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THE THEORY OF PRIVATE-PERSONAL INSURANCE, CO-OPERATIVE INSURANCE AND PUBLIC-SOCIAL INSURANCE

by

Noriaki Niwata

1. Risks and Insurance Organization

Generally it is taken that insurance is a measure to meet risks, or an economic security against risks, and insurance system is a system to bear risks. This tells how insurance is inseparable from what is called risk. "Ohne Gefahr, keine Versicherung" is a phrase representing such a relation. The meaning of the term risk may be very manifold from the aspect of jurisprudence but in economic terms, particularly in connection with the principles of insurance, it will be grasped as follows.

What is called risk pertains to the causes of such events as, in enterprises as well as consumer households, extraordinary damages on properties that may require expenses for recovery, or impediments or losses of labor power (=Arbeitskraft) that may decrease or suspend earnings, or expenditures for remedying such disability. By the by, in economic thinking uncertainty is classified into real one that is unmeasurable and one that is to be called measurable risk; and risks are classified into one of unmeasurable uncertainty and measurable one. In either case, what makes the object of insurance is of course the latter, i.e., what is measurable. If the current of time, the factor of time, is added to economic events for further consideration, there is now involved the problem of expectation, and the problem of risk becomes weightier requiring a really economic-theoretical analysis of the risk. And on the ground of such a concept of risk, new categories of insurance, and "Versicherungslehre" to theorize them, become necessary. Customary theories of insurance have been static. Time and risk, these two elements and mutual relations thereof make the factors that would stimulate the birth of insurance.

Free and wild as behaviors of human individuals may be, certain lines and rules will be expected to grow among them in accompany with gener-

al rises in the levels of intelligence and knowledge as well as increases in the speediness and accuracy of information. Even for such phenomena that seem socially absent of rule, advances of scientific analysis will render it possible to discover directions or laws therein. And with progresses of theory and practice of insurance, categories of "risk covered" will be expanded, and through the cooperation of these factors increasingly various and numerous risks will come to be placed under insurance. The shorter the term of insurance contract, the stronger is its static element; contrastively, the longer the term, the more extensively will insurance float itself amid the dynamic element. In this connection a point advantageous to insurance is that newborn risks, that might be incurred due to the longer span of time, are "excepted or excluded perils=versicherungsfreie Ereignisse" on the ground of the principle of enumerated responsibilities, while any decrease or diminishing of risk is placed outside account.¹⁾ Even for short-term policy or insurance and static-nature insurance, in case social and economic changes or fluctuations are very rapid, the same phenomenon will arise as for long-term policy or insurance. In order to offset such advantage of the insurer, the system of "dividend to the policyholder" (= "Versichertengewinnanteil"), for example, has been devised. Also the principle of universal-risk²⁾ is regarded to play such a role sometimes. The same significance may be attached to the existence of the principles of all-risks coverage³⁾ and "Prinzip der Universalität der Gefahren=Grundsatz der allgemeinen Gefahrendeckung."^{4) 5)}

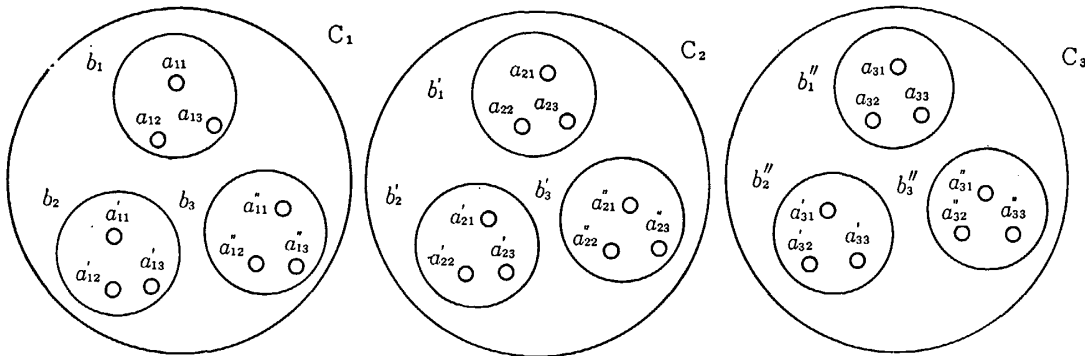
In case of an actual occurrence of risk, that is, any damage due to accidental event (=fortuitous event), if the situation is that should the event have not occurred a gain or profit would have been obtained, yet the occurrence

- 1) According to the "Grundsatz der Unteilbarkeit der Prämie", premiums are not repaid unless a special policy condition is provided. And insurance business on the basis of premium "Voraushebung" is advantageous to the insurer.
- 2) Irrespective of causes, "Versicherungsfall" (=occurrence of event insured against) are supposed to have occurred when specified kinds of accidents have arisen. In case the "Prinzip der Universalität der Gefahren=Grundsatz der allgemeinen Gefahrendeckung" is adopted for the risk coverage of a policy, it is taken that this universal-risk principle is of little importance.
- 3) All-risks coverage means comprehensive acceptance of risks. Since in Japanese general insurance clauses or conditions of marine cargo insurance the "Prinzip der Universalität der Gefahren=Grundsatz der allgemeinen Gefahrendeckung" is employed, they are to turn into the all-risks term if various exception clauses, that put limitations on the perils clause set forth in the Article 1 of the clauses, were eliminated. In English marine insurance policies (Institute Cargo, War and Strike Clauses), employing the enumerated-responsibilities principle, the all-risks coverage must be provided specifically.
- 4) This principle is contrasted to the principle of enumerated responsibilities. A special policy condition of all-risks coverage is rendered possible by this principle.
- 5) Additional note. Let n represent the number of risks being actually recognized to exist. An additional, unforeseeable and new-born risk, which often occurs in a long time, may be shown as $n+1$. This $(n+1)th$ risk is insured under the all-risks or inclusive principle. This applies also to the $(n+2, 3, 4, \dots)th$ risks infinitely.

has brought about the damage or loss, such a risk cannot be the object of insurance. The possibility of windfall profit or gain is to be offset by that of unforeseen and windfall loss or damage. If such damages or losses were to be indemnified by insurance, people would be in a position to obtain gains or profits or else to be free from damages or losses by way of a small expense of premium. All is gain and never loss; people would be unduly advantageous in utilizing insurance. This would result in changing insurance to a stimulus to gambling contrary to the "öffentliche Ordnung und gute Sitten" (=public policy).

A risk $\begin{cases} \nearrow \text{damage or loss} \\ \searrow \text{gain or profit} \end{cases}$, such a risk should not be made the object of insurance.

A risk $\begin{cases} \nearrow \text{damage or loss} \\ \searrow \text{zero status} \end{cases}$, only such a risk can make it. It means a situation that a risk, if materialized and realized, may cause accidental damages or losses, but else previous state is merely continued and maintained, the situation itself involving no chances of gain or profit. Hence, throughout all the possibilities, premiums remain to be minus, that is, outlays or expenses. In any case risks, if they are to be insured, must not have any relation with unforeseen and windfall gain or profit.



