

# **OUTREACH TO ALL: STRATEGY TO EXTENDING SOCIAL SECURITY COVERAGE**

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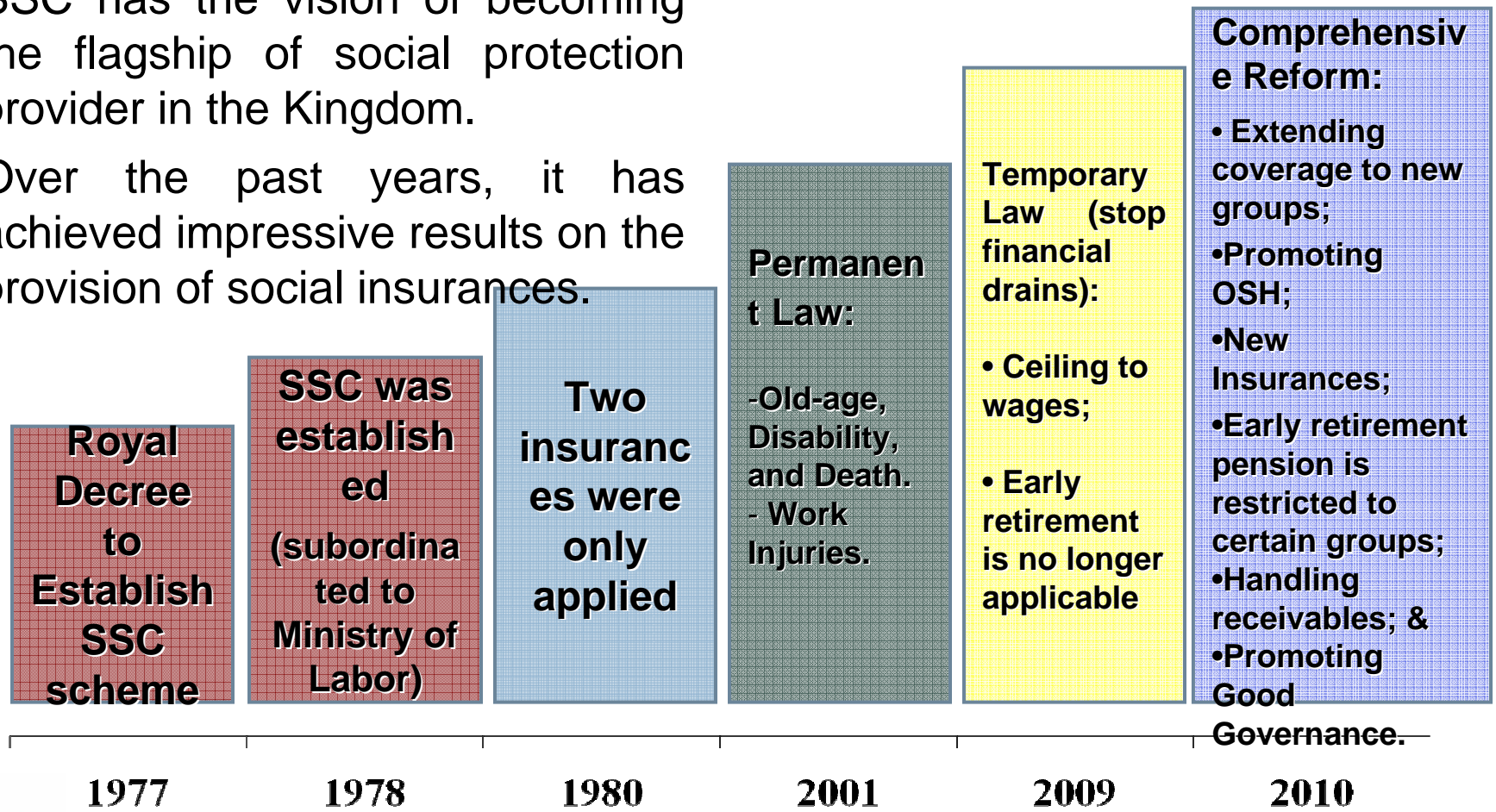
**SOCIAL SECURITY IN WESTERN ASIA: ACCESSIBILITY &  
SUSTAINABILITY.  
SEPTEMBER 8-9, 2011  
BEIRUT- LEBANON**

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# SSC's Milestones (1977 – 2010)

- ❑ SSC has the vision of becoming the flagship of social protection provider in the Kingdom.
- ❑ Over the past years, it has achieved impressive results on the provision of social insurances.



# JSSC'S Insurance Services ...

- **Already applied Insurances:**

- Old-age, disability, & death.
- Work Injuries.

- **Recently applied Insurances (as of Sept. 2011):**

- Maternity Insurance.
- Unemployment Insurance.

- **Insurances in consideration:**

- Health Insurance.



# A Pre-Reform JSSC's Context

- ❑ Coverage by social security was limited to firms employing five workers and more since 1987 to late 2008.
- ❑ Only two insurances were on the table since its inception;
  - ✓ Old-age, Disability, & Death.
  - ✓ Work Injuries.
- ❑ Jordanians working abroad were lacking access to social protection; especially in countries where foreigners have no right to social security.
- ❑ Some groups were excluded from social security, such as employers, and housewives.



