Section Three

Social Insurance Systems for Other Categories

Chapter 1 : **Social Insurance System for employers and the like (**Law 108/1976**)**

Chapter 2 : **Social Insurance System for Egyptian workers working abroad (**Law 50/1978**)**

Chapter 3 : **Social Insurance System for manpower categories uncovered by the pensions and social insurance laws (**Law 112/1980**)**

Chapter 4 : **Social Insurance System for Army Forces** (Law 90/1975)

Chapter 1
SOCIAL INSURANCE SYSTEM FOR EMPLOYERS AND THE LIKE

1.1 Historical background.
1.2 Scope of application.
1.3 Financing.
1.4 Benefits of the System.
1.5 Management of the fund.
1.6 Amendments.

1.1
Historical background

Some of the provisions of the social Insurance law were applied to some employers on 1st November 1973 under law no. 61, 1973. This law was replaced by law no. 108, 1976 which added new categories of self-employers, workers for their own account and therefore it was called the Social Insurance Law for Employers and the like.

1.2
Scope of application

The law comprises the following categories whose ages range from 21 to 60 years and are not covered by pensions and social insurance laws :

1- Persons who, for their own account, practice a commercial or industrial or agricultural activity.

2- Artisans and others who render services for their own account.

3- Partners in personal companies of joint liability.

4- Workers in liberal professions.

5- Productive members in productive cooperative societies who work for their own account.

6- Owners (and the like) **of agricultural lands the area of which 1 feddan and more.**

7- Proprietors whose annual share is L.E. 250 and more of the rental value of buildings.

8- Owners of means of transport for persons or goods.

9- Officials authorized to perform civil marriages and notaries other than monks.

10- Men-of-letters and artists.

11- Mayors and chiefs of villages.

12- Guides and tourist guides.

13- Commercial agents.

1.3
Financing

- The insured person chooses the category of income on the basis of which contributions are calculated.

- There are 35 categories of income as follows:

No.	Monthly Income	Monthly amount of Contribution by 15%
	L.E.	L.E.
1	125	18.75
2	150	22.50
3	200	30.00
4	250	37.50
5	300	45.00
6	350	52.50
7	400	60.00
8	450	67.50
9	500	75.00
10	550	82.50
11	600	90.00
12	650	97.50
13	700	105.00
14	750	112.50
15	800	120.00
16	850	127.50
17	900	135.00
18	950	142.50
19	1000	150.00
21	1100	
22	1200	
23	1300	
24	1400	
25	1500	
26	1600	
27	1700	
28	1800	
29	1900	
30	2000	
31	2100	
32	2510	
33	2777	
34	3194	
35	3673	

- The rate of contribution is 15% of category of income chosen by the insured person.

- The insured person may amend the income category of his contribution to the next higher category on condition that his age does not exceed 55 years. He may also amend his contribution to lesser income if his financial condition justifies this amendment. Amendment becomes valid as from the first of January following the request of amendment.

1.4
Benefits of the System

Old age benefits:

1- Falls due at the age of 65 even if the insured person continued his activity.

2- The contribution period should not be less than 180 months.

3- Pension is calculated on the basis of 1/45 of the income category or the average income categories on the basis of which contributions were paid for each of the contribution years.

4- The maximum pension is 80% of the contribution income category or average categories (this maximum pension is increased to 100% or L.E.30 monthly whichever is lesser for those whose pensions do not exceed L.E.30 monthly**). If pension exceeds this maximum the insured persons or beneficiaries are entitled to a lump sum compensation at the rate of 108% of the contribution income on the basis of which pension was calculated for each of the additional years of contribution. The minimum pension is 50% of the contribution category or average categories if the contribution period reaches 240 months.**

5- If the insured person's contribution period is 240 months he can have a pension in case of practicing no activity before reaching the age of 65. Here pension can be reduced at rates that range from 5% to 20% according to the age at the time of requesting pension.

Permanent Total Invalidity and Death Pension:

1- For pensions to be due:

- The contribution period should not be less than 3 consecutive months or 6 intermittent months.
- Death or total invalidity should occur before the age of 65 whether during the period of continuous activity or during one year at most from the date of terminating this activity.

2- Pension is calculated at the rate of 1/45 of the contribution income or average incomes for each of the years of contribution to insurance to which 3 years or 50% of the income or the average is added... To this percentage half of the difference between it and the percentage of the maximum old age pension amounting to 80% is added.

Thus the minimum invalidity or death pension is 65% of the contribution income or the average contribution incomes.

3- If total invalidity or death result from labour injury a pension is due at the rate of 80% of the contribution income or the average contribution incomes.

Lump Sum Compensation:

a) A lump sum compensation is due in the following cases:

1- Final migration.
2- The foreigner's final departure.
3- Entering the order of monks.
4- Joining another work which does not benefit from this

system.

b) Compensation is calculated at the rate of 144% of the income category on the basis of which contributions were calculated for each of the contribution years.

Additional benefits:

1. Additional compensations: They are calculated as those provided for under Social Insurance Law no 79,1975. They are due in cases of the insured person's total invalidity or death as well as in cases of the pensioner's death and beneficiaries.

2. Death grant: It is calculated as provided for under Social Insurance Law no.79,1975.

3. Funeral grant: They equal the pension of one month with L.E.20 as a minimum.

1.5
Management of the System

This system is managed by the General Organization for Social insurance affiliated to the Ministry of Social Insurance.

