

Section Three

Social Insurance System for Workers

Historical Background :

Chapter (1) : **Scope of Application and Definitions**

Chapter (2) : **Financing** The cost of Social Insurance
Benefits and Contribution Rules

Chapter (3) : **Old Age, Invalidity and Death Insurance**

Chapter (4) : **Work Accident Insurance**

Chapter (5) : **Health Insurance** (Sickness and Maternity)

Chapter (6) : **Unemployment Insurance**

Chapter (7) : **Beneficiaries and Entitlements Conditions**

Chapter (8) : **Additional Benefits**

Chapter (9) : **General Provisions**

Chapter (10) : **Amendments**

Historical Background

The early phases of the Egyptian Social Insurance System dates back to 26 December 1854 when laws and legislation for civil servants, employees and workers' civil pensions came in a row.

As for workers in the non- governmental sector, they were subjected to social insurance system in the form of compulsory savings and lump sum compensations in cases of invalidity and death under law no. 419/1955, which came into force as from 1st April 1956. In 1958 a compulsory insurance system and labour injuries and occupational diseases compensation were applied to these workers under law no. 202/1958.

As from 1st August 1959, the social insurance system no. 92/1959, replaced laws no. 419 and 202/1958. The death and disability lump sum compensation was turned into pension, then the compulsory savings system became old age pensions system as from 1st January 1962.

On March 3, 1964, Social Insurance law no. 63/1964 was issued comprising health insurance (Gradual) and unemployment insurance as from 1st October 1964.

On August 21/1975 law no. 79/1975 replaced civil pensions legislation for government workers and social insurance for public and private sectors workers as from 1st September 1975.

The law no. 79/1975 was substantially amended by law no. 25/1977 and some of its provisions were amended by laws 30, 32, 44/1978, 93/1980 , 48, 61/1981, 47/1984, 110/1985, 107, 113, 114/1987, 58, 150/1988, 124/1989, 114/1990, 1,5,14/1991, 29,30/1992, 175/1993, 204, 207/1994, 24/1995, 86/1996, 94/1998, 12/2000, 19/2001, 91/2003 and law no: 153/2006.

Chapter 1
**SCOPE OF APPLICATION
AND DEFINITIONS**

- 1.1. Scope of Application**
- 1.2. Definitions**

1.1

Scope of Application

First : The covered employees :

Provisions of law no. 79/1975 are applied to all workers of the following categories: (Article 2)

a) The civil workers of the administrative system of the state, public authorities, general organizations, and economic units subordinate to any of such departments and the like of public sector economic units.

b) The workers subject to the provisions of the labour Law who fulfill the following requirements :

1- The age of the insured person should be 18 years and over.

2- The work relation linking the insured person with the employer shall be a regular one. The Minister of Insurance shall issue the rules and conditions necessary to be fulfilled in order to consider the work relation as regular. Shall be excepted from this requirement, workers-working in the contracting field, as well as loading and unloading workers.

Taking in consideration the International agreements that were approved by the Arab Republic of Egypt foreigners working in governmental sectors, also foreigners working in any other sector are subject to social insurance law provided that the contract period is not less than one year and the existence of an agreement for mutual treatment.

C) Those engaged in work connected with domestic and household services except for those working inside private houses who shall be determined by a decree of the Minister of Insurance.

The following is to be noted:

1- Labour injuries insurance is applied to industrial apprentices and students working in summer employment projects and those under 18 year working in the private sector.

2- Health insurance is gradually applied by decrees to be issued by the Minister of Health and is stayed during periods of military service, conservation and official summons to the armed forces, work periods at a body or an organ not subject to this insurance, periods of special leaves, secondments, study leaves and periods of scientific missions abroad.

3- From the unemployment insurance the following are excluded: workers in the administrative machinery units of the state, general organisation, members of the employers' family (close relatives) in personal enterprises, partners who work for wage in their companies, those who reached the age of 60, contracting workers and stevedores.

Problem:

- Determine the people covered by social insurance law no. 79/1975.

Second : Kinds of benefits:(Article 1)

- Old age, disability and death insurance benefits.**
- Labour injuries insurance benefits.
(and occupational diseases)**
- Health insurance benefits.
(Sickness and maternity)**
- Unemployment insurance benefits.**
- Pensioners' social welfare.**

Under the provisions of this Law, insurance with the competent authority shall be compulsory, and it is not permitted to charge the insured persons with any part of insurance costs except where stipulated by a special provision.(Article 4).

1.2

Definitions

For applying the provisions of this Law: (Article 5)

What we mean by:

1. The expression (competent authority) means:

The Social insurance fund for governmental workers, or the social insurance fund for the public and private sector employees, according to the case.

2. The expression (directorate) means:

The board of directors of the general insurance and pensions authority, or the general social insurance authority, according to the case.

3. The expression (the insured person) means:

The worker subject to the provisions of this Law, and the pensioner benefiting by the medical insurance.

4. The expression (The Employer) means :

Whoever employs one or more workers who are subject to the provisions of this Law.

5. The expression (work injury) means:

Any of the vocational diseases indicated in Schedule (1) hereto attached, or any injury caused by an accident occurring during the performance of work or resulting from it. The injury resulting from exertion or exhaustion from work shall be considered a work injury where it fulfills the conditions and rules to be specified a decree of the Minister of Insurance in accord with the Minister of Health. Also, shall be considered as a work injury, any accident which happens to the insured person during the time of his going to perform his work, and during his return from it, provided that going to and returning from his work will be without stoppage, or

falling behind, or deviation from the normal route.

6. The expression (the injured person) means :

A person who sustains a work injury.

7. The expression (the sick person) means :

A person who falls sick by a disease or an accident other than work injury.

8. the expression (total disability) means :

Any disability which leads to the permanent quality of loss of ability to the insured person to perform job totally or partially in his original occupation, or generally the loss of ability to earn, and in cases of mental diseases, as well as chronic and incurable diseases to be specified by a decree of the Minister of Insurance in agreement with the Minister of Health.

9. The expression (wage) means :

All cash payments obtained by the insured person from his original employer in consideration of his original work.

The work to which the insured person is delegated for full time, or to which he is seconded inside the territory, shall be considered as the main work at the original work location.

They include:

A. The basic wage which shall be taken to mean:

- The wage provided for, in the table enclosed with the employment schemes relatively to the insured persons working in governmental and public sectors.

- The wage provided for in the labour contract, as well as the rises occurring therein excluding the elements which are regarded as forming part of the variable wage relatively to the insured persons provided for in Items (B and C) of Article (2), taking into consideration that this yearly wage should not be less than the minimum wage provided for in

the tables referred to in Item (A) nor should it exceed L.E. 3000.

If the whole wage is calculated on piece rate, or commission basis, such wage shall be regarded as being a basic wage within the limits of the maximum referred to.

B. The variable wage which shall be taken to mean **the remainder obtained by the insured person**, (particularly the production incentives - the commissions - the gratuity - the allowances, except items determined by Prime Minister decree - the overtime wages - the compensation for extraordinary efforts - the cost of living allowance - the social rises - the additional social rise - the group bonuses - the group incentives - the share of the insured person in the profit - the amount in excess of the maximum limit of the basic wage), **and the Minister of Insurance shall issue a decree for calculating the elements of this wage.**⁽¹⁾ **The maximum of variable wage was determined by ministerial decrees as 500 L.E. starting 01.04.84 then 625 at 01.07.2008 then 750 L.E. at 01.07.2009 then 900 L.E. at 01.07.2010 then 1050 L.E. at 01.07.2011.**

C. Private allowances for the workers of the governmental and public sectors.

These allowances are considered as a variable wage for 5 years and then transferred to be a basic wage as follows (Law 29/92, Ministerial Decree 64/92):

Allowance Law	Allowance Max.		Basic Monthly Max.	
	%	L.E.	L.E.	Date
101/87	20	50.0	300.0	1/7/92
149/88	15	37.5	337.5	1/7/93
123/89	15	37.5	375.0	1/7/94

(1) Decree no. 75/1984 amended by Decree 35, 54/1987 and no. 11, 25, 51/1988 and 38/1989, 36/1990, 31/1991, 53/1992, 64/1993, 53/1994, 39/1995, 70/1996, 25/1997, 41/1998.