# A Pre-Reform JSSC's Context (Cont.)

## ❑ Financial sustainability was a concern:

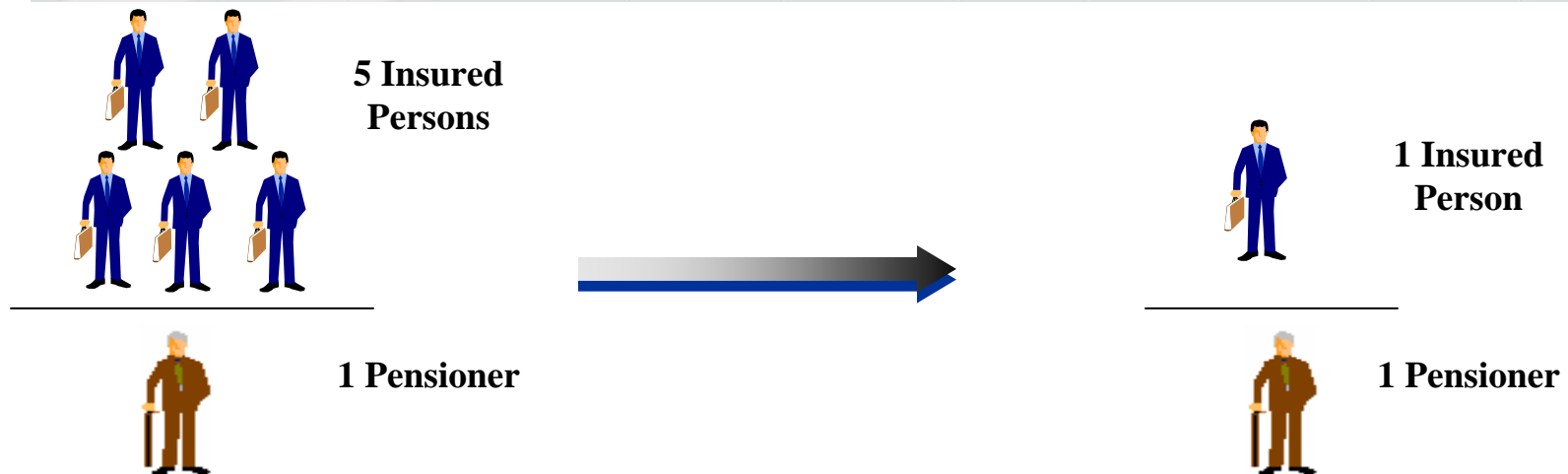
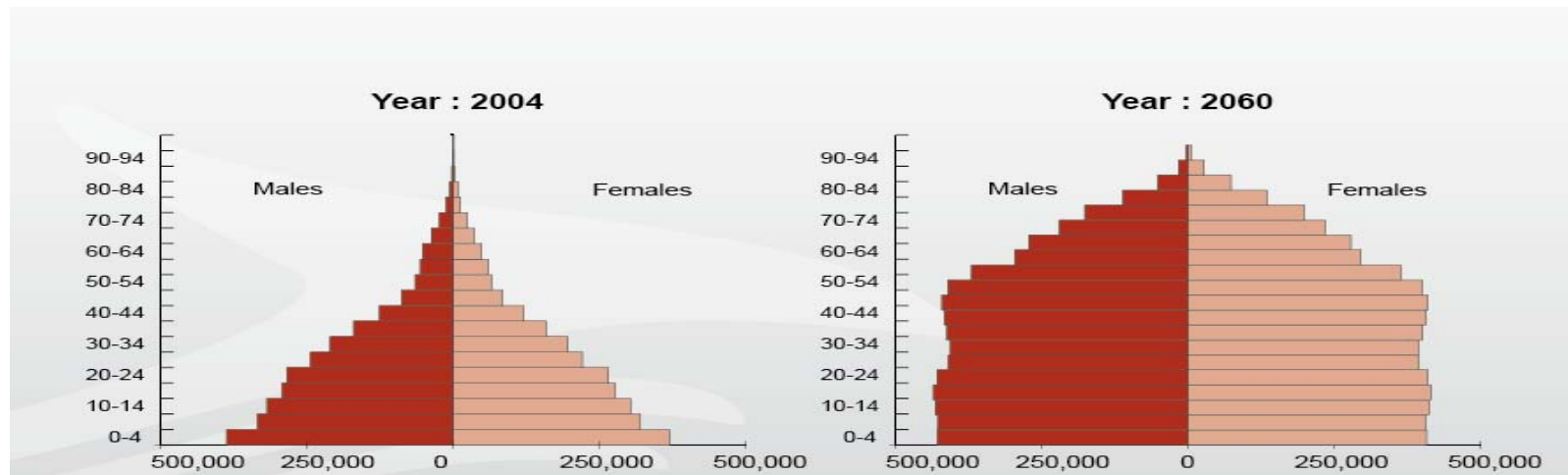
- ✓ Early retirement pension prevails over other pensions; actuarial studies indicated that this pension resulted in great financial burden on the JSSC affecting the financial sustainability.
- ✓ Poor handling for arrears.
- ✓ Depletion is expected in 2036.

3<sup>rd</sup> Actuarial Valuation  
was the whistle blower  
on  
the future of social  
security



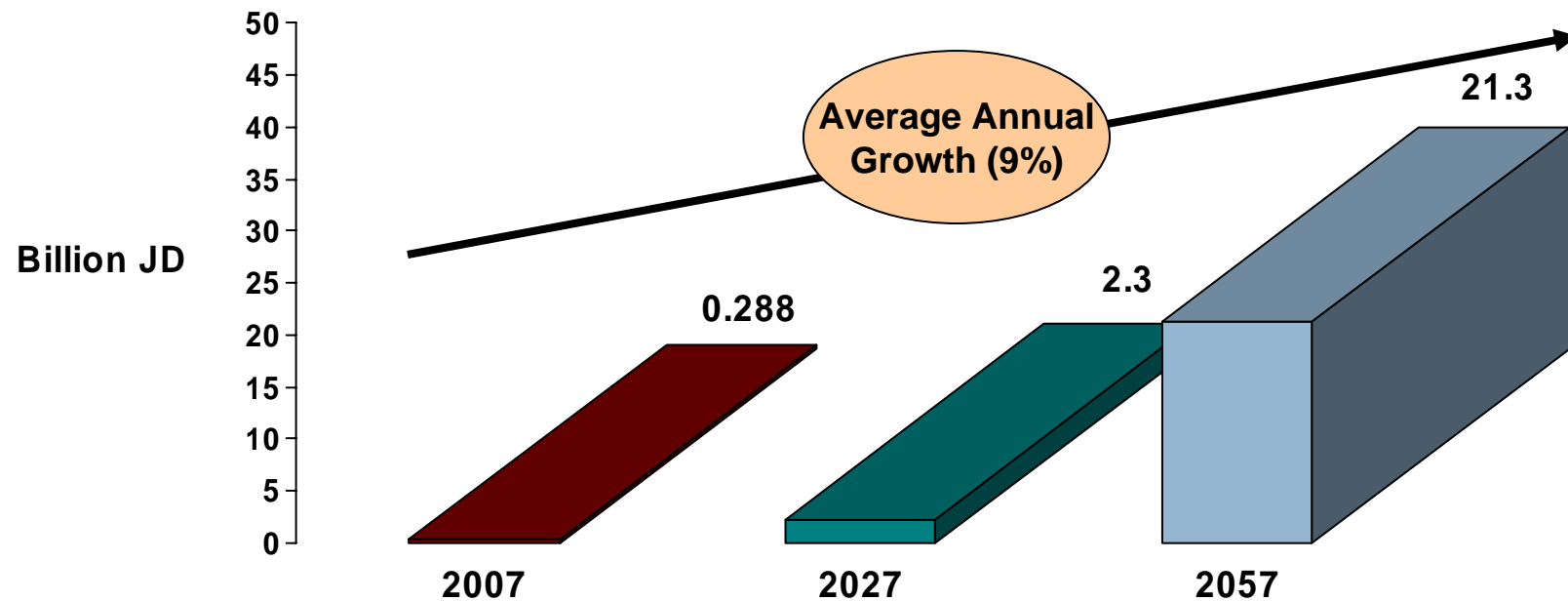
# 6<sup>th</sup> Actuarial Valuation: key results