There is a "Gleichbehandlungsprinzip"⁶⁾ in insurance. The insurer must give equal treatment to all policyholders provided prerequisites are equal, and is not allowed to approve any extension of the risk covered (=Versicherungsfall) without extra premium. This principle regulates the relation between the insurer and the policyholder as well as between the policyholders or insured themselves. Policyholders or insureds *a*, receiving equal treatment from the insurer, maintain equity relations, with neither gain nor loss, among themselves; *a*₁₁, *a*₁₂, *a*₁₃ are all standing on the same position against an insurer.

Premiums are determined on the base of the law of large numbers. Effective working of this law requires formation of an insurance organization (= "Versicherungsgemeinschaft") consisting of a large number of economic

6) The contents of the "Gleichbehandlungsprinzip" may be of course equivalent risks, equivalent frequency of risk and equivalent premiums for equivalent amounts covered. They should also contain prohibition of "Prämienbefreiung" (=waiver of premium), "Prämienrabatt" (=discount) or "Respektfrist or Nachfrist" (=grace period) to individual policyholders.

subjective-persons who must be uniformed with regard to various conditions and characters. On this point a technical feature of insurance is perceptible. Excessively rigid adherence to this feature would, however, lead to a difficulty of drawing numerous economic persons, hence of calculating reasonable premiums, because therein the law of large numbers would be unpracticable. That economic persons are identical in conditions and characters means similarity of risks (=equalization of risks). In order that economic persons with risks of the same nature, namely policyholders or insureds *a*, may come under the "Gleichbehandlungsprinzip" and still may be a large number, the "Prinzip der Gleichheit von Leistung und Gegenleistung" must be effected squarely and properly.

The "Prinzip der Gleichheit von Leistung und Gegenleistung", implying net premiums in accordance with risk degrees, makes an essential technical principle for premium calculation, and has a close relation with the "Gleichbehandlungsprinzip". The "Gleichbehandlungsprinzip", right a representation of individualistic social mind, becomes the "Prinzip der Gleichheit von Leistung und Gegenleistung" when it is materialized as an insurance technique. Embodying these two principles, insurance formulates itself concretely. Since the "Prinzip der Gleichheit von Leistung und Gegenleistung" is applicable where the probability of accidental incidence is already given, it naturally presumes the existence of insurance organization *b*, a body gathering *a* under the same kind of risk, and makes a principle to be observed therein.

There is another one called the "Prinzip der Äquivalenz"="Prinzip der Gruppenäquivalenz", which means that, in an insurance organization (= "Versicherungsgemeinschaft") formed with regard to risks of the same nature and type, the total of necessiated claim under policy or loss or claim paid, i.e., outlay or disbursement from the standpoint of insurer, and the total of premiums, i.e., receipt, must be so calculated that there may remain neither surplus nor shortness. This principle concerns the receipt and disbursement of an organization as the whole. It governs the insurer *c*. The "Prinzip der Äquivalenz" can be realized because premiums are calculated on the base of the "Prinzip der Gleichheit von Leistung und Gegenleistung"; the "Prinzip der Gleichheit von Leistung und Gegenleistung" has been born under pressure of the "Gleichbehandlungsprinzip"; and the "Gleichbehandlungsprinzip" has been born from the spirit of individualism.

For a perfect deployment of the function of insurance, an infinite expansion of policyholders or insureds within an organization *b* under the same risk may well do. The scope of the organization (= "Versicherungsgemeinschaft") *b*, however, ought not to be expanded; there must be a fixed boundary. Under a certain insurer *c* the number of *b* is to be enlarged, without relaxing its boundary, and at the same time the number of *a* within a *b* is to be increased. If the "Gleichbehandlungsprinzip" and the "Prinzip der Gleichheit von Leistung und Gegenleistung" were to be enforced with

rigidness, any insurance organization would cease to exist, insurance being dissolved into a relation between one insurer and one insured. Only where the risks are given some wideness of scope, the same risk involves some margin, and numerous a 's are assembled, there can be founded insurance as a system.

Thus under insurer c , generally insurance company in the modern age, a number of insurance groups (=“Versicherungsgemeinschaft”), each under the same risk, will be formed, for example, b_1, b_2, b_3 , under c_1 , in each group the “Gleichbehandlungsprinzip” and the “Prinzip der Gleichheit von Leistung und Gegenleistung” being realized. The similar state may be established also in c_2, c_3 , who may keep connections among them for the sake of fortification of insurance system, that is to say, perfection of the “Prinzip der Äquivalenz”. The top method for this aim may be reinsurance.

Suppose an insurance organization formed with respect to a particular area or occupation. If the number of policyholders or insureds is sufficiently large, insurance can be established. However, if the scope of such area or occupation is defined too wide, homogeneity of the risks is disturbed and the said two principles become difficult to enforce. And in an insurance organization of limited area or occupation, a possibility of catastroph incidence of damages is hard to deny, and, if it happened, the “Prinzip der Äquivalenz” would perfectly be destroyed. To avoid such a situation, insurance must be enforced by an insurer who covers numerous insurance groups formed respectively in individual areas or occupations. Even though the “Prinzip der Äquivalenz” might be impaired for individual groups (=“Versicherungsgemeinschaft”) due to catastrophic damages in single areas or occupations, insurance and insurance institution (=“Versicherungseinrichtung”) can be established so long as the “Prinzip der Äquivalenz” is maintained with respect to the organization of all related areas or occupations as the whole. Another method to guard against such a situation may be beforehand extra premiums to provide for catastrophic damages. But the former measure is more conforming to the principle of insurance. Holding a fixed framework for an organization of the same risk, the number of policyholders or insureds within it is intended to increase, while the number of such organizations (=groups =“Versicherungsgemeinschaft”) themselves is enlarged. This is the way to reinforce the safety of insurance system and to secure its everlasting existence. Insurance organization or insurance group is called “Versicherungsgemeinschaft.”

2. *On a View concerning Co-operative Insurance and Public or State Insurance*

“There exists also a form combining co-operative insurance and private-personal insurance. For example, agricultural (co-operative) insurance of

our country...After the War friendly-society undertakings have actively been carried by co-operative societies, in which the problem of so-called quasi-insurance has been posed."⁷⁾

In the below the problem of quasi-insurance will be discussed as an insurance problem in agriculture and, confining the scope to co-operative insurance, its characteristic features will be examined mainly in connection with the problem of public or state insurance. For this purpose we have a very conforming article around which our problem shall be developed.

"It is a favorite opinion of people that in agriculture insurance plays a part quite different from that in industry."⁸⁾ Hence, in industry it suffices to consider private insurance; no need of public or state insurance. Contrastively in agriculture co-operative insurance and public or state insurance are required because of various particular risks involved...first the argument runs thus. It should be taken an excellent view that in this context the risks of damage or loss incidence are divided into natural and social elements. The latter is regarded not so grave in agriculture as in industry. This is so because in agriculture raw stuffs and subsidiary materials are self-production, markets for products are secured, cases are few that demands fluctuate with vogues, and decreases in output due to bad harvest often turn into advantages of farmers on account of price rises by scanty supply. In other words, social elements are scarce such as effects or impacts by purchase and selling market problems. Hence a supposition is possible that the need of insurance for these matters should be small in agriculture. In these arguments there should be involved many points to discuss, which will be set aside here because of few connections with our aim.