Allowance Law	Allowance Max %	L.E.	Basic Monthly Max L.E.	Date
13/90	15	37.5	412.5	1/7/95
13/91	20	50.0	450.0	1/7/96
29/92	10	25.0	500.0	1/7/97
174/93	10	25.0	525.0	1/7/98
203/94	10	25.0	550.0	1/7/99
23/95	10	25.0	575.0	1/7/00
85/96	10	25.0	600.0	1/7/01
86/97	10	25.0	625.0	1/7/02
90/98	10	25.0	650.0	1/7/03
19/99	10	25.0	675.0	1/7/04
84/2000	10	25.0	700.0	1/7/05
18/2001	10	25.0	725.0	1/7/06
149/2002	10	25.0	750.0	1/7/07
89/2003	10	25.0	775.0	1/7/08
86/2004	10	25.0	800.0	1/7/09
92/2005	20	50.0	850.0	1/7/10
85/2006	10	25.0	875.0	1/7/11
77/2007	15	37.5	912.5	1/7/12
114/2008	30	75.0	987.5	1/7/13
128/2009	10	27.5	1012.5	1/7/14
70/2010	10	27.5	1037.5	1/7/15
2/2011	15	37.5	1075.0	1/4/16

10. Person incapacitated from earning means :

Any person who sustains an incapacity preventing him totally from work, or reducing his capacity to work by 50% at least. It is stipulated that such incapacity should have been sustained since birth or as a result of an accident or disease the person may be struck by before the age of 60.

Chapter 2
FINANCING
THE COST OF SOCIAL INSURANCE BENEFITS
AND CONTRIBUTION RULES

- 2.1. Way of Financing.**
- 2.2. Monthly Contributions**
- 2.3. Calculating Rules**
- 2.4. Financing Treatment and Medical
Care Fund.**

2.1

Way of financing

In the composition of money, the mathematical reserves style is followed. The financial situation of the fund is examined by an actuary or more every five years to demonstrate the existing commitments. In case there is a deficit in the money of the fund the Treasury Board bears it. This deficit is settled later if money surplus is available.

2.2

Monthly Contributions

The moneys of the Organization shall be constituted by the following resources:

- a) The monthly contributions to be paid by the employers on behalf of their workers as well as those to be deducted from their wages pursuant to the provisions of this Law.
- b) Contributions paid to the Organization under any other Laws of the Social Insurance.
- c) Money paid by the insured persons in accordance with the provisions of this Law.
- d) Other sources of income derived from the Organization activities.
- e) Yield of the investment of the funds of the Organization.
- f) Such grants, subsidies and donations as the Board of Management decides to accept.

The contributions percentage are as follows:

A- for the insured workers:

With the exception of the revenue of mathematical and technical reserves and the public contribution of the state to old age, disability and death insurance specified at 1% of the annul wages, **the monthly contributions to be paid by**

workers and employers represent the basic source of financing and are specified according to wage percentages (Wage means the financial return the insured person gets for his original work whether it is limited to a certain period or by production or by them both, in social insurance we divide the insured wage to a basic one and a variable one) **as follows:**

- As a percentage of the basic wage (with a maximum of L.E. 800 per month starting 1.7.2009) **and the variable wage** (with a maximum of L.E. 750 per month starting 1.7.2009):

Worker %	Employer %	Insurance
10	15	Old-age disability and death
-	3	Labour injuries
1	4	Health
-	2	Unemployment
11	24	Total

The calculation of the variable wage comprises commissions and bonuses (in case they are received according to certain rules), **as well as allowances to be determined by a decree by the Minister of Social Insurance, permanent overtime , the insured persons share in profits, common awards and other cash benefits** (the calculation of wage does not include casual overtime, incentive awards, benefits in kind and wages which exceeds the insured maximum).

- As a percentage of the basic insured wage only :

Worker %	Employer %	Insurance
3	2	End of service indemnity

B- For pensioners:

1% of pensions in case they want to benefit from the provisions of treatment and medical care in cases of sickness.

The following is to be noted:

1- when the insured person reaches the pension age the old age insurance is stayed unless his service is extended by a decree to be issued by the competent authority or he continues to work so as to supplement the period of entitlement to pension.

2- Labour injuries contributions for worker in the administrative bodies of the state and in the general organisations and institutions are reduced to 2% instead of 3%.

3- The state's administrative machinery units and the general organisations and institutions afford the temporary invalidity compensations in view of injury or sickness, thus their share in contributions of the labour injuries insurance becomes 1% of wage and in the contributions of health insurance 3% of wage.

4- The public sector units afford the temporary invalidity compensations in view of injury or sickness (self insurance), thus their share in contributions of labour injuries insurance becomes 2% of wage and in the contributions of health insurance 3% of wage.

This can be applied to the big Private Sector institutions according to the approval of the Minister of Insurance.

5- According to certain conditions and with the approval of the Health Insurance Organisation, employers can treat their injured or sick workers or provide them with medical care, and here contributions are reduced.

6- Contributions are calculated on the basis of monthly wages for workers in the government and public sectors, and on the basis of the January wage of every year for workers in the Private Sector .

7- In case the employer does not pay the monthly contributions in time he should pay an additional sum or 1% monthly besides additional sums of 2% monthly with 50% as a maximum.

Problems:

- How much an employee must pay .
- How much an employer must pay .

2.3

Calculating Rules

First : Basis of Calculating (at governmental and public sector contributions):

The contributions payable by the employer shall be calculated on the basis of the wage due to the insured person during each month.

In calculating the wage, it shall be observed that the number of working days in the month is determined by 30 days in respect of those who do not receive their wages on monthly pay roll basis.

No contributions shall be payable for the periods for which he is not entitled to a wage or indemnity thereof.

Without prejudice to the minimum limit for the basis wage of contribution, the Minister of Insurance, by a decree issued by him, at the proposal of the Board of Directors ⁽¹⁾ is entitled to define the contribution wage

(1) The Minister of Insurance issued:

- Decree No. 74/1988 amended by decrees 99/1989, 30/1991, 89/1992, 21,86/1993 12/1995, 29, 127/1998 regarding insurance rules for workers engaged in contracting works.
- Decree No. 175/1981 regarding insurance on local bakery workers, amended by decrees 29/1984, 48/1985, 79/1994

regarding some categories of the insured persons, the means of calculating this wage, the means for calculating the contributions, and the date of their starting to benefit from the compensation scheme⁽¹⁾.
(Article 125)

Second : Basis of Calculating Private Sector Contributions : (Article 128)

A private sector employer shall be bound to submit to the competent authority statement on the workers and their wages , and their contributions , as per the forms prepared by the authority and according to the conditions and situations prescribed in Article (151).

Contributions shall be calculated on the basis of details set in these forms. If the employer does not submit the details prescribed in the first paragraph , the payable contributions shall be calculated on the basis of the latest statement he submitted to the authority, pending the calculations of contributions actually due.

In case such statements are not submitted , or no registers and documents as referred to in Article (151) exist , the calculation of contributions due , shall be on the basis of the investigations of the authority which shall determine the volume of commitments as per the rules to be included in a decree ⁽²⁾ issued by the Minister of Insurance at the proposal of the Board of Directors.

The Social Insurance Organization shall notify the employer of the amount of contributions calculated according to the foregoing paragraph, as well as other

(1) The paragraph was amended by the Law No. 61 for the year 1981, in a way that the Minister of Insurance is also authorized to determine the method of calculating the wage on which basis contribution is made, and the method of calculating the contributions, then amended by the Law No. 47 for the year 1984 to empower the Minister of Insurance for determining the date for the categories referred to in the compensation scheme.

(2) Refer to Decree No. 208 for the year 1977 issued by the Minister of Insurance, the Official Gazette- No. 54 issued on 5.3.1978 amended by Decree No. 69/1997.

amount due by him to the authority, by a registered letter with acknowledgement of receipt.

The employer is allowed to object against this claim by a registered letter with acknowledgement of receipt, within thirty days of the date of his receiving the notification, together with paying an amount of five pounds - objection fees- to be carried forward to the account provided for in Article (160).

The Social Insurance Organization shall reply to the objection within 30 days from receiving it, and the employer in case the authority rejects his objection may ask the authority to submit the contention to the committees referred to in Article (157).

The committee shall issue its decision within the limits of the authority's report, and the demands of the employer. The authority shall notify the employer of the decision by a registered letter with acknowledgement of receipt, and the amounts due shall be modified according to such decision.