## 1) Changes in Demographic & Labor Market Structure.



# 6<sup>th</sup> Actuarial Valuation: key results (cont.)

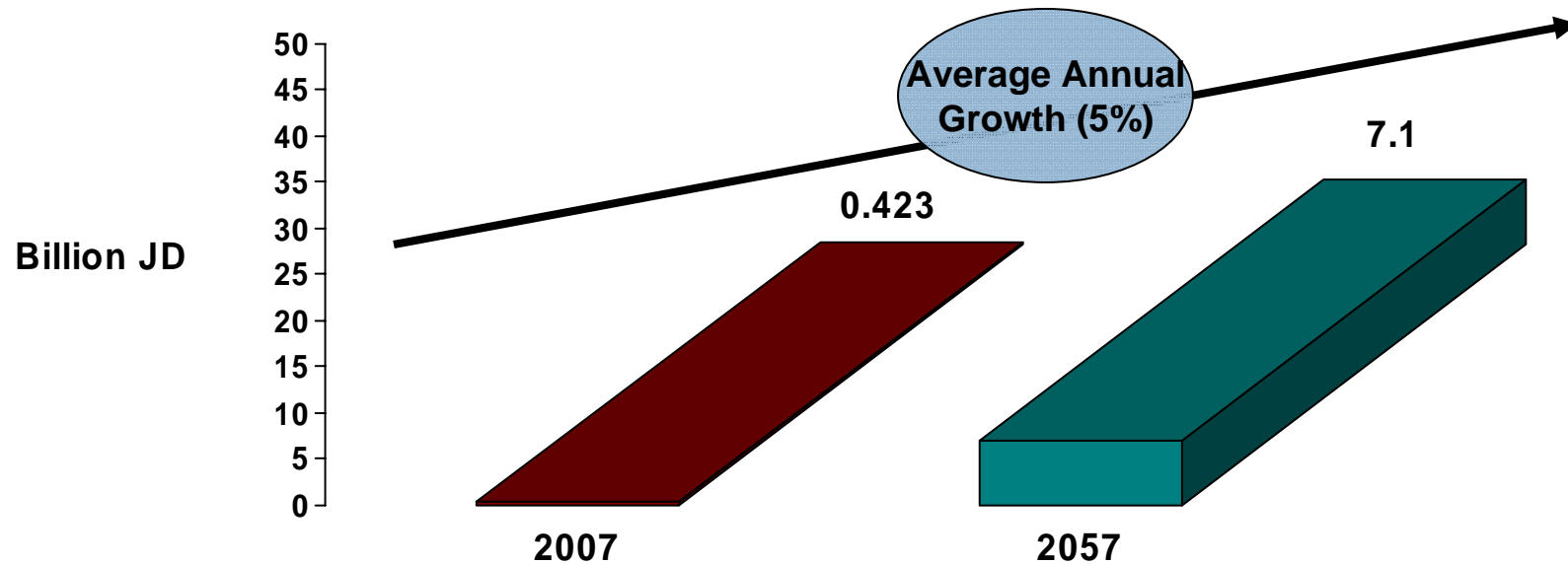
