

## NATIONAL HEALTH INSURANCE

### Report by the Government Actuary on the Fourth Valuation of the Assets and Liabilities of Approved Societies

GOVERNMENT ACTUARY'S DEPARTMENT,  
London, S.W.1.

23rd April, 1937.

The Rt. Hon. Sir KINGSLEY WOOD, M.P.,  
Chairman,

National Health Insurance Joint Committee.

SIR,

1. I have the honour to submit my report upon the fourth valuation of the assets and liabilities of the approved societies as carried out by the valuers appointed by the Treasury under Section 74 of the National Health Insurance Act, 1924.

#### THE VALUATION DATES.

2. Under this Section of the National Health Insurance Act the assets and liabilities arising under the Act of each approved society or branch of a society are required to be actuarially valued at the expiration of every five years, or at such other times as may be appointed. It is essential, in the interests of economy and of administrative convenience in dealing with the large numbers of schemes of additional benefits submitted for approval, that the heavy work of valuing some 7,000 approved societies and branches should be, as far as possible, continuous. This necessitates the division of the societies into a number of groups with separate valuation dates. On the present occasion the valuation has been made in four groups with valuation dates respectively of 31st December, 1931, 1932, 1933, and 1934. These groups, comprising in all 6,955 valuation "units", were constituted as follows:—

Valuation Date			Date of previous valuation
31st December.			31st December.
1931	Ancient Order of Foresters ...	2,049 branches	1927
	Societies in Great Britain (part)...	845 societies	1927
1932	Societies with branches (other than the Ancient Order of Foresters and Manchester Unity) ...	767 branches	1928
	Societies in Great Britain (remainder) and in Northern Ireland ...	140 societies	1928
1933	Independent Order of Odd Fellows Manchester Unity (part) ...	1,245 branches	1928
1934	Independent Order of Odd Fellows Manchester Unity (remainder)	1,909 branches	1929

A society without registered branches, or a separately registered branch of a society, constitutes a unit for valuation purposes; further, a society or branch with separate funds for men and for women comprises two units and has been treated as such in all the statistics given in this report.

It may be added that arrangements have been made to take the fifth valuation in five groups, the date for the first group being 31st December, 1935.

#### THE MEMBERSHIP OF APPROVED SOCIETIES.

3. The total number of "units" valued, viz., 6,955, shows a net decrease of 653 from the corresponding number at the third valuation, viz., 7,608. The decline is due to the following changes which have occurred since the last valuation:—

(i) In 391 cases the engagements of a society or branch have been transferred to another (and generally a larger) unit.

(ii) Four societies, which at the third valuation had between them 332 branches, have centralised their administration. In three instances the societies have set up separate funds for their men and women members respectively; further, in one of these cases the society has been re-approved as three separate societies operating in England, Scotland and Northern Ireland respectively. Thus the effective reduction in the number of units is 321.

(iii) Four new societies and one new branch have commenced to transact business.

(iv) In 54 other cases the number of units has been increased by the separation of funds as between the men and the women members.

4. The total number of members covered by the fourth valuation was 16,953,146, the division of this number according to the valuation dates being as follows:—

as at 31st December, 1931,	669,687
" " " 1932,	3,383,792
" " " 1933,	12,374,581
" " " 1934,	525,086

The numbers do not include insured persons aged 65 and over. These persons have ceased to contribute and to be entitled to sickness and disablement benefits, and the liability of their societies in respect of the cost of medical benefit, to which they are entitled during life, has been liquidated by an appropriate capital payment to a departmental fund. The estimated number of such persons on 31st December, 1933, was 1,190,000.

5. Table I, which follows, shows the geographical distribution of the societies and branches included in the valuation, with the related numbers of members. Societies with centralised funds