Chapter 2
SOCIAL INSURANCE SYSTEM FOR EGYPTIAN WORKERS WORKING ABROAD

2.1 Historical background.
2.2 Scope of application.
2.3 Financing
2.4 Benefits
2.5 Management of the system.

2.1
Historical background

Egypt is one of the manpower exporting countries. Therefore besides the social insurance agreements it concluded with some states, the law no. 74 was issued in 1973 to the effect of extending old age invalidity and death insurance to the Egyptians working abroad under individual labour contracts as from the 1st of September 1973. This was replaced by law no. 50, 1978 which cover all the Egyptians working abroad whether as employees or working for their own account. Therefore it was called the Social Insurance Law for the Egyptian Workers Abroad.

Government : Makes up any deficit.

- Insured cannot change his wage class to the higher one, except after the passage of one year in the previous class.

- Contributions are remitted in foreign currency, or the currency of the country where the insured is employed and upon basis of the touristic purchase price.

2.2
Scope of application

This law applies to all Egyptian working abroad other than those subject to the provisions of the Social Insurance Laws nos. 79, 1975 and 108, 1976 since their ages range from 18 to 60 years.

2.3
Financing

Costs of benefits are financed by monthly contributions to be paid by the insured persons at the rate of 22.5% of the income category they choose from among the 35 categories enlisted in a table annexed to the law as the schedule of the Law 108/1976 (page 181).

The insured person may request the amendment of the category he chooses to the next higher one (on condition that his age does not exceed 55 years on the 1st of January following the amendment request**) or to a lesser category and amendment is put into force as from the 1st of January following the request.**

Contributions are paid in US dollars during the insured person's stay abroad.

2.4
Benefits

The benefits of this law include old age, invalidity and death benefits on the basis of the contribution category or the average contribution categories.

$$\frac{\text{(First period X contri-income+ insurance period Xcontri.income+..... etc.)}}{\text{Total period}}$$

The law paid great attention to full coordination between its benefits and those of law no. 79, 1975 taking into consideration:

a) Cases of entitlement to pension:

1. Reaching the age of 60 since the contribution period is 180 months even if the insured person continued to work.

2. End of work before the age of 60 since the period

of contribution to insurance is 240 months at least. In this case pension is reduced according to rates similar to those provided for by law no.79,1975.

3. The occurrence of total invalidity or death during the period of work or within one year after its termination since the insured person pays three consecutive monthly contributions.

b) How to calculate pension:

1. Old age pensions in calculated according to the same rules provided for by law no. 79, 1975. If the contribution period exceeds 36 years or the period required to receive the maximum pension whichever is bigger, the insured person or beneficiaries are entitled to a lump sum compensation of 108% of the average contribution incomes on the basis of which pension was calculated for each of the additional years of contribution.

2. Death or total invalidity pension is calculated at 65% of the average contribution income or according to what falls due of old age pension calculated on the basis of the period of contribution to insurance plus 5 years whichever is bigger.

If total invalidity or death are brought about by labour injury pension is due at 80% of the average contribution incomes. Here pension is increased by 5% every 5 years until the insured person reaches the age of 60.

Death pension is distributed to beneficiaries according to the rules into force of law no. 79, 1975.

c) Cases and calculation of the lump sum compensation:

1. The lump sum compensation falls due if the insured person's work comes to an end or if his insurance is suspended before reaching the age provided for without having the necessary conditions of entitlement to pension. Compensation is paid when the insured person reaches the age and also in cases of total invalidity or death after more than one year from the termination of his work.

2. Compensation is calculated at 144% of the contribution income or the average contribution incomes for each of the years of contribution.

2.5
Management of the system

This system is managed by the General Organization for Social Insurance affiliated to the Ministry of Social Insurance.

The system has a private independent account. Its financial position is periodically studied every five years by an actuary or more to make sure of the adequacy of reserves and allocations required for covering the existing commitments.

Adaptation of pensions and prices

To maintain the actual value of pensions article (8) of the social insurance law no. 79, 1975 and article (7) of the social insurance law for the Egyptian workers abroad no. 50, 1978 provided for increasing pensions in the light of the standard prices at a rate to be determined by a decree

of the President of the Republic on a recommendation by the Minister of Social Insurance if the actuary examination of the financial situation shows a surplus of the money of the fund.

In addition to this, the decree no. (7) 1977, provided for a 10% increase of all pension due as from January 1977. Law no. 44, 1978 provided for another 15% increase of all pensions as from July 1978, in both cases the public treasury bears the costs of increase.

Chapter 3

SOCIAL INSURANCE SYSTEM FOR MANPOWER CATEGORIES uncovered by the pensions and social insurance laws

Social Insurance System for manpower categories uncovered by the pensions and social insurance laws can be considered as a National Social Security System for all the Egyptian manpower not covered by any social insurance law.

Basic Law and Type of Program:

First Law : No. 112/1975 a non-contributory and obligatory social security system, provides for old age, survivors and disability pension only.

Current Law : Law No. 112/1980 (cancelled by law 135/2010 starting 1.1.2012**).**

Benefits:

Flat rate old-age, invalidity and death basic pensions.

Financing:

Flat rate contribution (can be deducted of the secured basic pension**).**

Chapter 4

SOCIAL INSURANCE SYSTEM FOR ARMY FORCES

The army forces manpower are covered by the army forces insurance and pensions law no. 90/1975.