## 2) JSSC's Expenditures



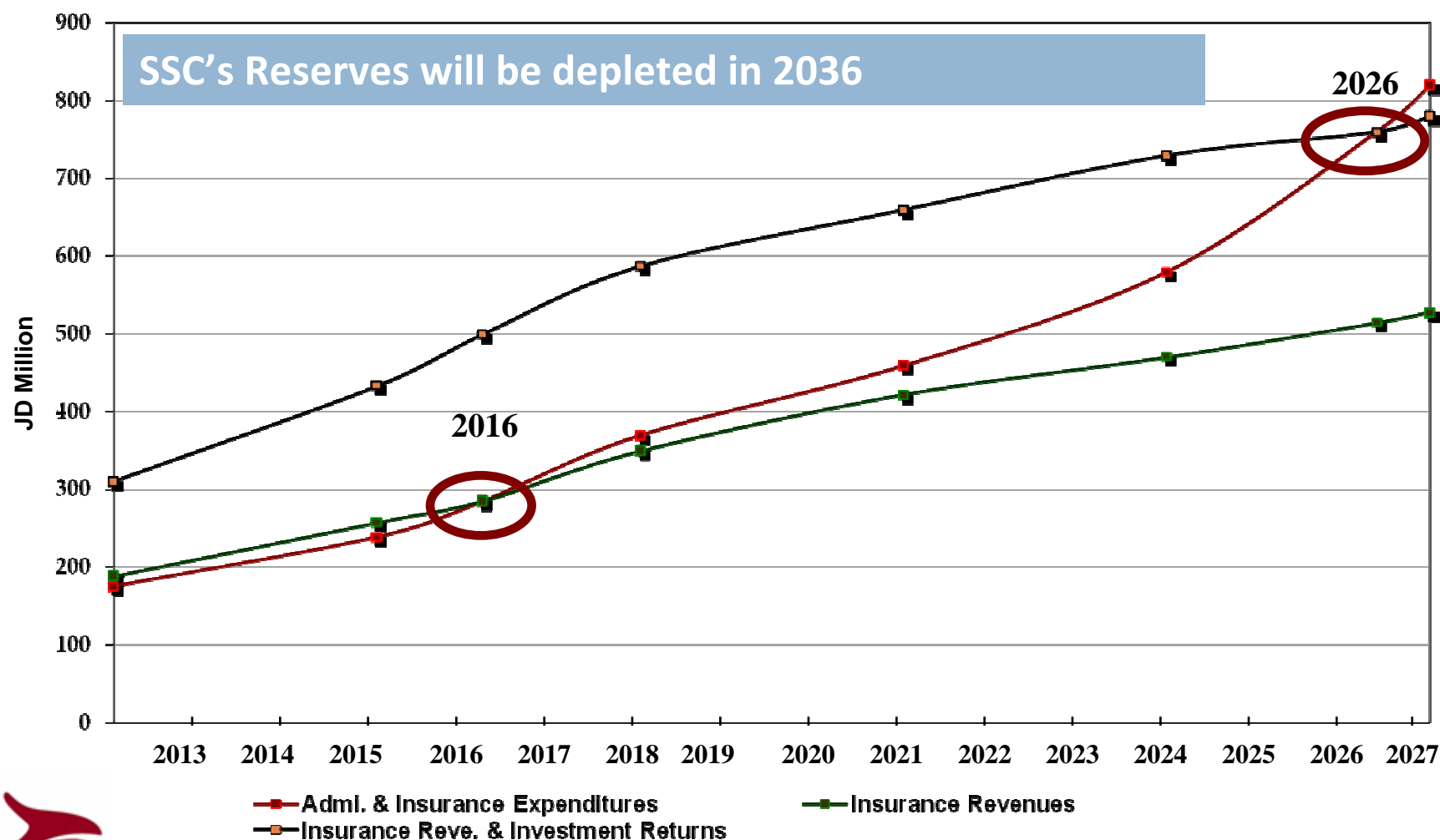


# 6<sup>th</sup> Actuarial Valuation: key results (cont.)

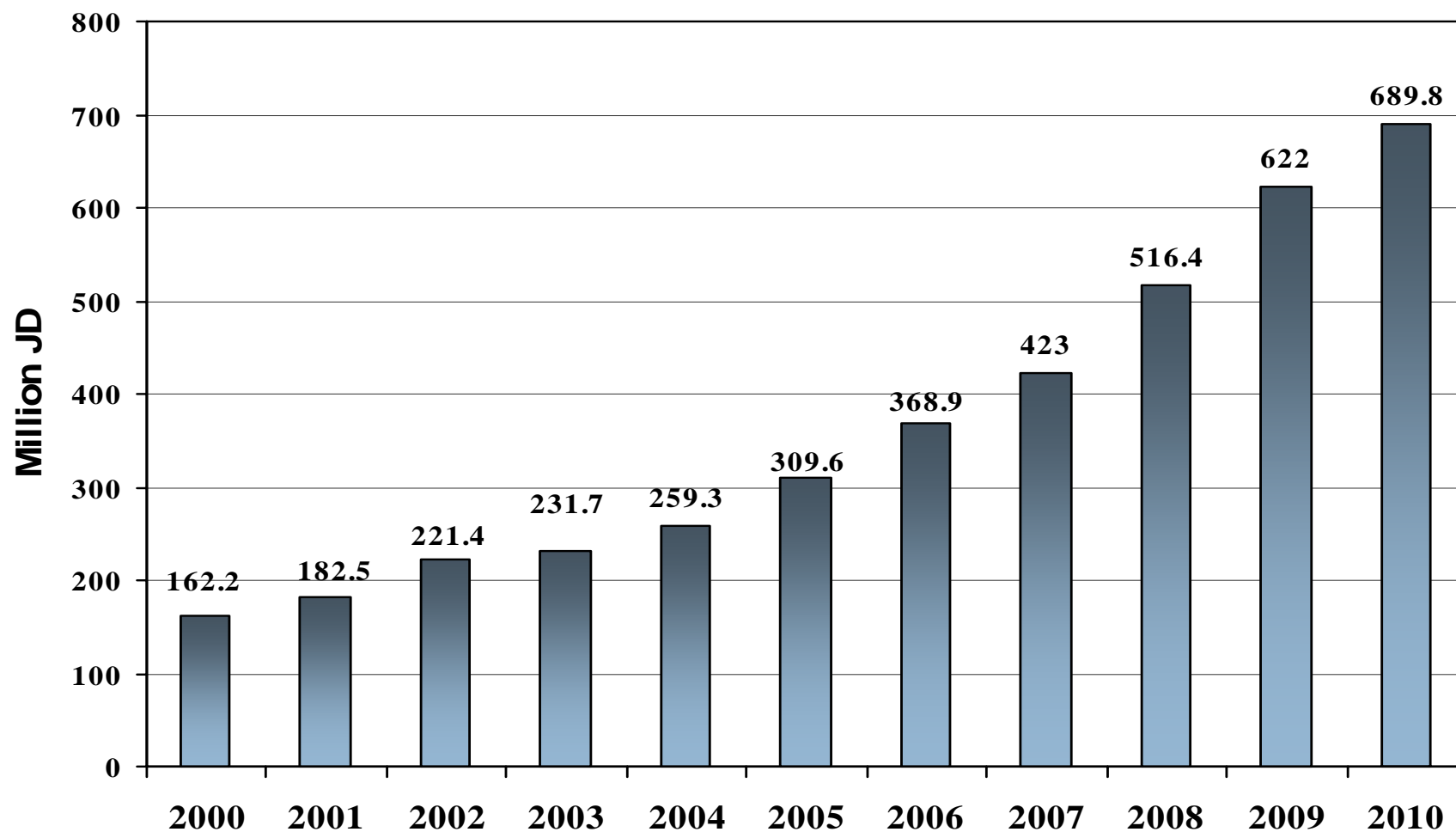
## 3) JSSC's Insurance Revenues