Now, as a particularity of agricultural casualties or damages, if they are such that may occur magnificiently and totally, it is impossible to meet them by way of insurance. For instance, there may be cases where drought or heavy-rain damages, or cool- and hot-weather evils, or floods extend over a wide farm region and cause disaster of mass people. Relief to such cases has to rely upon government. In this connection it is noted, in the article, that it is unable to effect insurance on livestock for death by epidemic, yet possible for death other than by the prevalence of epidemic. The latter kind of death of livestock is insurable as self-insurance in the case of a large-scale farmer because it can be grasped at certain percentage of livestock owned in a large number. Insurance would be needed only for smaller-scale farmers. This reasoning would apply also to the need of insurance on farm machines and implements or houses of smaller farmers.

For smaller farmers even death of one animal may mean incidence of

7) Saburō Shirasugi, *Hokengaku Sōron* (General Theory of Insurance), Chikura Shobō, June 1954, pp. 44-45.

8) Kautsky, Karl Johann, *Die Agrarfrage*, 1899. Japanese version by I. Sakisaka, Vol. 2, Iwanami-shoten, p. 284.

serious damage or loss and may result in a collapse of agricultural management. For they have no financial strength or economic reserves to provide for such incidence, and on the occurrence of such damage or loss they may unwillingly be placed under control and exploitation of a drover or extortionate creditor. Destruction of farm machines and implements or burn-down of dwellings and houses may bring about similar results. For this reason smaller farmers of a region or village come about to set up insurance, which in most cases takes form of co-operative insurance.

The rise of insurance of co-operative nature does not mean economic better-off or elevation of smaller farmers. No improvements of economic status are to be expected. They can merely maintain previous levels or positions. Sometimes it results in their neglect of effort of preventing damages (=duty to sue and labour, duty of averting or minimizing losses, Schadenabwendungspflicht, Rettungspflicht) which has hitherto been made. The possible increased burdens by it fall on the insurance groups or organizations themselves. In such a situation, for example, where there is a possibility that livestock of lesser utility might be induced to death or diseased livestock be left uncared till to death, insurance managed by capital, i.e., capitalistic private insurance, would not venture to accept the risk. So it would better be underwritten by co-operative societies as an organization in which mutual control and supervision by farmers themselves are possible...so runs the argument. The main reason why capitalistic insurance has not entered into rural areas is that business with petty and poor farmers is unprofitable—which is not pointed out. The view maintains that livestock insurance by private enterprise may introduce overmuch rigidity, and hence public or state insurance of liberal nature becomes necessary, which makes a sort of socialism. This is interesting as a representation of the author's standpoint, especially in relation with his explanation of governmental aids to be observed later.

The particularity of co-operative insurance lies in the points that, since it is a specified small group, e.g., a regional group, mutual linkage is tight, control is easy, mutual supports are possible, and moral risks, such as personal carelessness or fraud, intention or gross negligence are restrainable. Its shortcoming is that, due to its naturally narrow bound of the insureds, risk distribution is not perfect and in case of totally extensive damages or losses, insurance itself might collapse. Here the argument for governmental interference comes to the stage. The state shall undertake mutual combination among individual regional groups in order to render any extraordinarily large and accidental damages or losses in a group acceptable through collective acceptance with other groups, and at the same time shall make the membership compulsory to enlarge the scope of insureds. Thus, firstly insurance is made possible by increasing the insureds, the insureds being combined into certain standards and sectors with the same nature of risk respec-

tively (=law of homogeneous risk, Prinzip der Homogenität der Risiken), and the insured groups, thus formed, are unified in a larger scale to form further insurance. Damages intermittently incurred on individual insureds are dealt by each group, and extensive damages over a whole group are treated by the insurance scheme that combines the groups. Such a mechanism may be an insurance company in some case, or the state in another.

The author of the article remarks that the management of livestock insurance might be threatened by carelessness or fraud but the position of hail storm insurance is different. Hail damage or loss resembles flood damage or loss. Hailing attacks farmers equally, whether big scale or middle and small. It destroys, not to speak of individual farmers, agriculture of a village or a region as the whole. Yet such hail damages or losses are insurable by an overall insurance scheme, since they may be limited to a relatively narrow area. If the damages cover a regional group as the whole, they can be borne by numerous other groups of the overall scheme. However, where hailing occurs as a particular phenomenon of any too-narrow area, and it is regarded only as an irregular event in the light of modern science, insurance is impossible. Farmers in non-hailing areas would not need and would not join insurance, while in areas with frequent hailing insurance would be impossible or else necessitate a high rate of premium. Thus the article explains.

It should be taken that here is expressed the limit of insurance. It is unapplicable to the most disastrous kind of damages or casualties that might decisively destroy agriculture. In addition to insurance, therefore, there must be taken repressive measures to prevent occurrence of disaster through improvement of natural conditions, or to check them to the smallest extent if occurred. And, it is stressed, governments should give assistances and aids to such insurance that concerns those risks that are not suitable to private insurance, supplementing it by compulsory membership, or sometimes establishing public and state insurance. Such assistances and aids are justified as diminishing of expenditures for damage relief or natural disaster relief expenditures. However, it is to be noted, they mean new taxation to general people who must bear the cost. And such a tax would increase with the expansion of insurance and damages or losses.

The author says, farmers and workers, asking for nation-wide integration of regional or occupational insurance groups, often hope supports from governmental bureaucracy. Nevertheless primarily they want free and democratic machines and organs of insurance. Essentially they do not require assistances of state power to extend mutual-aid or co-operative insurance over the whole nation. Nor they favor increased tax burden for the assistances and aids to insurance. Primarily, insurance should be a self-responsible, autonomous institution. Hence economic improvements of farmers and workers must precede insurance so that they may be able to pay premiums easily and adequately.

“Nationalization of hail insurance and, in some cases, of livestock insurance; the latter without state subsidies.”⁹⁾ This was one of the measures to protect agriculture that Kautsky contemplated.

3. Relations between Insurance and Co-operative Insurance and Some Problems

Here co-operative insurance of agricultural co-operatives will majorly be referred, whose relations with insurance and some relevant problems be discussed. The astonishing developments of co-operative insurance in the recent times have brought about a competitive relation with insurance, and also a contact between theories of the two, bearing useful fruits. To speak most broadly, it appears that more active arguments are found on the side of co-operative insurance including those for its justification, approbation, support and promotion. This seems to be derived from a fact that the contents of theories representing insurance's side mostly comprise conventional legal or technical principles of insurance, while those of co-operative insurance depend on, besides theories of co-operative society, new socio-economic views and new insurance theory, i.e., socio-economic theory of insurance. The series of arguments standing for the part of insurance, that is, the assertion that the same regulations should be put on both insurance and co-operative insurance since they are essentially the same, is not being accepted by the public with any force.

Formerly insurance, under-estimating co-operative insurance at the time of its birth, advocated with pride its technical rationality and safety. Now, being astonished by the rapid development of co-operative insurance thereafter, it has turned to a countermeasure of enclosing the latter's existence to a limited scope and framework, yet it is too late. So the assertion has been shifted from the difference to the identity in essence between the two, thus intending identical state regulations for the purpose of equal conditions of competition. This effort also seems fruitless because regulations on co-operative insurance have already been effected by laws other than those of insurance. Such a effort toward equalization of competitive conditions should rather be directed to softening of state regulations in view of the fact that a combined business and management of life and property insurances is prohibited to insurance proper while it is permitted to co-operative insurance.