The amounts due, shall be payable with the lapse of the dates set for appeal without such appeal taking place, or with the issue of the committee's decision, or with the competent authority's rejection of the employer's objection, or the employer's failure to refer the litigation to the committee in charge of investigating the contentions within 30 days from the date he receives the rejection notification.

The employer is allowed to appeal against the decision of the committee before the competent court within 30 days following the date of issuing the decision. The calculation shall be final if the stated period for appeal elapsed without affecting it.

Third: The Due Date of Paying Contributions: (Article 129)

The employer shall be under obligation to pay the amounts detailed hereinafter at the dates fixed opposite

each of them:

1) The contributions due for the month. They include the contributions which the employer is obliged to pay, and the contributions which the employer is obliged to deduct from the wage of the insured person. Payment shall be made on the first of the month following that in which these contributions fall due, regarding the contributions due on the basic wage, and on the first of the month following that in which payment is made, regarding the contributions due on the variable wages.

2) The contributions due by the insured persons on the first of the month following that in which they fall due.

3) The end of service indemnity, or the difference thereof provided for in Item (6) of Article (17) on the first of the month following the date of termination of service of the insured person.

4) The installments due in respect of the amounts of which payment has been delayed at their due date.

In the event of payment of the amount referred to being delayed, the employer shall be under the obligation to pay an extra amount (at the rate of 1.5%) monthly in respect of the period from due date until the end of the month in which payment has been effected.

The employer shall be relieved of the extra amount if payment is effected within fifteen days from due date for payment.

In all cases, the charges of sending the subscriptions and the amounts payable to the competent authority, shall be born by the employer. The competent authority is allowed to carry out collection, in return of a fee amounting to one per thousand, of the value of collected amounts, with a minimum limit of twenty piastres, and a maximum limit of five pounds. Such fee shall be carried forward to the account provided for in Article (160).

The Minister of Insurance shall issue a decree setting the dates, terms, and other conditions to be

adopted for collecting the contributions and the amounts due to the competent authority in compliance with the provisions of this law.

In exception to the provisions of the foregoing paragraphs, and upon the proposal of the board of directors, the decree referred to may in certain cases include the following:-

1) Determination of the method of calculating and collecting the contributions, and the collection may be effected through official social insurance stamps, and the decree shall provide for the terms and provisions of using, devaluating and annulling these stamps.

2) Determination of the additional amounts which fall due in the event of delay or default, to the extent of not more than the percentages prescribed in this Article, and Article 130 and defining the authority which shall be obliged to pay them ⁽¹⁾.

Fourth : Special Provisions for Private Sector Contributions

1- With exception to the provisions of Article 125, contributions which are payable by a private sector employer, and those deducted from wages of the insured persons, during a calendar year, shall be calculated on the basis of:

- Their insured basic wages for the month of January of every year. (Article 131)
- Their variable wages for January, April, August and October of every year.

2- Contributions payable by the insured persons referred to, in the previous article who join service after the month of January, shall be calculated on the basis of the wage for the month during which they join the service, until the month of January of the following year, then they are treated thereafter on the basis indicated in the previous Article.

(1) The phrase "yield of investment" is substituted by the phrase "additional

amount" to accommodate the text with what was concluded by the Committee of Islamic Sharia. Raising the ratio of the due amount payable in cases of delay in payment from 6% annually to 1% monthly.

Concerning the workers to whom this law is applied for the first time, their contributions shall be calculated on the basis of their wage for the month in which the law begins to be applied to them, until the month of January of the following year, then they are treated thereafter on the basis indicated in the previous Article.

Contributions shall be payable in full, for the month during which the service begins, and shall not be calculated for the part of the month, during which the service is terminated. (Article 132)

3- With exception to the third paragraph of Article (125), and without prejudice to Article (126), the private sector employer shall pay the contributions in full if the work contract is suspended, or the wages of the insured persons are not sufficient for that.

Amounts which the employer pays on behalf of the insured persons shall be considered as a loan, and their payment shall be in accordance with the provisions to be issued by a decree ⁽¹⁾ of the Minister of Insurance.

Both the employee and the employer shall be exempted from payment of contributions due for the period of the military conscription.(Article 133)

Fifth : General Rules:

1. Contributions of Special Periods :

Contributions shall be payable for the following periods according to the rules and provisions mentioned next to each: (Article 126)

1) Periods of secondment abroad without pay, and special leaves periods for working abroad: The insured person shall pay his own share, as well as the employers' share in the contributions. These

(1) Decree No. 208 for the year 1977 issued by the Minister of Insurance, and published in the Official Gazette- No. 54 on 5.3.1978 amended by

Decree No.69 for the year 1997- Decree by the Minister of Financial
affaires 554/2007, 1/10/2007.

contributions shall be paid in one of the foreign currencies.

The Minister of Insurance, in agreement with the Minister of Economy, shall issue a Decree ⁽¹⁾ defining the kinds of foreign currencies, and the rate of exchange, and the methods and dates of paying the contributions, and the additional amounts of 1% per month payable in case of delaying the payment of contribution.

2) Periods of special leaves without pay: The insured person shall assume responsibility for his share and the employer's share in the contributions, if he wishes to compute them within his contribution period in the insurance. The dates for expressing the desire, and payment of subscription shall be determined by a decree of the Minister of Insurance.

3) periods of study leaves without pay locally: The employer shall be bound to pay his share in the contributions at the periodical dates, and the insured person shall be bound to pay his share as indicated in item (2).

4) Periods of scientific mission without pay: The department dispatching the mission shall be bound to pay the share of the employer, and that of the insured person in the contributions, and to be paid in the periodical dates.

5) Periods of local secondment: The body, to which he is seconded, shall pay the share of the employer in contributions, and the insured person shall pay his share. They shall be paid to the body from which he is seconded, in the dates fixed for their payment to the competent in the periodical dates.

The provision of this item shall be applicable with respect to full time delegation cases, regarding the variable subscription wage of the insured person.

(1) Decree No. 104 for the year 1985 was issued by the Minister of

Insurance, amended by the Decree No. 15 for the year 1990, and 18 for the year 1995, Decree by the Minister of Financial affairs 554/2007, 1/10/2007.

2. Military Service Period : (Article 127)

The body paying the wage of the insured person during the periods he is recalled to, or retained for military service, shall be bound to pay the share of the employer in the contribution. The said body shall be bound to deduct the share of the insured person from his wage. The two shares shall be paid to the Social Insurance Organization within the periodical dates.

3. The President of the republic may - on the recommendation of the Board of Management- decide by a Decree to be issued by him to reduce the contributions in the light of the valuation of the financial position of the Organization.

4. The employer may object to this account a registered letter with acknowledgement to receipt within 15 days from date of receipt of the notification.

The Organization shall reply to this objection within a month from date of receipt thereof. In case the Organization rejects his objection, the employer may have recourse to court within 30 days following the lapse of this period, otherwise the account shall be final.

Failure of the Organization to reply to the objection lodged by the employer within the 30 days prescribed shall be considered as a refuse of rejection.

The Organization may take whatever conservatory measures it deems appropriate as soon as notification is served.

5. The contributions due for any month (whether those deducted from the wages of the insured persons or those borne by the employer) shall fall due on the first of the following month.

Past year indemnities determined by Labour Law shall fall due on the first of the month following termination of the service of the insured person.

In the event of delay, Interest at the rate of 1% per month shall be calculated in respect of the period commencing from date of the contributions falling due to the end of the payment month.

The employer shall not be required to pay this interest if payment is made within 15 days from date of the contributions falling due.

In all cases, the cost of remitting the contributions and amounts due to the Social Insurance Organization shall be borne by the employer.

6. The employer shall pay the contribution of the insured persons in full if the contract of employment is suspended or if their wages are insufficient for this purpose. In such cases, the contributions shall be regarded as loans which the employer may recover in accordance with the provisions laid down in the Labour Law.

Notwithstanding the preceding paragraph, the employer and the insured persons shall, be exempted from the payment of contributions in respect of the period of compulsory military service. The said period shall be accounted for in full in the pension.

2.4

Financing Treatment and Medical Care Fund

Financing the Fund : (Article 83)

A fund for the treatment of diseases, and work injuries shall be established. Its money is composed of the following sources:-

(1) Contributions paid by the competent authority, out of work injuries insurance account, in the following percentages:

a) 1/2% of the wages of the insured persons working for the state administrative system, public authorities, general organizations.

b) 1% of the wages of the remaining insured persons subject to the said insurance.

