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## The development of social insurance in Czechoslovakia

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The Regulations concerning Examinations require as conditions for admission to the Second State Examination, in addition to evidence of having passed the First State Examination, evidence of passes in certain qualifying tests common to all three specialist courses and in other tests peculiar to each course. The common examinations are in the subjects: Mathematics II, Dynamics of Statistical Populations, Biometrics, Psychometrics, Population Statistics, Insurance Technique, Insurance Accountancy, Reading and Analysis of Balance Sheets, Organization and Statutes of Social Insurance. The preliminary special examinations are:

a) Course I: Actuarial Mathematics, Statistics in Public Administration, Principles of Technology, Normalization, Social Industrial Policy.

b) Course II: Industrial and Business Accounting II, Technique of Insurance and Insurance Law.

c) Course III: Actuarial Mathematics, Industrial and Business Accounting II, Foundations of Technology, Social Industrial Policy, Law Relating to Conditions of Labour, History of Statistics.

*The Second (Specialist) State Examination* then includes the subjects: Mathematical Statistics, Econometrics and

a) for Course I students: Industrial and Business Statistics, including Statistics in Technical Practice;

b) for Course II students: Actuarial Mathematics;

c) for Course III students: Statistics in Public Administration.

The Second State Examination consists of a practical and a theoretical part. In the practical examination, the candidate has to work out problems which are chosen so that he can display his skill in applying the theories of the main examination subjects. After successfully passing the practical examination, the candidate is then admitted by the Examining Board to the theoretical examination in the above-mentioned subjects. After passing the Second State Examination the candidate is awarded a Diploma and the title of „inženýr“ (Ing.), corresponding to the Bachelor of Science Degree in Engineering.

## THE DEVELOPMENT OF SOCIAL INSURANCE IN CZECHOSLOVAKIA

Czechoslovak social insurance which, after the reestablishment of the independence of Czechoslovakia in 1918, had its beginnings in the former Austrian workmen's compensation (in operation since 1888), health (1889), miners' (1889), and pension insurance (1909), was successively enlarged in the years from 1918—1938 by the health insurance of public employees as well as by the workers' pension insurance, and was substantially reformed at

the same time. An Act on the insurance of self-employed persons was passed, but did not come into force.

Czechoslovak social insurance can look back now on a comparatively long record containing many valuable ideas, which made it serve more than once as pattern for similar schemes abroad. This long period in which social insurance was in operation brought with it not only certain assets such as a high degree of information among the general public on these matters, the organic incorporation of social insurance into state economy and the formation of a cadre of experts, but also some disadvantages, like the fact, for instance, that the widely diversified insurance structure and complicated regulations persevered as an outcome of the historical development, even where they were no longer justified. This is often due to the fact that it is easier to build up a new structure than to reorganise an already well-established institution. During the second world war, Czechoslovak social insurance specialists inside and outside the country were fully aware of the shortcomings of the Czechoslovak social insurance system and came to the conclusion that after the war this system would have to be reorganised from the foundations.

It was particularly prof. Schoenbaum, who as Actuarial Adviser to the International Labour Office and the Czechoslovak Government prepared a program of reforms of the Czechoslovak insurance system, which was published in the International Labour Review under the title: „A Programme of Social Insurance Reform for Czechoslovakia“.

Of those specialists who worked on the preparations of the social insurance reform inside the country during the occupation, we want to remember Dr. Havlík, who perished as a victim of German persecution. During the war, he worked out a detailed plan for the adaptation of Czechoslovak social insurance.

Prof. Scheonbaum draws attention in his work to the long record of social insurance in Czechoslovakia which was formerly one of the most progressive systems of its kind. Those states, however, which introduced new insurance systems, were able to learn from their predecessors and to overtake them in various respects.