Rural insurance markets, which are unprofitable to insurance proper due to unproportionately large expenses, have been developed by co-operative insurance utilizing co-operative organizations. It is rather natural that private-commercial insurance has ignored rural markets where insurance philosophy is less advanced, communication is inconvenient, population is sparse, and

9) *ibid.*, p. 345.

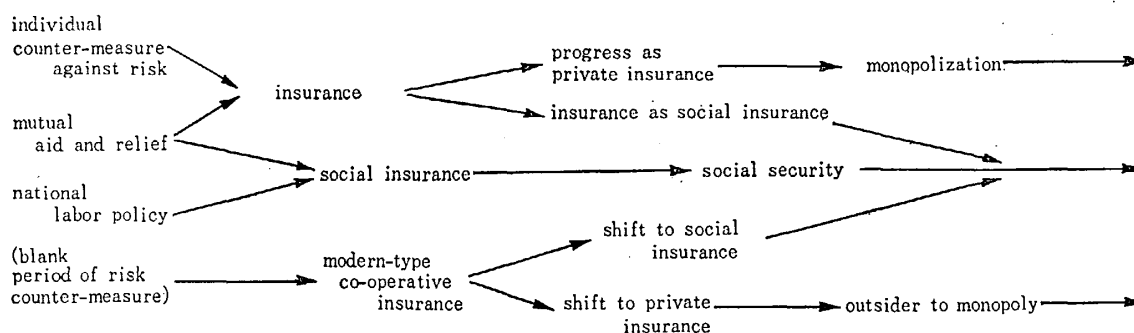
the amounts of insurance per policy are small. However, even in rural areas with less-developed capitalism and capitalistic insurance, there exist latent demands for insurance. Primitive insurance or quasi-insurance, once born in the form of co-operative insurance, will be able to continue its own way of progress. And such co-operative insurance will come to make a jumpy advance in a certain elapse of time, in which modernization or transformation into capitalism of rural areas is to be fostered while insurance techniques are to become applicable within the framework of co-operative insurance. Meanwhile favorable effects are to be worked by improvements of economic status of farmers and stabilization of farm incomes — in short, a gradual step-out from the position of the economic weak.

Such modernization and economic improvements in rural areas will stimulate the development of co-operative insurance, which accordingly will show retreat of the traditional guiding-principles of mutual aid (=mutual relief) and co-operative insurance. Yet through this, scientific techniques of insurance will be reinforced and rationalization and fortification in its management will be achieved in co-operative insurance. Co-operative insurance strengthens and expands itself by stepping out from its nature of mutual aid and relief. It develops through the process of losing itself. That is to say, co-operative insurance, which has been carried by the economic delayed-stagnant-weak on the basis of mutual aid and relief spirit, as particular small groups and at a low level of amount, has awakened in the spirit of autonomous self-responsibility, extended its object over unspecified large numbers and levelled up the amount, thus performing qualitative conversion. There the status of the economic delayed-stagnant-weak is being adjusted. Door-opening of co-operative insurance means retreat of the principles of co-operative society and mutual aid. It may be said natural that in rural areas, which had been ignored by private-commercial insurance, those who created and enjoyed insurance-akin utility by means of other systems intend to convert it into insurance when such conversion has become possible. And since without such conversion further development of co-operative insurance would be impossible, under the name of friendly-society the transfer to insurance is effected. Thus co-operative insurance turns to insurance, private-personal insurance; only difference of name. A groundless distinction of co-operative insurance from insurance or private-personal insurance would result in the neglect of techniques and principles of management in the former, and the result would further extend over its financial aspects where overmuch emphasis of the principle of back-giving-investing of money deriving from co-operative and mutual aid spirit might even impair management-investment on the basis of financial safety.

Primarily co-operative insurance was oriented to mutual aid through organization of the economic delayed-stagnant-weak in such places where private-commercial insurance was unable to reach, i.e., rural areas, as a part of

co-operative movement and for various purposes besides insurance. Yet such a character is gradually being changed. This can be seen in many facts, for example in the higher rates of membership among higher-stratum farmers or the heavy concentration of contracts on above-medium stratum farmers; or the retreating principle of back-giving-investing of farmers' money to farmers and the deepening color of profitability in the financial aspects; or the shift from members' (=copartners') insurance to an insurance for the general public, that is, utilization by non-members (=copartners). To grasp co-operative insurance as a product of the contradictions or gaps of capitalistic insurance may serve to explain the moment of its birth, but be an inadequate interpretation of its developments.

In accompany with its development, co-operative insurance will naturally change itself into insurance more and more. Rather it may be taken as its proper object, in case the moment of grouping has been given by area or occupation from the outset, to contemplate its development as insurance by eliminating or destructing the consciousness of co-operative mutual aid and relief within a limited scope, and thus to increase technical as well as managerial safety and rationality. And the increasing sum insured (insured amounts) accompanying improved farm economy have become unable to deal without scale enlargement on the basis of insurance-like management.



We cannot but hold doubt about a formula of "mutual aid association or co-operative society → private insurance → co-operative insurance,"¹⁰⁾ or a remark that "co-operative insurance ends with insurance, and insurance ends with co-operative insurance; mutual aid and relief (→ co-operative insurance) grounded on proper human nature has been temporarily retreated by (private) insurance; it must be resurrected again."¹¹⁾ The writer observes the relations between co-operative insurance and insurance as follows, taking also social insurance into sight.

10) Masao Miwa, written and ed., *Nōson Hoken Shijō Ron, Nōkyō-Kyōsai no Rekishi to Riron (Rural Insurance Markets—History and Theory of Agricultural Co-operative Insurance)*, Ochanomizu Shobō, 1962, p. 56.

11) *ibid.*, p. 56.

True in some respects insurance was once originated from mutual aid and relief (→ co-operative insurance). Yet private-commercial insurance, once established as such, would not be changed or transformed into co-operative insurance based on co-operative spirit, however far it continues to develop. If its transformation is to be spoken of, rather its socialization or transmigration to social insurance could be pointed out. The transmigration to social insurance is never the way to co-operative insurance; it ought to be regarded as a passage leading to the foundation of social security, a task of the modern age.

On the side of co-operative insurance modern-age rationalization will be achieved through the process of approaching to insurance. This is also an approximation of the co-operative spirit to capitalism. The speed of such shift depends on the speed of transit of the economic delayed-stagnant-weak into capitalistic constitution and systems. In other words, it is unacceptable to think that co-operative insurance will limitlessly continue to develop as such. A part of it may be changed into insurance and private-personal insurance, another into social insurance, say, a dissolution into the two. The latter means its socialization, a way leading to the establishment of social security. The former is a phenomenon of transition to private insurance. Co-operative insurance, having developed along these lines, may be expected to play part of outsider to private-personal-commercial insurance which would have been monopolized.

The fact that co-operative insurance, which was born to remedy the defects of private-commercial insurance and to fill deserted gaps, has been tacitly recognized under loose administrative regulations, and has shown rapid development, tells existence of strong desire for insurance. Its development may be said to be derived from the failure in supplying insurance with devices corresponding to such demands. It was the lack of effort and hearty consideration on the side of insurance that produced co-operative insurance. Insurance proper left the demands for insurance by the economic delayed-stagnant-weak uncared, although such demands were latent or feeble. Yet they were to become more imminent and stronger with the passage of time. Insurance ignored co-operative insurance from the time of birth, while co-operative insurance has advanced the way toward insurance. Thus insurance, with the progress of capitalism, has fallen into a position facing challenging competition from both sides, co-operative insurance on the one hand and social insurance on the other.