(2) Contributions payable by the competent authority out of the (sickness) medical insurance account at the rate of:

a) 4% of the wages of the insured persons.

b) 1% of the pensions of pensioners.

(3) Charges payable by the patient not exceeding two pounds, whose value, cases of its entitlements, and bases for exemption therefrom- shall be determined by a decree issued by the Minister of Health in agreement with the Minister of Insurance.

(4) Proceeds of investing the Fund's moneys.

(5) Other finances resulting from the Fund's activity.

(6) Subsidies, donations, and grants which the board of directors decides to accept.

In case of realizing surplus moneys of the Fund, such surplus shall be carried forward to a special account, the disposal thereof shall not be effected except by approval of the Board of Directors of the Health Insurance General Authority, and for the following purposes:

1) Improving the level of treatment and medical care for the insured persons.

2) Expansion in applying the health insurance scheme provided for in the present Law.

3) Financing constructional and investment programs, as well as programs of training and reach connected with the authority's activities.

Management of the Fund :

1- The management of the fund shall be run by a public authority named the Health Insurance Public Authority. It shall have a legal person, under command of the Minister of Health. It shall have a special budget included in the General Budget of the state. A Republican Decree shall be issued for forming its board of directors, determining its competencies upon the suggestion of the Minister of Health, in agreement with the Minister of Insurance. (Article 84)

2- The Health Insurance General Authority shall undertake treatment of the injured person of patient, and provide medical care for him until his recovery or his total disability is established. The competent authority shall have the right to keep the injured person or the patient under observation wherever his treatment is going on.

Medical treatment and care shall have the meaning stipulated upon in Article (47), also, it shall mean the medical care and treatment rendered to the insured women during pregnancy and confinement. (Article 85)

3- With due regard to the provision of paragraph (3) of Article (48) the treatment of the injured person, or the patient, and his medical care shall be through the treating bodies determined for them by the Health Insurance General Authority. This authority is not allowed to render this treatment, or to provide medical care at clinics, specific sanitoriums, public hospitals, or specialized centers except under special agreements concluded.

For this purpose. In such agreements, the minimum standards of medical service, and costs shall be determined. In such a case, the standard of medical service should not be less than the minimum standard specified by a decree issued by the Minister of Health in agreement with the Minister of Insurance⁽¹⁾. (Article 86)

4- The Health Insurance General Authority shall undertake medical examination on the workers liable to

(1) Decree No. (140) for 1976 was issued by the Minister of Health and published in the Official Gazette-No. 115 on 18.5.1976.

be attacked by one of the professional diseases indicated in Schedule No.(1) appended to this law, against the collection of check-up fees of 500 Milliemmes for each insured person liable to be attacked by one of the aforesaid diseases, to be charged to the employer.

The Minister of Insurance shall issue in agreement with the Minister of Health a decree determining the conditions and positions for making periodical check-up.⁽¹⁾

The Health Insurance General Authority shall notify the Ministry of Manpower of cases of professional diseases which appear among the workers, and death cases resulting therefrom. (Article 87)

5- The treating body shall be held responsible for notifying the injured person of the patient of the termination of treatment, and of what may have occurred to him of disability, and its percentage. The patient has the right to apply for a review of the report of treatment termination, or the resulting disability, in accordance with the medical arbitration provisions stipulated upon in Chapter (4).

The treating body shall also be bound to give the notification referred to in the previous paragraph, to each of the employer, and the competent authority, indicating days of absence for treatment if any. All these shall be in accordance with the conditions and positions to be determined by a decree issued by the Minister of Health in agreement with the Minister of Insurance ⁽²⁾.

The treating body decision for extending the sick leave shall be binding to the employer. (Article 88)

(1) Decree No. 218 for 1977, was issued by the Minister of Insurance, and published in the Official Gazette-No. 239, on 17.10.1977 amended by Decree 78/1978.

(2) Decree No. (139) for 1976 issued by the Minister of Health, published

in the Official Gazette No. 138 issued on 14.6.1976.

6- Disability cases as prescribed under the present Law shall be established by a certificate of the Health Insurance General Authority, details of which shall be defined by a decree of the Minister of Insurance at the proposal of the board of directors ⁽¹⁾.

The Health Insurance General Authority shall have the right to entrust the medical counsels for establishing disability cases referred to . (Article 89)

Problem:

- Explain the basis of calculating social insurance contribution for:

- the public sector employees.**
- the private sector employees.**

- Determine the Egyptian social insurance contributions percentage of the workers basic and variable wage for:

- Old age, disability and death insurance.**
- Work injury insurance.**
- Health insurance.**
- Unemployment insurance.**
- End of service indemnity.**

Please explain if the contribution percentage at the public sector is the same as at the private sector.

(1) Decree No. 210 for 1976, issued by the Minister of Insurance,

published in the Official Gazette No. 277 on 7.12.1976, Decree by the Minister of Financial affaires 554/2007, 1/10/2007.

Chapter 3

OLD AGE, INVALIDITY AND DEATH INSURANCE

- 3.1. Historical Background**
- 3.2. Financing.**
- 3.3. Pensions and Compensations**
- 3.4. Rules for Computing Some Contribution
Periods**

3.1

Historical Background

The introduction of old age benefits began with the enactment of labour laws which provides retirement indemnities to workers starting 1944.

A pension scheme for governmental employees was first introduced in 1854 by a Khedevial decree. This system was developed by Laws in 1871, 1887, 1909 and 1929. In 1935, this pension scheme stopped to be a general scheme and was only applied to few categories of governmental employees.

In 1950, the Social Security Law No. 116/1950 amended by Law No. 133/1964 provided for a public assistance scheme.

A general provident and insurance fund system was established in 1952 for governmental employees by Law No. 316/1952. A similar system was introduced in 1955 by the law 419/1955 for employees and workers who are covered by the labour Law.

The existing system of old age, invalidity and death insurance began in 1956 for government employees and was established by Law No. 394/1956. In 1961, a similar system was established by Law No. 143/1961 for employees and system workers in public and private sectors.

Current Social Insurance : Law No. 79 for the year 1975 comes into force as from 1/9/1975.

Administrative Organisation:

- Ministry of Social Insurance : General supervision.
- Social Insurance Organisation: Administration of the two funds :

1. The fund for insured persons working in public and private sectors, through regional and district offices, Managed by tripartite board.

2. Administration of the fund for government employees through regional offices.

3.2

Financing

The Insurance Contributions:

Old age, invalidity and death insurance shall be financed through: (Article17)

1- The portion payable by the employer at the rate of 15 percent of the monthly wages of the insured persons.

2- The portion payable by the insured person at the rate of 10 percent of his monthly wage.

3- The amounts which the public treasury is bound to pay at the rate of 1 (one) percent of the monthly wages of the insured persons. These amounts shall be paid to the concerned authority on the first of the month following the date they fall due.

4- The capital value of the dues paid by the fund on behalf of the other fund, or the public treasury.

5- The amounts due for payment, for the account of the contribution period in the social insurance or, the insurance and pension Law.

6- The amounts due for payment, for the account of previous service periods, prior to the contribution in the social insurance, or the insurance and pension schemes, and they include:

A) The amounts which the public treasury is bound to pay on service periods prior to the date the insurance and pension schemes came into force.

B) End of service legal indemnities with regard to the insured persons who were subject to the Labour Law, and which shall be payable by the employer to the concerned authority, at the termination of the insured

person's service, as follows:

1- The due indemnities for service periods prior to the contribution in the social insurance scheme, calculated in accordance with the second paragraph of the article (2), and (72) of the Law No. 91 year 1959 promulgating the labour Law

2- The difference between the due indemnity, calculated in the manner indicated in the previous item and the proceeds of contributions paid by the employer to the concerned authority, if any, in respect of the period of contribution up to 13/12/1961.

The indemnity referred to shall be calculated on the basis of the last wage of the insured person at the termination of his service.

Concerning insured persons whose wages were transferred from daily to monthly payrolls as from 7/4/1959, it should be observed on calculating the indemnity for daily payroll service period that it shall be made on the basis of dividing the wage of the last month at the date of the end of service, on the number of days taken as a basis for transferring the daily pay to the monthly wage.

7- The amounts payable by the insured persons in return of contribution for the previous service periods, or their calculation.

8- Yield of investing the present insurance moneys.