The main requirement of modern Czechoslovak social insurance consists in the organic co-ordination of all its components, the improvement and enrichment of the benefit scheme and the simplification of the administration by concentrating it in a purposeful manner. Social insurance must form an organic entity and should, if at all possible, be based on one single Law. All working persons, that means the whole nation with negligible exceptions, ought to be covered by insurance. As far as benefits are concerned, Prof. Schoenbaum recommends the introduction of unemployment insurance, allowances for families with many children, marriage grants for

men (till now available only for women), the raising of benefits, the shortening of the qualification period, compulsory medical examinations for insured persons, etc. In their investment policy the social insurance carriers should put particular stress on subsidizing cheap housing facilities for insured persons and pensioners by granting loans.

Simplification of the administration calls mainly for a reduction of the number of insurance carriers, the standardization of regulations, and the introduction of uniform rates of contributions. A special fund for sickness insurance ought to be set up into which, for example, 50% of the surpluses should flow and which should serve to balance the unequal burdens of the various administrative districts. In regard to financial policy, special emphasis must be put on preserving the autonomy of the social insurance system while keeping the state subsidy. The benefit system should be based on a uniform average premium calculated on the principle of complete actuarial equilibrium with a minimum of collective accumulation.

These are some of the ideas from Prof. Schoenbaum's work, which is cited above and which contains a wealth of facts and suggestions. We will deal below with the way in which these ideas have been put into operation.

The first Czechoslovak Government on the territory of the liberated Republic already included the far-reaching reorganization and extension of social insurance in its programme. The final target is the introduction of national insurance, covering the whole working population, the members of their families as well as persons unfit for work, which actually means the whole nation, and protecting the insured person as well as his family in case of loss or impairment of his working capacity by unemployment, illness, disablement, old age or death.

The primary task of the legislation was the elimination of a number of regulations forced on us by the Germans during the occupation, which often meant a deterioration of social insurance and the introduction of foreign elements transferred mechanically from German legislation. Then it was necessary to extend our insurance system to include the population of the border areas severed during the occupation from the interior, and to compensate insured persons and pensioners for the losses suffered during the occupation. In order to make up at least partly for the reduced buying power of the currency unit brought about by the economic consequences of the occupation, fixed supplementary allowances to pensions were introduced, and contributions as well as graduated supplements were adjusted, to a certain extent, to the higher price level.

Considerable simplification has already been achieved in the field of health insurance, which is now concentrated in four types of insurances (for public employees, private salaried employees, miners and workers). Complete unification of the administration was achieved in the border districts,

in each of which only one insurance carrier exists which, however, administers insurance according to 4 different Insurance Acts.

Most consistent administrative unification was carried out in Slovakia, where all types of social insurance (including accident insurance) were concentrated in the Central Social Insurance Office in Bratislava which is meantime administering insurance according to various insurance laws. In Slovakia all subsidiary insurance institutes were also liquidated. Their insurance was replaced by a single insurance on the basis of higher contributions, administered by the Central Social Insurance Office in Bratislava.

By the setting up of a Family Allowance Fund, children's allowances were introduced, amounting to 150 Kčs per month for the first, 200 for the second and 250 for the third child, rising successively up to a maximum of 500 Kčs for the eighth and each following child. All insured persons are entitled to these family allowances. These benefits are financed by contributions (amounting to 4% of the earnings) borne entirely by the employers.

An important development was the reform of the miners' insurance, which grants relatively the highest benefits of all Czechoslovak insurance schemes.

It is naturally impossible, owing to the economic difficulties caused by the war, to achieve at once all the targets aimed at by the Czechoslovak Government in social insurance. In addition to that, special difficulties are experienced in health insurance owing to the shortage of physicians caused by the closing down of the Universities during the occupation and the high percentage of victims of Nazi persecution among the medical profession.

In spite of these difficulties which we hope are only temporary, special commissions are preparing new legal measures. The organisational part of the National Insurance and Health Insurance Bills are already drafted. The principles of the future Pension Insurance Scheme are now under discussion, the first stage of which, unification of pension insurance (administered by the General Pension Institute and 28 subsidiary bodies), is just being prepared.

We shall acquaint our readers in time with all important changes taking place in Czechoslovak social insurance.