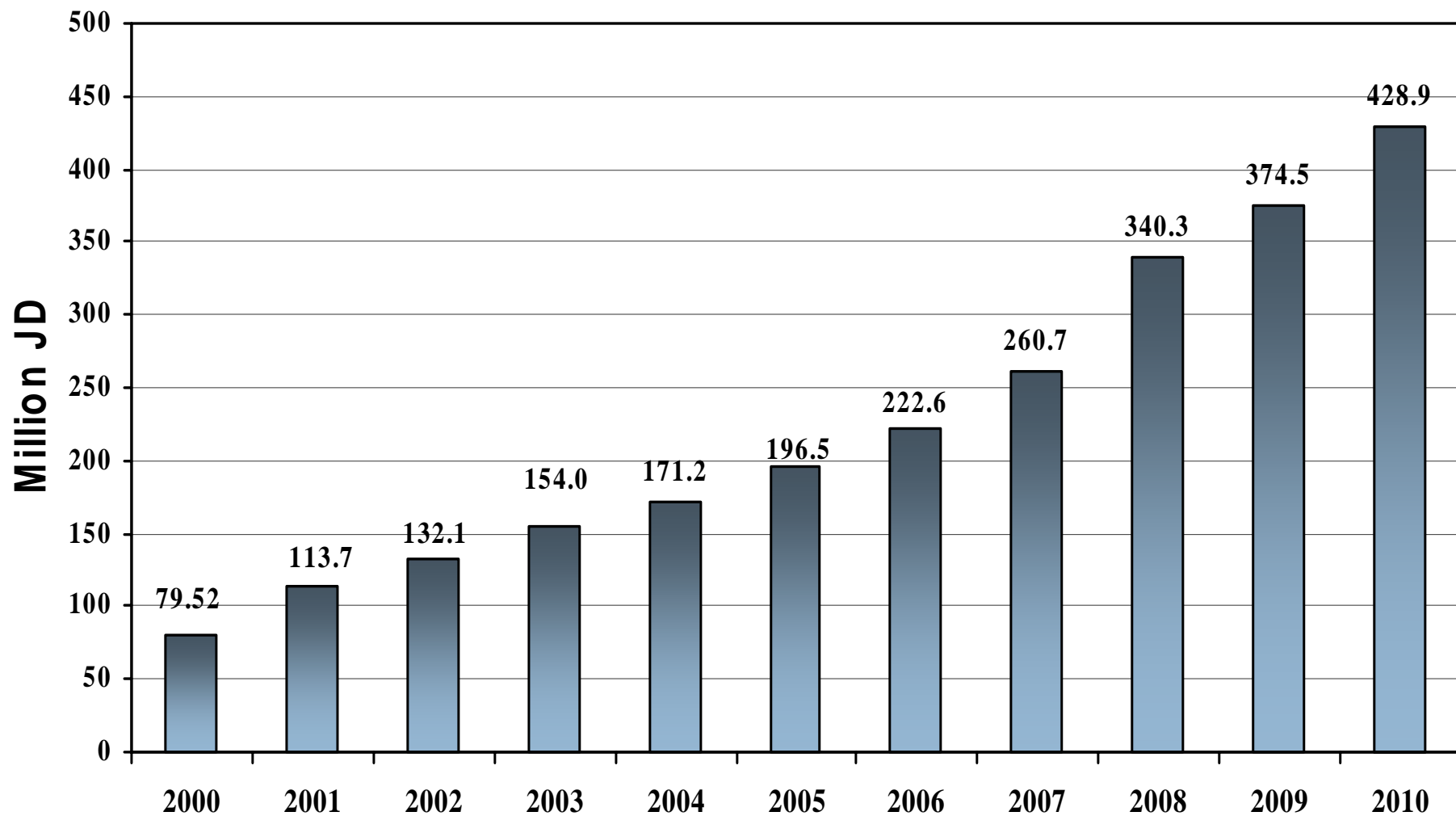
# 6<sup>th</sup> Actuarial Valuation: key results (cont.)



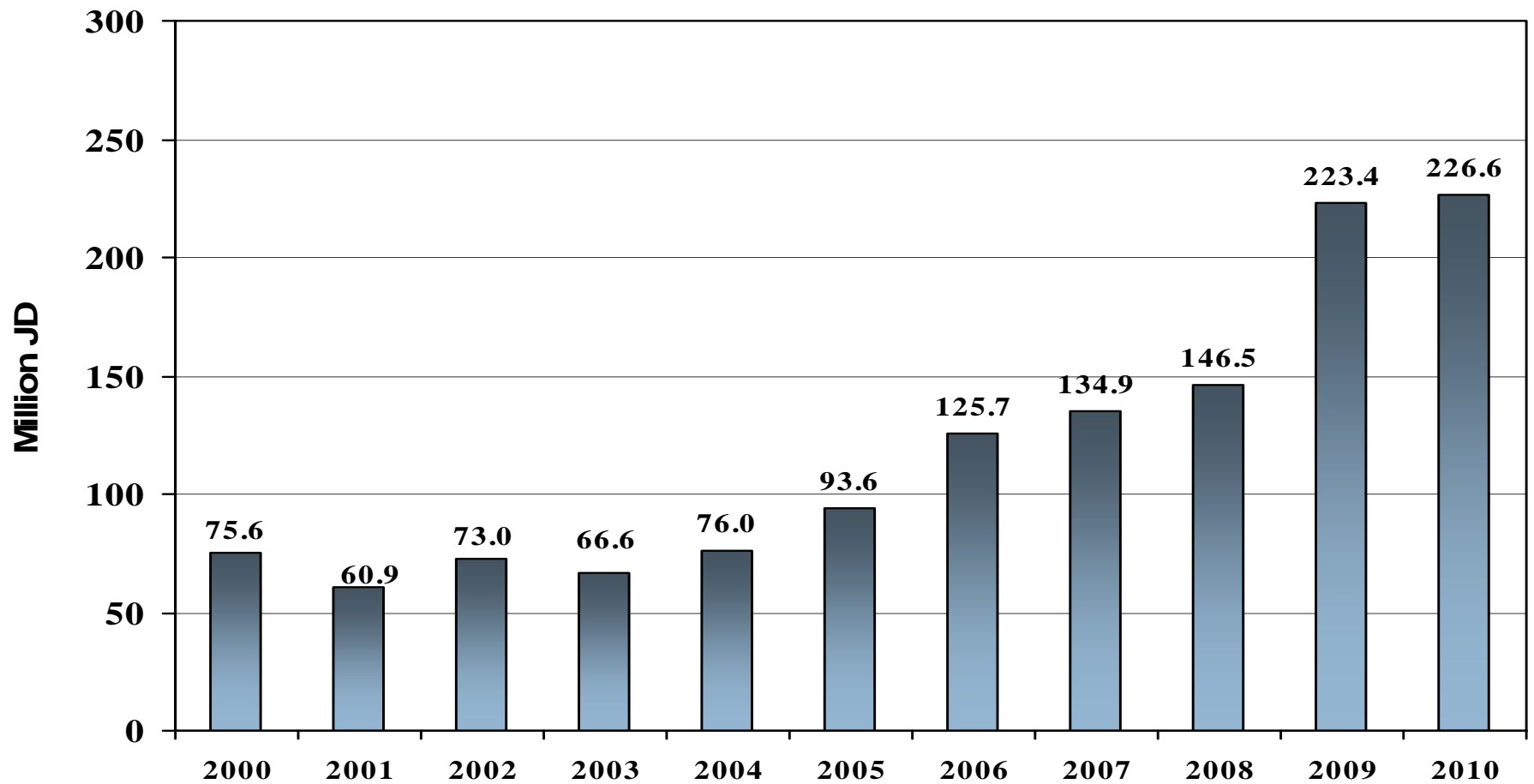
# Insurance Revenues (2000 – 2010)