9- The contribution of the end of service indemnities to be deducted at the rate of 5% of the basic wage of the insured person(3% the employee share, the employer share 2%).

3.3

Pensions and Compensations

Pensions:

First : Cases and Conditions:

A pension shall be due in the following cases
(Article18):

1) Termination of the insured person's service for attaining the age of retirement (as stipulated upon in the employment system by which he is treated, or for reaching 60 years old in respect of the insured persons working in private sector), **if the period of contribution is 120 months at least.**

2) Termination of the service of the insured person because of death, or total disability, or permanent partial disability, if it is evident that no other job is available for him with the employer, whatever his contribution period in the insurance be.

Evidence of the non-existence of another work for him shall be established by a decision of a committee to be formed by a decree of the Minister of Insurance in agreement with the concerned ministers. The committee shall include among its members a representative of the trade union, or of workers according to each case, as well as a representative of the social insurance organization. The decree shall determine the rules and procedures of the committee's works.

3) Death of the insured person, or his complete disability during one year from the termination date of his service, provided that he does not exceed the pensionable age, and not having been paid the cash lump-sum indemnity whatever his period of contribution to the insurance be.

4) Termination of service of the insured person for reasons other than the above cases if his contribution

period in the insurance is 240 months at least.

5) Death or total permanent invalidity after one year from the date his service was terminated, or his attaining the age of sixty after the termination of his service, once his period of contribution to the insurance is 120 months at least, and he had not been paid the cash lump-sum indemnity. The pension in such a case shall be settled on the basis of the period of contribution to the insurance.

He is provided for entitling a pension in the two cases indicated in the previous items 2 and 3, that the subscribed period in insurance for the insured person shall not be less than three consecutive months, or six intermittent months, and this condition shall not be applicable concerning the following cases:

(A) The insured persons who are subject to employment statutes promulgated according to Law, or their wages, allowances, and promotions are determined according to collective agreements concluded pursuant to Labour Law, whenever the minister of insurances, approves such statutes, or agreements according to the proposal of the concerned authority.

(B) Shifting of the insured person from the governmental or public sector, to join work in private sector.

(C) In case the disability of the insured person is established, or the occurrence of his death as a result of work injury.

The pensionable age may be reduced in respect of insured workers employed in difficult or dangerous jobs which are determined by a decree of the president of the republic, at the proposal of the minister of insurance; and the decree should include the following:

A) Determination of the said age with respect to each of such works.

B) Raising the ratios on the basis of which the pension is calculated in proportion to compensate the insured person

for the reduction of age.

C) Increasing the percentage of contributions to meet the burdens resulting from the privileges to be stated for the aforementioned workers, and determining the party that shall bear this increase.

Second : Calculations of Pensions:

1- The pension on the variable wage :

The pension on the variable wage shall become due regardless of the contribution period of the insured person for this wage, when one of the cases of the due pension on the basic wage becomes available (Article18 Bis):

2- Calculating the Monthly Average Wages:(Article19)

The pension on basic wage, in cases other than disability, or decease, shall be settled on the basis of the monthly average wages of the insured person, on which basis subscriptions were paid during the last two years of his subscribed period in insurance, or during his subscription period in insurance if it is less than that.

In cases of applying for payment of pension on the referred-to, wage, for disability, or decease, the pension shall be settled on the basis of the monthly average for the wages on which basis subscriptions were paid during the last year of the subscribed period, or the subscription period in insurance, if it is less than that.

The pension on the variable wage shall be settled on the basis of the monthly average of the wages on which basis the subscriptions were paid, during the subscribed period for such wage.

On calculating the monthly average, the following must be taken into account:

1- The month in which the service was ended, shall be considered a complete month.

2- If periods fall between the period of average pension computation on the basic wage, for which the insured person did not obtain his wage wholly or partially - the average shall be calculated on the basis of the total wage.

3- The average on which basis the variable wage pension is calculated, shall be increased at the rate of 2% on each full year of the years of actual subscription period for such wage; provided that the average after adding such increase, shall not be more than the maximum limit of the subscribed variable wage.

4- With respect to the insured persons whose subscription period in the insurance ended, and they were at such date among the personnel provided for in items (b and c) of Article (2), it must be observed that the average basic wage on which basis the pension was assessed, shall not exceed 140% of the average wages for the five years preceding the average period; and if the preceding period is less than five years, it should be taken into account that the average on which basis the pension was assessed, shall not exceed the average of the previous years, to which 8% shall be added for each year; and the following shall be exempted from the provision of this item:

A- The insured persons, in bodies, subject to employment statutes issued according to Law; or their wages, allowances, and promotions are determined pursuant to collective agreements concluded pursuant to the labour Law, whenever the minister of insurances approves such statutes or agreements, according to the proposal of the competent authority.

B- Cases of applying for payment, due to disability or decease.

3- The Calculating Rate for Every Contribution Year: (Article20)

The pension shall be assessed at the rate of one part of forty-five parts of the average wage for each year of contribution period to the insurance.

The pension shall be assessed with a maximum limit of 80% of the wage referred to in the previous paragraph. The following cases shall be excepted from such limit:

1- Pension with a value less than fifty pounds monthly will have a maximum limit of 100% of the assessment wage, or fifty pounds monthly whichever is less.

2- Pensions for which the laws or decrees issued in execution thereof stipulate their settlement on the basis other than the wage provided for, their maximum limit shall be 100% of the last subscribed wage of the insured person, and the public treasury shall be charged with the difference between such limit and the previous maximum limits.

3- Pensions which are assessed in case of death or total disability after one year from the end of service date, shall have a maximum limit of 100% of the last contribution wage of the insured person.

4- The contribution period : (Article21)

The contribution period of the insured person in insurance is:

1- The period which begins from the date of applying the provisions of Social Insurance Law, or the date of enforcing Insurance and Pensions Laws.

2- The periods added to the contribution period of the insured person at his request.

3- Periods of the official scientific missions which follow university or high studies which are allowed to be computed within the service period, or were taken into account in assessing the wage.

The fraction of a month shall be considered as a full month in calculating the total periods referred to, and the fraction of a year shall be considered as a full year in this total if this would result in regarding the insured person as becoming entitled to a pension.

5- Additional Contribution Period In Cases of Death or Disability: (Article22)

A suppositional period of 3 years shall be added to the period of contribution to the insurance, for the assessment of the death or disability pension, provided that such period does not exceed the remaining period for the insured person to attain the pensionable age. If the pension after adding this period is less than 50% of the wage on the basis of which the pension is assessed, the pension shall be raised to 50 percent.

In the said cases, the pension shall be increased by an amount equal to half of the difference between the pension and the maximum limit of 80%.

6- Decreasing the premature Pension: (Article20)

In case of premature pension, the calculating rate for every contribution year is determined as follows:

**Calculating Rate for the Premature Pension
according to the following schedule (schedule no. 9) (1)**

Age at the claim date	Actuarial factor
38	90.00
39	87.50
40	85.00
41	82.50
42	80.00
43	77.50
44	75.00
45	72.50
46	70.00
47	67.50
48	65.00
49	62.50
50	60.00
51	58.00
52	56.00
53	54.00
54	52.00
55	50.00
56	49.00
57	48.00
58	47.00
59	46.00

7- Increasing the Old Age Minimum Pension: (Article24)

If the pension due for the end of service due to old age or disability or death (cases stipulated upon in items (1 and 2) of the article 18) is less than 50% of the wage on the basis of which the pension is assessed, the pension shall be raised to 50% of the wage if the insured person contribution period to insurance has completed at least 240 months.

(1) Article 23 of law 79 and schedule no. 8 were cancelled.

The minimum limit of pension - due for the insured person, in cases of end of service due to old age or disability or death - shall be twenty pounds per month.

8- The Payment of Pension : (Article25)

The pension shall be due on the first of the month in which the reason for deserving arises; and the pension shall be due for fulfilling the conditions of the case provided for, in case of death or disability after one year of the end of service from the first of the month in which the application order for payment is submitted. In case of not submitting payment order up till the insured person reaches the age of sixty, or the complete disability is established, or the occurrence of death, such pension shall be paid as of the first of the month in which one of the referred to, occurrences is established.

9- A Lump Sum For periods which exceeds That Required for the Maximum Pension: (Article26)

If the contribution period to the insurance exceeds 36 years or the number of years required for entitlement to the maximum pension which the fund shall bear whichever is larger, the insured person shall be entitled to a lump sum indemnity at the rate of 15% of the annual wage for each of the years in excess.