What has been set forth by insurance as a measure to cope with such a situation is, defining co-operative insurance as identical with insurance in essence, to apply the same state regulations, to equalize competitive conditions, to draw it into free competition, and therein to vie for superiority. It asserts that free competition is right the particular feature of modern age and the rule of capitalism. However, such an assertion seems somewhat

doubtful if advocated from the side of insurance. Free competition, so it appears, must be maintained first within insurance business itself, prior to the competition with co-operative insurance. It is not persuasive to call for free competition only with co-operative insurance, while arranging various agreements inside insurance or preventing new birth of insurance company. It should be taken into account that the impossibility of organizing new company has been one of the causes of the birth of co-operative insurance in rural areas. And there may lie some social difficulty and hindrance in drawing co-operative insurance directly into competition in view of its various functions and missions beside insurance business. Such an argument as "Superiority or inferiority between insurance companies and mutual-aid associations ought to be judged through free competition under the same environments, and the survival of the superior, namely the fittest, should be welcome for the true economic progress," is likely rejected by the general public as an one-sided view of insurance.

All in all at the present stage of matter, in the present writer's view, a distinction of responsible realms for the two seems tentatively appropriate. Customary insurance markets which anyhow have been cultivated by insurance proper shall be left to its hands, while co-operative insurance markets to friendly-society or mutual aid association that has developed them up to the present state. On dividing as this, each shall strive for permutation in the area charged. Thus both shall make efforts for further advance displaying respective particularities, and in later days, when there may have been realized further approximation of nature and contents between them, confrontation shall be contemplated anew or a way of coordinated existence be pursued. Vested realms and rights of both should be mutually recognized, without infringing the other's realms or wanting destruction of the other's rights. It is necessary at the present stage that the development of co-operative insurance should encourage self-reflection on the side of insurance, while the former should learn much of techniques and management from the latter.

In co-operative insurance, two functions of insurance and finance have close connection and their combination has been intended. Agricultural funds that farmers wish are generally of long and medium-term nature. Yet usual financial organs do not favor money supply to farmers because of their weak financial power and high risk of management. Also insurance companies, while strenuously absorbing rural money, do not carry back-giving-investment in there. Farmers are obliged therefore to accumulate long-term stabilized funds by their own hands and through their own machines and organs, having first adopted life insurance as a business of co-operatives. Only by combining life insurance, co-operatives have been able to get stable financial grounds.

Primarily an area group, consisting of farmers of a certain region, may be regarded as an economic unit with close, unseparable mutual connections. Hence co-operative insurance within it may be deemed as of nature of self-

insurance, and money loans within it as of nature of mutual finance. For this reason in co-operative insurance a situation of self-insurance ↔ mutual finance, or insurance ↔ finance, is born, and the insurance of mutual-aid-relief nature and the back-giving-investing-financing of mutual-finance nature are simultaneously pursued. Under such a situation, the development of co-operative insurance can help to achieve the transit of farm economy to capitalism, namely its fortification and improvement, through back-giving-investing-financing, and at the same time to secure its safety and sustenance through insurance. Promoting these tasks, co-operative insurance gradually pushes itself to insurance and a financial organ.

However, the said back-giving-investing-financing by co-operative insurance gradually diminishes with its development. This derives from an idea that more profitable utilization of funds increases the benefits of policyholders. While being a regional or occupational group that is relatively capable of undertaking back-giving-investing-financing, co-operative insurance is pushing the back-giving-investing-financing to a secondary position, shifting it to financing for unspecified large number of persons, lowering premiums, and thus transferring to private-personal insurance. It is not necessarily unjustifiable to take that the step toward private-personal insurance has been taken when the principle of back-giving-investing-financing has come to be ignored by co-operative insurance.

Lastly, as a legal and juridical problem, there are two opposite views on the nature of insurance contract and co-operative insurance contract; the one taking them heterogeneous, the other not always so. There are not a few supporters of the latter.¹²⁾ By recognizing them homogeneous, the problems of insurable interest (=versicherbares Interesse), such as double or over insurance, can be solved, and a relation of reinsurance can be established between the two.

4. Historical Relations between Insurance and Social Insurance

The progress of insurance reflects the development of national, social or general economy. Insurance in the modern age refers to capitalistic insurance, which is more or less different in some sense from the primitive insurance, that appeared in the pre-historic epoch of insurance, or various quasi-insurance systems with respect to spirit and objective, technique and design, or mechanism and function. That is to say, only with the development of capitalistic economy the capitalistic insurance has developed, which has grown to be right the supporter and protector of the whole organization, mechanism and structure of capitalism and capitalistic economy. And under the capitalistic economy, private-commercial-company form insurance, co-operative insur-

12) Mikio Kanehira, *Hoken-Keiyaku ni okeru Nidan Kōzō no Bunseki* (Analysis of the Double Structure of Insurance Contract), Shunjū-sha, 1962, pp. 91-92.

ance, public-state insurance and even social insurance are but the branches of its system.

Even social insurance, which does not pursue objectives of profit economy (=Erwerbsswirtschaft), cannot stand aloof from the flows of capitalistic development. Social insurance, constructed for an aim of attaining and guaranteeing the security of economic living of the laborings, has expanded its scope in accompany with growing risks of destruction of living, and enlarged its scale with the increases of wage earners and salary employees. And once the current of concentration arises within capitalistic businesses, social insurance will inevitably be floated on the current, pushed forward, and requested to concentrate and unify its organization and mechanism.

Primarily the immanent condition that renders the progress of insurance possible is nothing but the development of techniques in its design and management. Among such techniques what are most closely relevant to the advance of social insurance are, as to the said design, how to induce small-income classes to pay premiums and to make them bearable to the burden, and, as to the management, how to promote public enterprising involving compulsory subscription. They imply a device, by charging burden of premium on either enterprises or the Treasury, to alleviate the burden on small-income people who cannot take insurance by themselves, which has been partially implemented also in private and commercial insurance.

That is the employer's contribution of premiums in group insurance, the development of such device bringing forth a further advance of insurance itself. This line is expected to be intensified in view of the recently emphasized ideas of business sphere or "Betriebsgemeinschaft" (=managerial co-operative) and human relations, or the elevating requirement for the security of workers' and labors' living as a part of enterprises' social responsibility. In fact today group life insurance and group annuity are called "welfare insurance", which is regarded as a median form between personal insurance and social insurance. It is a very common view in the theory of insurance that social insurance is a system in which the techniques of insurance design, developed surrounding the problem of premium, are most extensively and intensively being utilized. In comparison with this, the device of benefit-in-kind in social insurance is far inferior in importance. Also the so-called ability-to-pay principle or proportional contribution of premium and the uniform benefit (=benefits at flat rates) look less significant.

The idea of public insurance is of old origin, being contrived already in the age of mercantilism for fiscal reasons. While such was only of transitional significance, new importance was attached to it in the latter half of nineteenth century in Germany when the state first appeared as the organizer and manager of big scale insurance under the form of "Arbeiterversicherung" (=workmen's or workingmen's insurance).