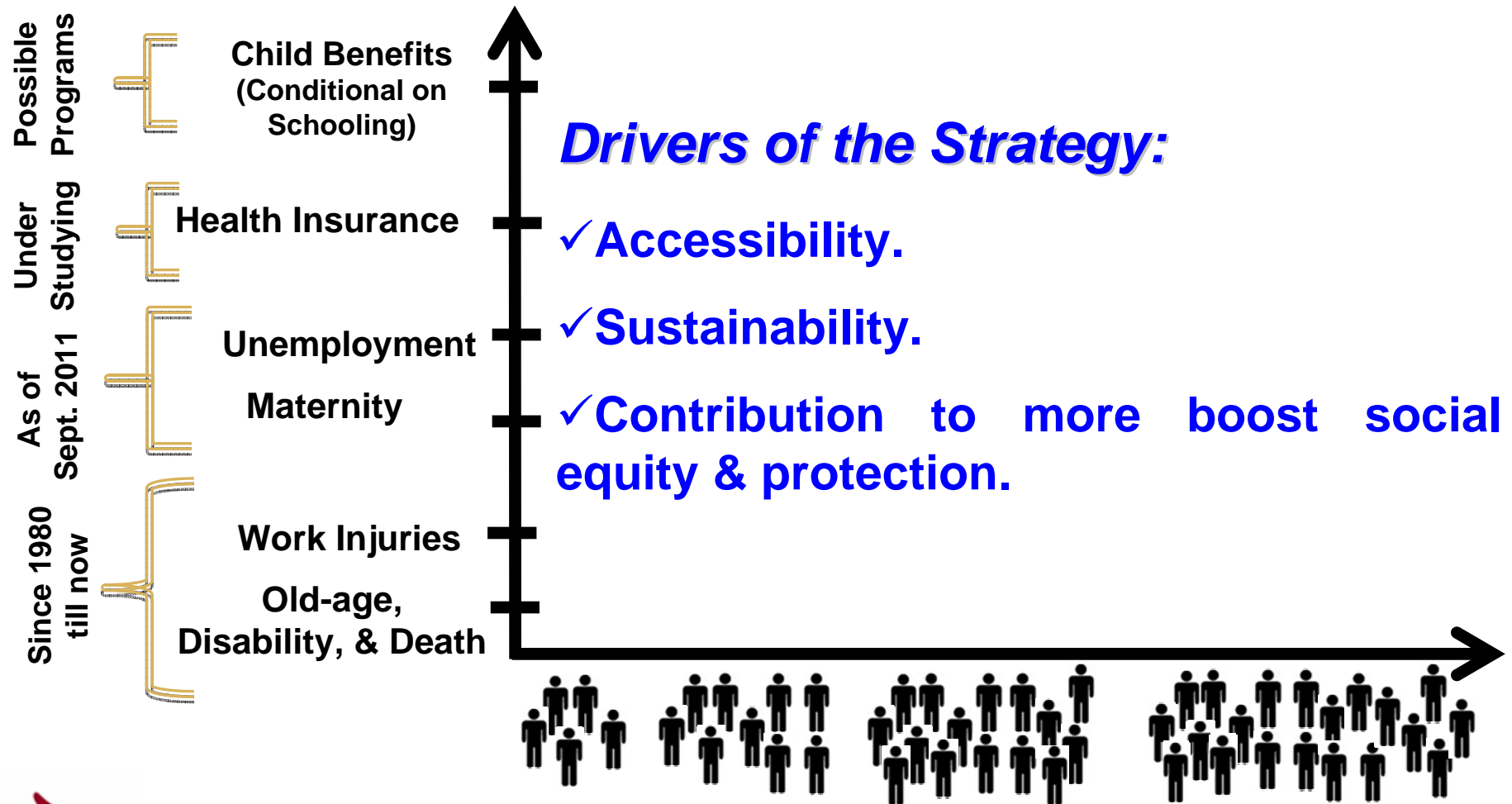
# Insurance Expenditures (2000 – 2010)



# Insurance Surplus (2000 – 2010)



# Thus, Drivers of JSSC's Strategy to Extending Coverage



## a) Themes of Accessibility.

### ☐ **Extension of Coverage on Geographical Basis:**

- ✓ Targets to cover all micro-enterprises with less than (5) workers on **GEOGRAPHICAL** basis by the end of 2011.
- ✓ Launched in all governorates; entered last stage in Amman & Zarqa on May 1<sup>st</sup> 2011.

### ☐ **JSSC Ambassador (Social Security Mobile Office):**

- ✓ Aims at reaching all Jordanians working abroad, especially in countries where foreign workers are being excluded from social security and protection system.
- ✓ launched so far in some countries, like KSA, Kuwait, UAE, & Oman.