The annual wage means the average monthly wage on which contribution was paid during the last two years multiplied by 12.

In calculating the period for which this indemnity is due, the following periods should be discarded from the contribution period:

1- The suppositional periods in case of death or disability.

2- The requested periods (calculated according to article 34 of the law).

3- The periods which laws and decrees provide for adding to contribution period, unless laws provide for entitlement to such indemnity on these periods.

This amount shall be payable in case the insured person or the pensioner dies before it is paid.

The pensioners and beneficiaries may commute the whole or part of the indemnity for a pension to be calculated at the rate of 1/75 for each of the years in excess which shall be added to the due pension, and is considered as a part thereof, provided that the total of the two pensions shall not exceed the 80% maximum limit.

Cases and Conditions for Entitlement Lump Sum Compensations : (The Lump Sum Indemnity instead of a Pension) : (Article 27, 28)

If the service period of the insured person is terminated without his fulfilling the requirements for entitlement to pension, he shall be entitled to the lump sum indemnity to be calculated at the rate of 15% of the annual wage for each year of contribution period to the insurance.

The annual wage means the average monthly wage in respect of which the contribution was paid during the last two years, or the contribution period if less than two years, multiplied by 12. In calculating this average, the rules stipulated upon in case of calculating pensions should be observed.

This indemnity shall be payable in the following cases:-

1- If the insured person attains the age of 60.

2- In case the foreigner leaves the country finally, or is permanently engaged in work abroad, or joins the diplomatic mission at the embassy, or consulate of his own country.

3- In case of emigration of the insured person.

4- In case a final court judgment is issued sentencing the insured person to imprisonment of ten years or more, or for the period remaining for him to attain the age of 60, whichever is less.

5- If during his imprisonment, the insured person sustains a permanent partial disability preventing his from work.

6- Termination of service of the insured persons stipulated upon in item (A) of Article (2) for abolishing the post, or dismissal as per a republican decree.

7- If the insured person joins claustral life.

8- If the insured person joins work with one of the quarters excepted from applying the provisions of this Law, according to the conditions and rules issued by a decree of the minister of insurance.

9- In case of total disability of the insured person.

10- Death of the insured person. In this case, the full due amounts shall be paid to the legally entitled beneficiaries for pension, to be distributed among them according to the proportions of their shares in the pension. If there is only one beneficiary, he will be paid such amounts complete. If there is not a person entitled to the pension, these amounts shall be paid to the legitimate heirs.

In old age, disability and death cases the amount of indemnity shall be paid in addition to an amount of 6% thereof for the number of complete years from the date of termination of the service until the date when payment becomes due.

11- If the insured woman is married, or divorced, or a widow, or is 51 years of age, or over, at the date of the application for payment is made, the indemnity shall not be paid in these cases except once during the whole periods of contribution to the insurance by the insured woman.

In case of the citizen emigration or the forgeriner leaving the country, the insured person has the choice to obtain a lump sum indemnity, or a pension, if his contribution period to the insurance gives him the right

to obtain the pension.

In the cases referred to in the previous paragraph, the pensioner is allowed to abdicate his right in pension, and to be paid a lump sum indemnity provided to deduct from him the amount of the pension paid to him, and he is not allowed to do so except for one time.

If the emigrant returns to stay finally in the country, and joins a job which is subject to the provisions of this Law, within two years from the date of emigration, he shall be bound to refund the lump sum indemnity which was paid to him according to the above provisions premiums either altogether within one year from the date of his return, or by premiums according to the law and the period for which he had been paid a lump sum indemnity shall be calculated within his contribution period.

End of Service Indemnities : (Article30)

The insured person shall be entitled to a compensation, whenever one of the cases of pension deserving, or lump sum disbursement exists.

The compensation shall be calculated at the rate of one month wage for each of the years of subscribed period in the compensation system; and the wage for calculating the compensation shall be estimated by the wage of computing the pension on the basic wage.

The minimum limit of compensation, shall be ten months' wage calculated according to the previous paragraph, in the following cases:-

1- Termination of the insured person service due to total disability, or death, whenever the conditions are fulfilled.

2- Expiry of the insured person's benefit from the compensation system, for reaching the pensionable age. If such age was less than sixty, the public treasury should be charged by the difference between such limit, and the

entitled compensation on the actual period; and this provision shall be applicable with respect to article one of the law.

The insured person shall not benefit from the minimum limit of compensation except once, during his subscription periods in the insurance.

With respect to the periods calculated in the compensation system, the following should be observed:-

1- Compensation shall be calculated for this period, and added to the referred to minimum limit.

2- The due compensation for such period, shall be estimated according to the schedule No.(4)(attached to the law), and on the basis of the insured person's age at the due date of payment, and the referred to wage for calculating the compensation, in cases of deserving payment other than reaching the pensionable age of the second paragraph, or death.

Special Rules to Calculate the Ministries Pension:

The pension of an insured person who fill the post of a minister or deputy minister shall be assessed on the basis of the last wage he received according to the following : (Article 31)

First : A minister shall be entitled to a pension of 150 pounds per month, and a deputy minister to a pension of 120 pounds per month in the following cases:

1- If his period of contribution at the termination of his service as minister or deputy minister is twenty years, and he had spend at least one continuous year in either post or both posts.

2- If his period of contribution at the termination of his service as minister or deputy minister is ten years; and he had spent at least two continuous years in either post or both posts.

3- If his period of contribution at the termination of his service as minister or deputy minister, is five years; and he had spent at least four continuous years in either post or both posts.

If he had not fulfilled the said contribution periods, and had spent in either posts a period of three continuous years, he shall be entitled two- thirds of the said pension.

In calculating the periods stipulated upon in this item, the fractions of a month should be reckoned as a complete month.

Second : The pension shall be assessed for him on his contribution period to the insurance which exceeds the periods stipulated upon in item (first), and to be added to the due pension pursuant to the said item, provided the total of the two pensions shall not exceed the last contribution wage.

Third : If the service period he has spent in both posts, or in either post, does not reach the extent referred to in the item (first), he shall be entitled a pension to be calculated according to the contribution period in insurance on the basis of the last wage he received. If the pension thus assessed is less than 25 pounds per month, he will have the choice of either receiving a pension or a lump sum indemnity.

The public treasury shall bear the difference between the pension calculated according to the provisions of this article and the pension calculated pursuant to the other provisions.

Pensions due according to the above provision shall be paid without reduction; and the lump sum indemnity shall be payable upon the termination of service, in case of his choice.

3.4

Rules for Computing Some Contribution Periods

First : The following contribution periods shall be calculated at the rate of 1/75 in case a pension is due, and at the rate of 9% in case of a lump sum compensation is due, if the insured person has not contributed for them: (Article32)

1- The period prior to the date of benefiting from the Laws of Insurance and Pensions, or Social Insurance, which such laws provide for counting within contribution period to insurance.

2- Periods spent in a permanent or temporary post, or in post on a personal grade, or on a daily payroll, or in a post on basis of compensation payment or for which a fixed remuneration is paid, or outside the authority, or remuneration from the "Third Allocations" chapter included in the general budget of the state, or in the budgets that were appended to it, or in a post at the university or AL-Azhar university, or religious institutes, or in ministry of wakfs, municipality councils, provincial councils, or public transport department for Alexandria zone, in respect of the following insured persons:-

a) Insured persons whose service periods in such posts were terminated before benefiting by insurance and pensions Law No. 394 for the year 1956 establishing an insurance and pensions fund for the state civil personnel, and other fund for personnel of organizations having independent budgets, or by the Law No. 36 for the year 1960, promulgating the Insurance and Pensions Law for the State Civil Personnel, or by the Law No.37 for 1960 promulgating the Insurance and Pensions Law for the State Civil Personnel and Workers according to each case. If the insured person has received a compensation for that period, he should repay it in a cash lump sum in addition to an extra amount at the rate of 4.5% annually from the date of

payment till the date it is refunded.

The public treasury shall meet the amount of entitlements resulting from the computation of this period .

b) Insured persons whose service period was terminated in these posts under the Laws referred to in item (A), and to whom their insurance and pension contribution were refunded.

For the calculation of these periods, it is stipulated that the insured person should have been reinstated to service in the administrative system of the state, or public authorities, or general organizations, or economic units of the public sector, or health organizations, and that the insured person should submit an application for its computation.