Here the state by itself carries those type of insurance that are danger-

ous and unprofitable to private-commercial-company form insurance, or provides subsidies to private insurance organization (=insurance group="Versicherungsgemeinschaft") for managing them, thus stimulating births of new-type insurance. As one of these, social insurance is carried by the state sometimes in the interest of the state itself, sometimes directly or indirectly for the whole people, especially for small-income and proletarian or propertyless people, in opposition to private enterprises as if it were a public enterpriser. Amid the recent remarkable trend to set up state monopoly or compulsion as against the principle of free action in insurance, social insurance can be mentioned as the most essential sector of public-state insurance.

In addition, the approximation between such socio-political social insurance and ordinary-individual insurance, and between public insurance and private insurance, is observed to become more and more close, and accordingly state's administration is thoroughgoing over the entire field of insurance and its controls are extending over details. There, side by side with state's industrial and financial-fiscal policies, the standpoint of social policy has been powerfully fostered, and the public or social character of insurance has been re-confirmed. Public insurance featured with compulsion is a jumpy development in the technique of insurance management, and private insurance has now become unable to prospect prosperity and sustenance if it remains to be of sheer private character distracting from public character.

Insurance, including social insurance, has always been making efforts to increase the kind, to elevate the level and to expand the extent of benefit for the sake of economic security to attain as its function. Such efforts have set down the broad line of development of social insurance: from private management to public one, from loose public management to perfect one, from liberalism to compulsionism, and from a random system to a unitary one. Meanwhile being stimulated by the general social thought asking for active enforcement of income redistribution as well as the socialization of insurance, also in social insurance such income redistribution has been strived for in various forms, yet the central form being insurance-type redistribution and the socio-political one not reaching an extent expected.

In other words, through the history of social insurance relatively favorable performances are observed as regards popularization and extension of the objective and utility as insurance, while as to the expansion and perfection of the socio-political objective, i.e., income redistribution, achievements are insufficient. The techniques of design and management of insurance have been developed and are usable for insurance, yet for other purposes many devices and adjustments have been required.

Social insurance, as an effort of the state to construct insurance organizations among laboring and working classes or to utilize and support customary organizations for workers' welfare, intervenes economic living of these classes. At the same time, however, it absorbs also those classes that enjoy

interests most directly from the existence of laborers' activities, and further proceeds to require subscription of all people. The state itself administers and supports it in order to remedy the defects of social system. Thus it is asserted that the fundamentals of social insurance consist in the intervention of the state, as a total will, into defects and disharmonies within society. Such a reasoning will readily lead social insurance to social security.

Social insurance deals with not general and economic risks accompanying superannuation or termination of individual human lives as does ordinary life insurance, but special risks due to small income or proletarian, that is, risks of decline and destruction of standard of living due to the wage-earning living and the fluctuations of socio-economic conditions and surroundings. It confronts the symbol marks of individual-ordinary insurance — contract, freedom and private-self interests — by means of law, compulsoriness and public interests. Opposition between individualistic standpoint and social one is apparent. Its greatest significance is discernible in the point that the route for due requirement or claim of rights has been set up as against the benevolent poor-relief system which is not without moral evils as has been pointed out and discussed by the side of insurance.

Social insurance has entered the stage as an insurance system for the purpose of social policy. Its standards and goals are therefore from socio-political standpoints, accordingly the principles of insurance being more or less adjusted for them. At the same time, the social policies to be realized therein are banded as far as possible to step out of the technical framework of insurance, and their Idee or philosophy is not allowed to be greatly aloof from the character of insurance. In social insurance, too, the principles of liberalism and compulsionism coexist. The former holds relatively more features of the insurance-principle (=“Versicherungsprinzip”) while the latter those of the maintenance-principle (=“Versorgungsprinzip”).

The insurance-principle places emphasis on the self-responsibility of individuals and their groups combined into organizations which are constituted on insurance techniques. Contrastively the maintenance-principle merely utilizes insurance as a surface form of concentrative relief to needy persons by public means. The history of social insurance can be looked as the process of realization of the gradual interchange between the two principles according to times and situations.

As regards the structure of the organization, in most cases of the insurance-principle obligatory subscription of insured is not provided, while by the maintenance-principle compulsion is general. As to the insurer, under the insurance-principle autonomy is generally admitted to organizations composed of insureds, while by the maintenance-principle direct management by the state or public bodies makes the usual rule. Formation of insurer according to professional or occupational divisions corresponds to the insurance-principle, while the maintenance-principle rather inclines to organization by

areas for the aim of averaging risk grades as well as to remarkable concentration and fusion of all insurance systems.

As to the contribution of insurance funds, under the insurance-principle contributions from insureds are accommodated to charges of insurance (=“Versicherungskosten”), and such premiums are determined according to the heights of risks as exactly as possible on the basis of the “Prinzip der Gleichheit von Leistung und Gegenleistung.” Contrastively by the maintenance-principle, apart from contributions by insureds, burdens are charged on employers and the state which have come to hold an important position. And the insureds’ contributions themselves are determined, say, uniformly, apart from the “Prinzip der Individualisierung der Risiken”. So the risks of insureds with weak ability to pay are transferred to insureds with strong ability. Under the insurance-principle the “Grundsatz der gerechten Prämie” is effected, while by the maintenance-principle the “Grundsatz der Ungerechtigkeit der Prämie” is enforced. Thus by the insurance-principle the equilibrium among risks is maintained by medium of probability calculation, and by the maintenance-principle artificial averaging is put on various risks.

Lastly as to the insurance benefit (=“Versicherungsleistung”), under the insurance-principle it is decided taking contributions and risk grades into consideration, from the standpoint of the “Prinzip der Gleichheit von Leistung und Gegenleistung.” The maintenance-principle does not acknowledge any particular relation between contribution and benefit, and contrives averaging of benefits in the interest of poorer, small-income insureds. In the former principle contributions are grasped as premiums, while in the latter they are conceived as a kind of tax to raise necessary funds.

Social insurance makes an instrument of a policy named social policy, hence has a tendency, in particular in countries of party politics, to be utilized for political strife, increasingly expanding the realm of insurance, social economic security. It is gradually eroding the realm of private insurance, stepping over the boundary which primarily was devised so that competition between the two might be prevented. At the original stage where private and public insurances maintained a qualitative-complementary relation, the former being engaged in high-class economic security while the latter in lower-class one, there were no problems. However, when social insurance has shifted emphasis from the maintenance (=“Versorgungsprinzip”) to the insurance-principle, and private and public insurances have come to stand on a quantitative-complementary relation, the level-up and expansion of social insurance lead to competition in themselves. In the recent history of insurance a process of movement is found clearly to define the functions of private-personal and public-social insurance within the whole economic security in order to eliminate conflicts between the two.

5. *Arguments on the Social-Security-Type or Nature-Insurance and the Insurance-Type or Nature-Social Security*

1) Arguments of "Social Security Nature" in the Insurance-related Circles

There is growing a strong mood in the insurance-related circles, especially among insurance business men, to advocate in every occasion "This insurance is social security type," to persist its recognition, and to ask for protection or special treatment. The avowed social security type is, however, very diversified in definition, often being merely incidental or arbitrary ideas. And ill effects of such misleading arguments must be said the greater since the advocates are fully confident of them. So in the below these arguments will be reviewed and their justification be considered.