# Themes of Enhancing Accessibility (Cont.)

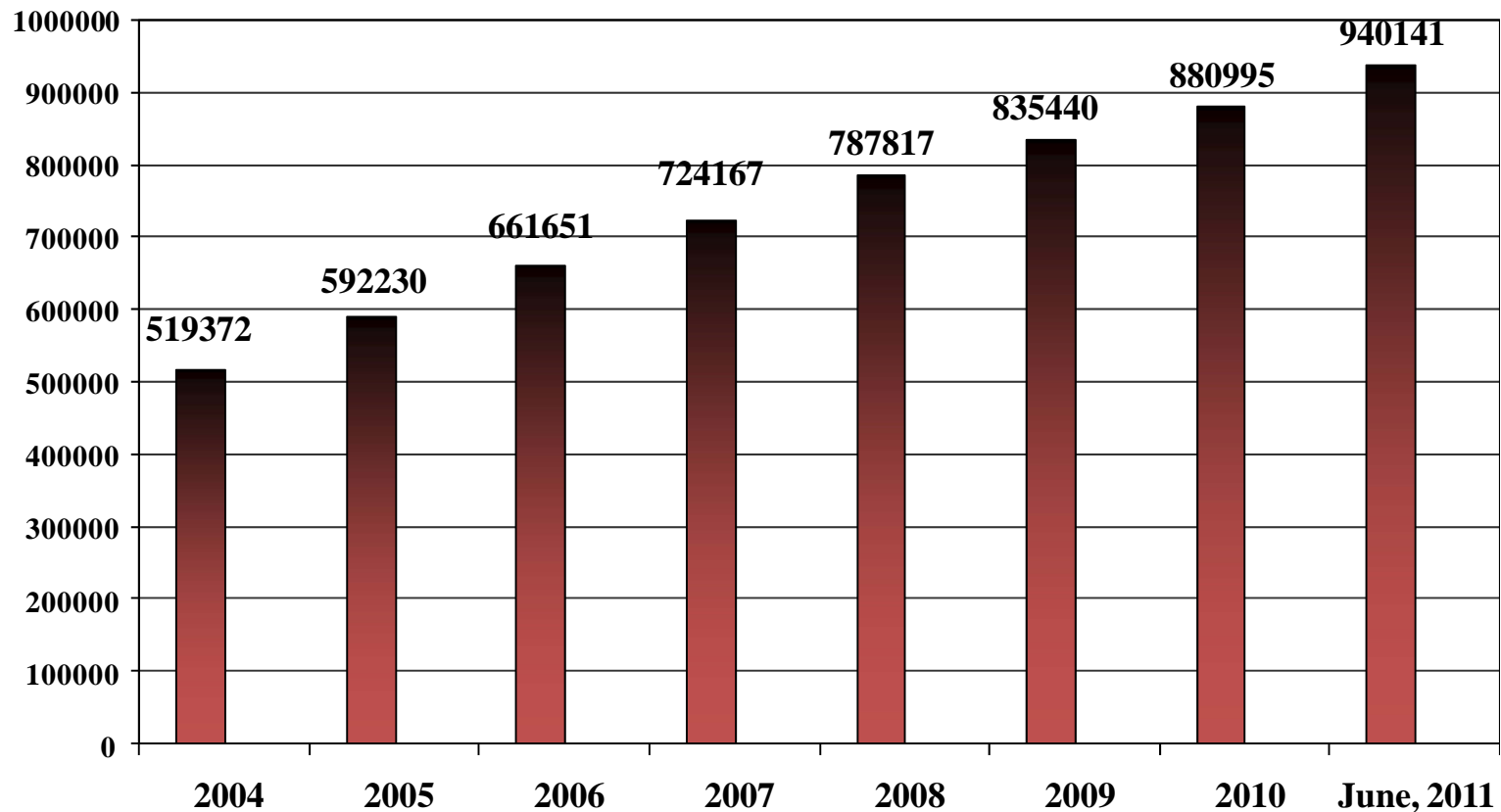
## **□ Recent Reforms to Social Security Scheme:**

- ✓ Redefines “Insured Person”; it becomes no longer related to employment relations (i.e. covers non-wage earners).
- ✓ This paves the way for covering new segments, and previously excluded ones, like employers, housewives, & students.





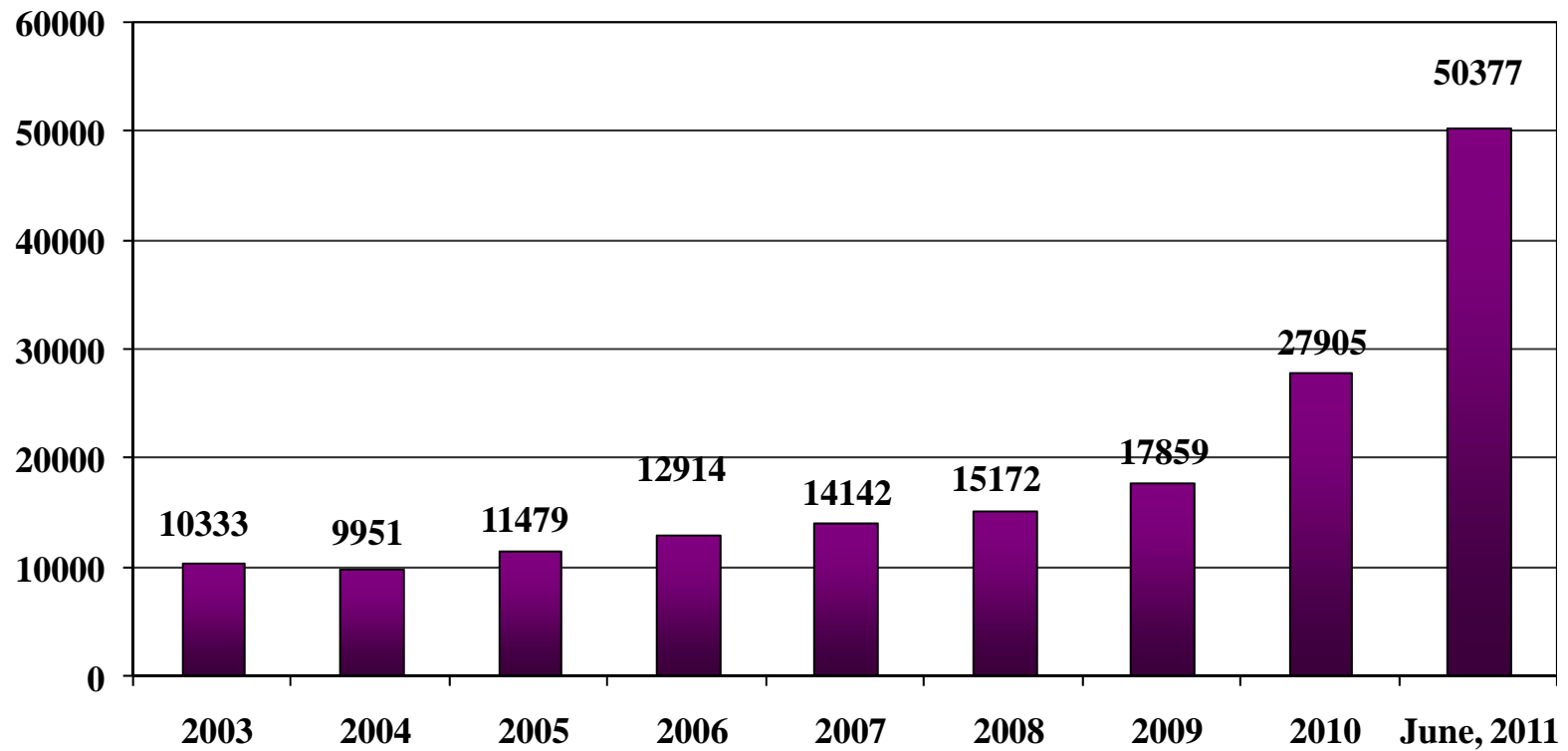
# Evolution of Insured Persons (2003 – June, 2011)