3- Periods of secondment abroad, and exceptional leaves, and unpaid study leaves which were spent before the present Law came into force, in respect of those who were treated under the Insurance and Pension Law referred to in article (2) of the promulgating Law.

4- Periods spent by the insured foreigner in one of the posts which were subject to the Insurance and Pensions Laws stipulated upon in article (2) of the promulgating Law, and during which he was not treated under these Laws.

Second : Conditions and Costs of Adding Contribution Period :

The insured person is allowed to apply for calculating any of the subscribed periods, calculated at the rate of 1/75, to be calculated at the rate of 1/45, in return of paying an amount to be estimated according to the attached schedule No. (4). (Article33)

Table No. (4) ⁽¹⁾
Determining the Due Amounts for the Calculation
of the Previous Period into the Period of Contribution

A G E	Amount Corresponding To Each Year of the Service Calculation, and to Each Pound of The Monthly Wage	
	L. E. (POUND)	MILLIEMES
until the age of		
40	1	800
41	1	830
42	1	860
43	1	900
44	1	930
45	1	960
46	2	-
47	2	050
48	2	100
49	2	150
50	2	200
51	2	260
52	2	330
53	2	400
54	2	500
55	2	600
56	2	700
57	2	800
58	2	900
59 and over	3	-

NOTES:

Remark (1) : In calculating the age, the fractions of the year shall be regarded as one complete year.

Remark (2) : The amounts for the computation of a period within the subscription period in compensation system, shall be estimated at the rate of the 30% of the coefficient stated in this schedule, and on the basis of

(1) Table No. (4) is amended by the law No. (47) for 1984.

the wage and age and at the date of applying for the

computation.⁽¹⁾

Remark (3) : The amounts required for the computation of a period within the subscribed period, in basic wage, shall be estimated on the basis of age and wage at the date of applying for the computation " ⁽¹⁾.

Remark (4) : The amounts required for the computation of a period within the subscribed period in the variable wage, shall be estimated on the basis of age at the date of submitting the application, and the monthly average of the wages on which basis the subscriptions were paid, during the period up till the end of the month preceding the date of applying for computation.

Remark (5) : The amounts required pursuant to Article (33) are estimated at the rate of 40% of the coefficient stated at this schedule, and on the basis of age and wage, at the date of submitting subscription application.⁽²⁾

Key Points

1- The insured person is allowed to add any number of complete years which he spent in any work or activity after having attained the age of 20 years, to be included in his contribution period to the insurance against payment of an amount to be calculated in conformity with table No. (4).

2- For the periods required to be included in the contribution period in respect of the variable wage, it is provided that the total contribution periods for this wage should not exceed the contribution period for the basic wage.

(1) Remarks 2,3 and 4 are amended as per law No.107/ 1987.

(2) Remarks No, 5 is added as per law No. 107 / 1987.

The insured person may further request to include

any number of years in his contribution period to the condensation scheme against payment of an amount to be calculated according to table No. (4). (Article 34)

Third : If the pensioner returns to a job which makes him subject to the provisions of this insurance, or to one of the bodies which deserted the range of applying this law, for the existence of a substitute system determined pursuant to a law, his pension shall be suspended as from the start of the following month, and up till the termination of his service in the referred to bodies; or for reaching the pensionable age.

If the wage on which the pension is settled, or the total of what he was paid of wage at the end of his service period - whichever is bigger - is exceeding his due wage on the job to which he has returned, he shall be paid of the pension, the difference between them, provided that the part to be paid of the pension shall be deducted by the amount of what he receives of increases in his wage.

In case of the existence of one of the deserving cases on the last period, shall be settled pursuant to the following :- (Article 40)

1- If the reason for deserving on this period was other than disability, or decease, a pension shall be calculated for it, whatever was its amount, and to be added to the previous pension.

2- If the reason of deserving on this period was disability or decease, the pension shall be settled by one of the following two ways whichever is better for him:-

(a) The pension shall be settled on the two service periods, considering them one unit, and on the basis of the two wages average for pension settlement on each period, or pension settlement wage for the last period, whichever is better for him.

(b) The pension regarding the last period shall be calculated pursuant to pension computation rules of service

termination for reaching the age of retirement, and to be added to the first pension.

In all cases of settlement for the two periods of service, considering them one unit, the provisions of pension maximum limit for each of the basic and variable wage shall be observed; and in cases of settlement for the last period, and its addition to the pension of the first period pension, it shall be observed that the total of the two pensions on the basic wage, is not exceeding the maximum limit provided for in the last paragraph of article (20), and that the total of the two pensions on the variable wage shall not exceed 80% of the two wages average for pension settlement.

If the due pension on the first period service is assessed pursuant to one of the laws provided for in article four of the promulgating law, the pension shall be settled pursuant to the foregoing; or a pension on the new service period shall be settled for him pursuant to pension settlement rules for reaching age of retirement. it shall be added to the first pension, and a pension with the total of both shall be assessed for the insured person, taking into account that the total of the basic and variable wage pension shall not exceed 80% of the total maximum limit of the basic and variable subscription wage, pursuant to this law.

The provisions of this insurance shall not be applicable with respect to the insured person, if his age exceeded sixty, except for the one whose service is extended by a decree from the concerned authority, from the insured person referred to in item (a) of article (2) ; and also the cases provided for in article (31), (163) and (164). In this case the pension shall be paid as from the first of the month in which the service will terminate, except the cases of article (163) where the pension shall be paid as from the first of the month in which the period necessitating pension deserving shall be completed.

Fourth : The insured person has to pay the amounts required from him for the account of the

previous period, or for the subscription of a period pursuant to one of the following ways:- (Article 41)

1- One disbursement during one year of the date of requesting the account, or subscription, without exceeding the date of service termination.

2- Monthly premiums up to the date of reaching the age of 60 according to the following schedule (schedule No. 6).

Table NO. (6) (1)
Fixing The Monthly Installments To Be Deducted
From The Wage in case the Insured Person OPTS
for Payments in Installments of the Amounts Due by Him

Age at the beginning of payment	Aggregate installments ought to be paid in case of settlement up to the date of Reaching the age of sixty years in return of L.E.100 of the Amount due L.E	
	(Pound)	Milliemes
20	274	100
21	269	500
22	264	900
23	260	300
24	255	700
25	251	100
26	246	600
27	242	-
28	237	400
29	232	900
30	228	300
31	223	700
32	219	200
33	214	700
34	210	200
35	205	080
36	201	400
37	197	-
38	192	600

(1) Table No. (6) is amended by the law No. (47) for 1984.

Table No. (6) (Continued)

Age at the beginning of payment	Aggregate installments ought to be paid in case of settlement up to the date of Reaching the age of sixty years in return of L.E.100 of the Amount due	
	L.E	
	(Pound)	Milliemes
39	188	300
40	184	100
41	179	900
42	175	700
43	171	600
44	167	500
45	163	400
46	159	300
47	155	300
48	151	300
49	147	400
50	143	500
51	139	500
52	135	400
53	131	300
54	127	100
55	122	800
56	118	400
57	113	900
58	109	300
59	104	600
60	100	-

Remarks :

A. In the assessment of the age, the fractions of the year shall be regarded as one complete year.

B. In calculating the monthly installment, the aggregate installments ought to be paid, shall be divided by the number of full months between the date on which payment has started and date of reaching the age of sixty years.

C. The amount of monthly installment resulting from the application of this table shall be rounded to the nearest piaster.

3- Monthly premiums for 5 or 10 or 15 years according

to schedule No. 7 whenever the age of the insured person exceeded fifty years on 1/4/1984, and the period required for computation, in addition to his subscription period in insurance entitles him for a pension.

In case of paying the required amounts pursuant to items (2) and (3), the insured person shall not be considered a subscriber unless the first premium is paid to the competent authority before the date of service termination.

An exception of the provision of the last paragraph, the insured person is allowed - after his service termination, even if he exceeded the sixty years - to express his desire to compute a period preceding his last subscription period, and with the observance of article (34) within the limits of the required period for deserving a pension. The amount due on it shall be paid in one disbursement, and he shall be entitled to a pension as of the first day of the month preceding payments of such amounts.

In case of the death of the insured person, after expressing the desire to subscribe for a period, or to compute a period, and before payment of the amounts requested from him in one disbursement, or before the first premium of them falls due, his beneficiaries are allowed to pay the due amounts in one disbursement, in cash, during a year starting from the date of death.