(1) Insurance performing complementary functions to social security. Where the development of social security is not yet perfect, economic security does not get to the lowest or due level of civilized living of people, all risks possible to destruct living are not involved, or all the people are not covered under it, and if insurance complements such shortcomings of social security system, it deserves to be called insurance of social security type, so it is advocated. This is taken to include co-operative insurance of various types, industrial insurance, group life insurance or group annuity. Linkage with social insurance is still closer in the case of retirement annuity. True these are complementary to social security in some sense, yet it is to be noticed that there are objections against the existence of them because of their harmful effects on the development of social security itself.

(2) Insurance covering the general masses. In those days when private insurance was selling policies mainly to upper or middle classes, insurance offered to the masses, especially small-income classes, was called social-security-type insurance. It was written at small amount or "Kleineversicherung," a representative one being industrial insurance. There was some significance in that sales were carried despite relatively high loadings, and a factor to be appreciated is that it was undertaken irrespective of the problem of sustenance. However, with the rising standard of living of the masses the social security nature of such insurance has become faint, and it may be said that today all insurance is taking the masses for the object.

(3) Insurance subsidiarily helping improvement of the masses' living. Consumer-credit life insurance may be a typical one of such insurance. Utilizing it people can purchase high-quality furnitures and requisites, automobile or room cooler on installments, and thus carry consumption life of high standard. Life insurance for the aim of loan for acquiring land or dwelling, which is recently becoming popular in Japan, may be considered as example. However, such contributions to people's living give an impression of mere

words of propaganda for the sales of insurance. If insurance enterprises supply low-price lands or houses as a part of their business, and life insurance is supplementally provided to facilitate install payment, it will produce some utility other than insurance itself. If so, it can be said a back-giving-financing investment of insurance funds, which makes a rule to be particularly emphasized in the management of social insurance funds.

(4) Insurance neglecting profits. Insurance enterprises sell policies in order to gain profits. In some sorts of insurance, however, impossibility of profit gaining is foreseen prior to start, and in some cases actually the result has been an accumulation of deficits. Nevertheless such insurance has been carried on account of requests from the state or society in many cases. Earthquake insurance and automobile insurance may perhaps be included in this category, which is claimed to be the social security type. And the deficits therein, if any, are covered by surpluses in other insurance managed by enterprises or by state's compensation. However, such one as race-horse insurance, which appears to be nothing more than an amusement of insurance businesses, and is liable to deficit, the social security nature is hard to find.

(5) Insurance featured with the element of countermeasure against public nuisance (=öffentlicher Schaden). Countermeasures have been taken, by the state or society or individuals, against the so-called public nuisance which works destructive effects, and that, more severely on the economic weak, over a long term, and for which responsible persons are difficult to ascertain. Some of such countermeasures utilizing methods or techniques of insurance are often called social-security-type insurance. When insurance to provide for accidents by automobile or other transport machines are sold from insurance enterprises, these are specifically dealt as social-security-type or nature insurance, although such damages or losses do not come under the public nuisance in a pure sense.

(6) Insurance as within-business welfare work. Recently insurance is actively used for a welfare work of businesses, the provision being a system for fruitful results of personnel administration or labour management through helps to employees' living. Therein employer's contribution is generally carried, which constitutes an additional element of wages in a different form. Group life insurance and group annuity in such a framework are called social security type. More properly they may be considered as a wage-supplement system than as an income redistribution between profits and wages.

(7) Insurance with intensive social demands. Generally insurance has not active demands, yet occasionally immense demands arise for it. In such cases insurance is required widely by the public to perform its social utility, and hence social utility or interest can be recognized. However, it might be questionable to take insurance as social security type for such a reason. An example for this is the earthquake insurance at a period immediately after the Niigata earthquake.

(8) Insurance with aids or compensations of the state. State's aids or compensations, as well as acceptance of reinsurance, are provided for insurance enterprises when they have to undertake, by the pressure of the state, such businesses in which organization as insurance is questionable, or actuarial exactness is doubtful, or incoming-outgoing balance of management is unable to expect. Such insurance is often regarded as social security type in view of the neglect of profitability and the state's wardship.

(9) Insurance given purposes other than economic security, its proper purpose. The said purposes may include, for example, protection and bring-up of working or laboring classes, securing and conservation of manpower, promotion of social policies, esteem and defence of human rights, aids for industrial progress and social development, and foundation and fortification of co-operative societies of the economic weak. Where such non-insurance purposes are pursued being interwoven into the formation of insurance organization and the effectuation of insurance, there may be found the nature of social security. Such an opinion has many supporters, in which the avowed social security nature is very akin in implication to the promotion of social welfare through protection of public interests or the economic weak.

(10) Insurance carried by private insurance enterprises in place of the state. Systems, organs, structures, facilities, sales network, knowledges and techniques of private insurance enterprises, which have been cultivated and established through a long term, are sometimes utilized in order to offer insurance to the public more efficiently than the state itself can do. This may be taken as social-security-type insurance in respect of its objective, function, and character, including, for example, compulsory automobile liability insurance (=Kraftfahrt-Haftpflichtversicherung) now in effect and nuclear energy liability insurance (=Kernenergiehaftpflichtversicherung).

(11) Public insurance. Insurance utilizing facilities, equipment or manpower of the state or local self-governing bodies, and sometimes receiving office or business expenses, is made of social security nature. For example industrial insurance of the Ministry of Postal Services, automobile co-operative insurance and traffic accident co-operative insurance by local self-governing bodies are conceived as such. Public forest fire insurance may perhaps not come under this.

(12) Compulsory insurance. If compulsory subscription is enforced because a sort of insurance is recognized to have so much social necessity, and compulsion conforms with social interests strongly and directly, it is plausible to take such insurance as social security type. However, let alone compulsion by the state, private compulsion, such as life insurance for borrowings from credit or banking organs, is for protection of private rights and interests rather than is of social security nature.

(13) Group insurance or insurance by group membership and treatment. Where people of the same occupation or area organize a group or society and

make an insurance contract in bulk, there is recognized socialization of insurance, joint interest about insurance and character of mutual aid or relief, hence social security nature. Here is particularly stressed the theorem of insurance, "one for all, all for one; Einer für alle, alle für einen" (= "Prinzip der Gegenseitigkeit"). Some of this type of insurance are compulsory system, holding many excellent characteristics.

(14) Insurance of simple entrance procedure. This involves nonmedical insurance or premium-withholding system. Since they are usually of small amount and involve intention of lowering loadings, aiming at small and low-income classes, sometimes social security inclination is spoken. Yet this is not an argument of much significance.

2) Arguments of "Insurance Nature" in the Social Security-related Circles

It is rather queer why often imperfect grasp or recognition of "insurance" is found in the arguments of those circles related to the theory and practice of social security when they refer insurance in discussing the nature and function of social insurance.

Indeed insurance, being proud of its theoretical speciality, and holding overmuch respect on the exactness of its design and structure, has produced an inclination of standing aloof from the economic commonsense or mechanism of the general society. Yet apart from this, generally there have been an unjustifiable habit of contempt on insurance and a mood of keeping it at distance, under whose influences even those persons related to social security, including social insurance, an insurance, discuss "insurance" carelessly and easygoingly, it is suspected. As the result, it appears that miscellaneous — partial, rigidity-less, imperfect — reasonings have been born on it. So these arguments will be listed and described in the below.

