no voluntary or registered assistance funds already existed there were inaugurated different kinds of organized or obligatory funds to suit varying conditions and localities.

The most important of these obligatory funds was termed the "Local Sick Fund," established under the supervision of the local authorities, and comprising all industrial workers whose factories were not large enough to form separate funds. There were also several other funds, such as the Building Sickness Funds, embracing all workers on high-roads, railways, and canals, which stood in a separate class, owing to their extra risk, and the Factory Funds, composed of distinct trade funds of all works or factories employing over fifty workers. These latter it may be mentioned, are said to show the best management results. The group is completed by the Trade Guild or Association Funds, which were on the same footing as the preceding funds, and were so recognised, provided the masters of the guilds established Sick Funds on the legal base for their employees.

These obligatory or organized funds, with similar proportionate rates of contribution and minimum benefits were established by the Government, which advanced the preliminary expenses, to be repaid when the funds were on a sound footing. They were maintained on a premium basis of two-thirds paid by the worker and one-third by the employer.

There are also the "Communal Funds," established and administered by the municipality or Town Board at those places where either the trades are not organized or industries are languishing. These funds are maintained by striking a rate on the community of $1\frac{1}{2}$ per cent. of the current local daily wage, with a maximum of 2 per cent. This form of insurance is very much like our charitable-aid rating system, and it has been noted that in 1892 out of all persons insured there were in this class one-seventh of the total.