Subscription for any period, or the computation of any period, shall not result in the deserving of the insured person for a pension thereof, except after the expiry of the period during which the application for subscription or computation is submitted.

It shall not be permissible for any reason, to recant the application for computing periods or subscribing for them.

An exception of the provision of the previous paragraph, the insured person, or the pensioner is allowed to retract the application of periods computation or subscription for them, in case of the issuance of laws or final judgments for adding periods to the subscribed

period of the insured person. The retraction application must be submitted during three years from the date of applying such laws, or the issuance of such judgments. In case of the occurrence of death of the insured person or pensioner during the referred to period, before applying for retraction, this right shall be for his beneficiaries.

In case of retraction, the amounts previously paid shall be refunded to the concerned person; and the bodies which are held responsible for paying the cost of the added periods shall be charged with what the computing authority carried out of obligations in return of computing the period, or subscribing for it.

In cases of dismissal by disciplinary way, if the dismissal is abolished or withdrawn in respect of the insured person working in governmental or public sector, the following will be adopted:- (Article 42)

1- For those to whom a lump sum indemnity has been paid, the period for which the indemnity was paid, and the period of dismissal shall be computed as a part of the contribution period to the insurance; and the insured person shall be bound to refund the indemnity amount.

2- A pensioner shall have the choice of either refunding the pension amounts already paid to him, in order to compute the period of dismissal with his period of contribution to the insurance, or not to refund the pension amounts against non-computation of dismissal period.

3- The employer shall be bound by the contributions due for the period of dismissal, in case such period is computed within the period of contribution to the insurance scheme.

The Foregoing provisions shall apply in respect of the insured persons stipulated upon in paragraph (B) of article (2), if it is established that the dismissal was arbitrary, and the insured person is reinstated to work by a court ruling.

If the insured person working in governmental or public sector is dismissed through non- disciplinary channel, then he was reinstated to work by court ruling, or by virtue of law, or due to withdrawing his dismissal decision, the following shall be applied in his respect:
(Article43)

1- The period during which he was not subject to the social insurance scheme shall be included in computing contribution period to the insurance; and the public treasury will bear the contributions due for such a period.

2- With respect to those who already received lump sum indemnity, they will have the choice either to refund the indemnity, and to compute the previous period or not to refund the indemnity, in which case the said period shall not be computed.

3- Regarding the pensioner, the public treasury will pay to the fund the value of pensions already paid.

It is not allowed to deprive an insured person or a pensioner of his pension, or lump sum indemnity whether partially or wholly, for any reason whatsoever.
(Article44)

In case of any employer who refrains from carrying out the decision of the committee, he shall be bound to pay the due wage up to the date the insured person joins another job. For the insured person to benefit by this provisions. The insured person's right for wage shall be forfeited if he refuses to join a suitable job.

The decision issued by the concerned authority in respect of the entitlement of the insured person to a wage shall, in this case, be similar to a law enforcement document.
(Article45)

Key Points

A- Cases and Conditions of entitlement to Pension:

1- End of the insured person's service period for reaching the pensionable age and a contribution period more than 9 years.

The pensionable age means the age of retirement provided for the employment regulation (60 years in general), or the age of sixty for the insured persons subject to the labour code (private sector workers).

This age can be reduced for workers performing difficult or perilous jobs specified by a decree of the President of the Republic according to a recommendation by Minister of Insurance.

2- End of the insured person's service because of death, total invalidity or permanent partial disability since it is certified that he has no other job with the same employer.

For those who are not covered by employment laws or regulations or collective agreements, the insured person should have a contribution period not less than 3 consecutive months or 6 intermittent months.

Total invalidity is any disability that totally and permanently deprives an insured person of performing a job or earning a living.

This comprises total blindness, loss of both arms, loss of both legs, loss of one arm, loss of one leg, mental diseases and chronic diseases.

3- The insured person's death or total disability during one year after the end of his service and before reaching the pensionable age and getting the lump sum compensation.

For those who are not covered by employment or collective agreements, the insured person should have an insurance contribution period not less than 3 consecutive months or 6 intermittent months.

4- Reaching pensionable age or total invalidity or death after one year of the end of service before reaching the pensionable age and getting the lump sum compensation since the insured contribution period exceeds 9 years.

5- End of insured person's service for reasons other than those cited above since his contribution to insurance exceeds 19 years.

In this case pension is reduced by certain percentages according to age at the date of entitlement to pension.

Remarks:

1- The pensioner or the one entitled to pension may ask for a lump sum compensation instead of pension in cases of migration and departure.

2- Beneficiaries of death pension are:

- The widow and the husband unable to earn a living.
- The divorcee whose marriage lasted for twenty months at least and has no income whatsoever.
- The sons up to 21 years old those unable to earn a living and students are excluded until 26.
- The unmarried daughters.
- The mother, even married to a person other than the father of the dead person.
- The father.
- The brothers and sisters qualified for pension and supported by the dead person.

B- How to calculate old age pension, minimum and maximum:

Each of the years of contribution to insurance is calculated at 1/45 of the average monthly wage during the last two years, with a relative maximum that amounts to 80% of the said average (increased to 100% if pension does not exceed L.E.30 monthly).

It is worth mentioning that if the period of contribution to insurance exceeds the required period of qualifying for the maximum pension, the insured person is entitled to a lump sum compensation that equals 15% of the average monthly wage multiplied by 12 for each of the additional years.

On the other hand, in calculating pensions, the increase in contribution periods in the remote and desert governorates (Sinai for example) is calculated at one quarter for government and public sector workers.

C- How to calculate permanent invalidity or death pensions:

The permanent invalidity or death pensions are calculated at 1/45 of the average monthly wage during the last year for each of the years of contribution to insurance to which three years are added or 50% of the said average monthly wage. To the resulting percentage half of the difference between it and percentage of the maximum old age pension equaling 80% is added.

D- Cases of entitlement to the lump sum compensation:

If the insured person's service comes to an end without being qualified for pension, he is entitled to a lump sum compensation in the following cases:

- 1- Reaching the age of sixty.**
- 2- The foreigner's final departure from the country, his having a permanent job abroad or joining the diplomatic corps in his State's embassy or Consulate in Egypt.**
- 3- The migration of the Egyptian.**
- 4- The insured person's imprisonment for ten years or more or a 1 period equivalent to that before reaching the age of sixty whichever is lesser.**
- 5- If the insured person, during the period of imprisonment, gets an incapacitating permanent partial disability.**
- 6- The insured person's dismissal by a decree of the President of the Republic.**
- 7- The insured person's entering monastic life.**

8- The insured person's work in any establishment excluded from the provisions of the law.

9- Total disability.

10- Death.

11- The insured female's marriage or divorce or widowhood or reaching the age of 51 at the date of entitlement.

E- How to calculate the Lump Sum Compensation:

The lump sum compensation is calculated at 15% of the average monthly wage during the last two years multiplied by 12 for each of the years of contribution to insurance.

It is worth mentioning that the insured person or the beneficiaries can choose either getting the compensation in cases (1, 9, 10) to which an investment return of 4.5% is added for the whole years from the date of the end of service until that of entitlement or computing a pension calculated according to a table annexed to the law with the exclusion of this pension from the provisions of the minimum pensions.

F- Additional benefits in cases of death and permanent invalidity:

1- Additional compensations: The compensation is calculated by percentages of the last annual wage in antithetical proportion with the age of the insured person from the date of the termination of service and increases to a half if death or permanent invalidity occurs as a result of labour injury.

The amount of the additional compensation is paid in the following cases:

- The termination of the insured person's service in view of total or partial invalidity since this is conducive to entitlement to pension.

- The termination of the insured person's service in view of death (here the rate of compensation is doubled in the absence of beneficiaries).

- The death of the pensioner in the absence of

beneficiaries.

- Total invalidity or death as a result of a labour injury after the end of service.

2- Death grant : On the death of the insured person or the pensioner, a grant that equals two folds of the wage or the pension of the month of death is paid.

3- Funeral grant : It equals the pension of two months with L.E.200 as a minimum.

Questions:

1- How to calculate death or total disability pensions of :

- old age, disability and death insurance.
- work injury insurance

2- Determine 3 cases of entitlement lump sum compensation of old age, disability and death insurance and explain how to calculate that lump sum compensations.

3. Determine two cases for entitlement old age, disability and death pension and explain the conditions.