(1) In the argument related to the "Prinzip der Äquivalenz". In connection with a view that social insurance falls under insurance at large, there is an argument that insurance — or insurance-nature or insurance-type — implies fulfilment of the "Prinzip der Äquivalenz", hence any position or situation where the total premium paid in equals with the total insurance money paid out. This reasoning is being almost unconditionally held by those social security related persons with weak connection with insurance proper.

It is yet doubtful whether insurance can be defined by this principle alone. There still remain untouched the pursuit of the "Prinzip der Gleichheit von Leistung und Gegenleistung" and the problem which of these two principles ought to be taken as primary and essential. Among the insurance-related circles, in contrast to the social-security-related circles, an argument is more popular that defines insurance with the fulfilment of the "Prinzip der Gleichheit von Leistung und Gegenleistung."

(2) In the argument of premium increase against demand for greater

benefits. Herein the fulfilment of the "Prinzip der Gleichheit von Leistung und Gegenleistung" is pushed to the front. In the words that a premium rise must be enforced from the standpoint of insurance financing, the insurance nature is being implicitly pursued.

(3) In the argument that a benefit increase is impossible. In the argument that any benefit increase is presently impossible because financial burden will be unbearable and management become bankrupt, the insurance nature is grasped through the "Prinzip der Äquivalenz."

(4) In the argument of premium rise for the elimination of deficits. Also here the attainment of the state of incoming-outgoing equality within a risk organization (= "Gefahrengemeinschaft") constituted as insurance is conceived as "insurance" and the insurance nature.

(5) In the argument of "account partially for the loss incurred" system. The so-called "account partially for the loss incurred" system is an excellent form referring to indemnity (= "Schadenersatz") in property insurance (= non-life insurance). In part it is contemplated by this system to prevent over-medical-examination and treatment in medical-care security or insurance, which are contrary to the "Prinzip von Treu und Glauben", and to be oriented toward principle through increased beneficiary's burden (= receive benefit-to-pay). In the end it pursues the fulfilment of the "Prinzip der Äquivalenz", and through such process of reasoning the insurance nature is being sought.

(6) Argument for the receive benefits-to-pay principle and its fortification. Here intensification of the insurance nature is intended positively and negatively, that is to say, through fortification of the "Prinzip der Gleichheit von Leistung und Gegenleistung" on the one hand and retreat of the maintenance-principle and income redistribution system on the other. In such a form the insurance nature is being inquired for and confirmed. The argument of "beneficiary burden" is a logic close to the "Prinzip der Gleichheit von Leistung und Gegenleistung".

(7) In the argument for cash benefit (= Bar-oder Geldleistung). This is an argument that medical care security ought to be not insurance of medical care itself but that of medical payment or expense insurance. In the view that cash benefit, in place of benefit-in-kind (= Sachleistung), should be proper, the insurance nature and a return to it are being pursued. Throughout all kinds of insurance benefits should be made in cash.

(8) In the argument of impossibility of increasing burdens of premium on the state or treasury. In the opposition to and negation of the state's or treasury's burden system on account of its explicit and positive maintenance-principle, existence and promotion of the insurance nature are being recognized, indirectly and paradoxically.

(9) In the argument of impossibility of increasing contributions by employers. This is an assertion of the insurance nature with an implication of the same logic with (8).

(10) In the opposition against the assertion of the ability-to-pay principle and its intensification. The ability-to-pay principle is regarded as a latent, passive maintenance-principle. In the question against its propriety and the negation of its intensification, attainment of the "Prinzip der Gleichheit von Leistung und Gegenleistung" is strived, with intention to be of insurance nature so much.

(11) In the argument for insurance benefit standardization. This concerns the opinion of standardized or limited medical care. It is intended to make insurance benefits correspondent with their general and social appreciation and check them within bounds of socially average standards, and thus to prevent induction of moral hazards (=moralisches od. subjektive Risiko) accompanying gains through insurance (= "Die Versicherung soll nicht zu einer Bereicherung führen"). This can be regarded as an application of the insurance principle and technique.

(12) In the argument for an approval of limited benefits. This is an assertion in the ultimate contriving fulfilment of the "Prinzip der Gleichheit von Leistung und Gegenleistung" and the "Prinzip der Äquivalenz", and in this sense of the insurance-principle.

(13) In the argument for the necessity of means test. This is indirectly serving to the insurance-principle in that, while strengthening the element of maintenance-principle, on the other hand it settles bounds to the maintenance-principle, thus indirectly intensifies the insurance-principle through the form of "no accident (=occurrence of event insured against), no benefit (insurance benefit)."

(14) In the argument for an approval of unequal benefits among beneficiaries. There is difference of benefits within the same category of insurance — e.g., between employees' health insurance and non-employees' health insurance, or between employees' annuity and non-employees' annuity — or within the same insurance, which are unacceptable from the standpoint of the nationwide uniformity, the minimum standard adequate level of cultural and the social security of economic living. Contrastively if benefits depending on premium burden or ability-to-pay are accepted, there the insurance element can be found, which are justified from financial viewpoint and insurance technique.

(15) In the argument for an approval of additional benefits. To effect high-level protection with high burden of high-values on high-productivity workers or enterprises is a roundabout fulfilment of the "Prinzip der Gleichheit von Leistung und Gegenleistung", and hence conforms to the insurance nature in a very wide sense.

(16) In the argument for an approval of the continuance of voluntary insurance system. Herein it is maintained that liberalistic individualism of insurance within capitalistic society is given activity where insurance is utilized at free will of those who require it.

(17) In the argument for limited membership. Competence to be insured is defined in order to make an insurance organization possible. This is the same also with the case of social insurance. For its various sections there are people who cannot be the object of insurance. The argument deems such a phenomenon as necessary and indispensable for the insurance nature — its insurance (=law of homogeneous risk=“Prinzip der Homogenität der Risiken”), and those with risks unable to grasp exactly should find security of living in other ways than insurance.

(18) In the argument for fixed premium rates as to income-earners above a certain line. This means a limitation of the ability-to-pay principle, and in this sense an indirect support to the receive benefit-to-pay principle. The receive benefit-to-pay principle contains the insurance element as a projection of the “Prinzip der Gleichheit von Leistung und Gegenleistung”.

(19) In the argument for the rationale of occupational insurance as a condition of insurance organization. In occupational insurance the homogeneity and equivalence of risks (=“Gleichwertigkeit des Risiken”) are relatively easy to attain, and hence it is remarkably of the insurance nature.

(20) In the argument for the rationale of area insurance as a condition of insurance organization. The method of area organization is usually accepted where, for instance, insurance is projected on risks of public nuisance or traffic accident, because it is more convenient for fulfilling the homogeneity or equivalence of risks. Such an idea is most conforming to the insurance-principle, and a manifestation of the existence and use of this principle in social security, so it is argued.

(21) In the argument for the pursuit of causality (=Kausalzusammenhang). In the process of insurable risk — risk covered or insurable contingency — loss and damage, the existence of causality between risk and loss or damage determines the existence of the responsibility of indemnity by the insurer. This is emphasized in insurance as a necessary matter to realize the “Prinzip der Gleichheit von Leistung und Gegenleistung” and the “Prinzip der Äquivalenz”. This originates from the “Gruppenbedingtheit der Versicherung”. When this is deemed essential in social insurance, there is observed a connection with the existence and emphasis of the insurance nature.