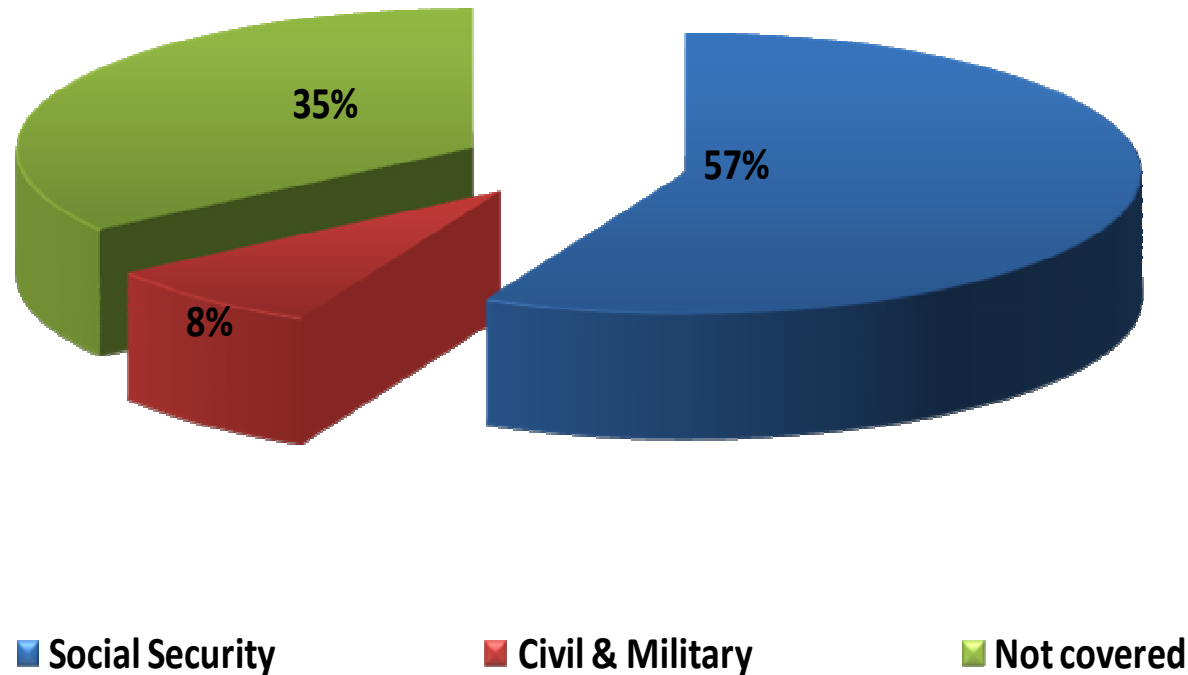
**JSSC covers around (51.5%) of labor force  
& (57.4%) of employed persons, 2010.**




# Evolution of Firms (2003 – June, 2011).



# Distribution of Employed Persons by Pension Scheme



## b) Themes of Sustainability ... Stop Financial Drains

- ❑ Early retirement pension **is now limited** to certain groups of insured.
- ❑ Insurable wage is **ceiled** by five time average wages in the Kingdom, and should not exceed (JD5) thousand.
- ❑ Pensions calculation, insurable wage should not increase by more than **(60%)** of the last five years.
- ❑ Empowering JSSC to take the necessary measures to  **collect arrears**(Clearance Certificate from JSSC).

# Drivers of the Strategy: the way it was implemented

## **❑ Extension of Coverage on Geographical Basis:**

- ✓ Conduct a survey study to identify opinions and points of views of employers and workers.
- ✓ Cross-functional task forces were established.
- ✓ Simplify processes for covering enterprises.
- ✓ Utilizing mobile technology (PDAs: Personal Digital Assistants).
- ✓ Cooperate with public and official bodies in the targeted area.
- ✓ Divide the targeted geographic area into sub-areas.
- ✓ Launch a media campaign in the targeted geographic area.

# Drivers of the Strategy: the way it was implemented



## ❑ JSSC Ambassador (Social Security Mobile Office):

- ✓ Opening offices in Jordanian embassies/consulates.
- ✓ Cross-functional task forces were established.
- ✓ Partnership and cooperation with the private sector by having a sponsor of JSSC Ambassador.
- ✓ Train employees of the sponsoring agency on mechanisms and procedures of voluntary coverage.
- ✓ Launch media campaigns in the targeted country to introduce and raise awareness of the role of JSSC Ambassador.
- ✓ Installing the technological infrastructure required to implement this initiative; web applications were utilized.

# Drivers of the Strategy: the way it was implemented



## ☐ Reforms to Social Security Scheme.

- ✓ A three-year national dialogue was the flagship of this initiative.
- ✓ Cross-functional task forces were established to reflect people's ideas in the draft of reforms document.
- ✓ Media tools were utilized to raise awareness about the proposed reforms at that time.

# Contribution to boost social equity & protection

## Redefining Insured Person; it becomes “Natural Person” instead of “Worker”

Coverage was limited to certain groups

Coverage for previously excluded groups, like housewives, & employers

## Good Governance & Management

Some councils & committees were not there to ensure good governance & prudent decisions

- Insurance & Investment Councils were set up;
- Good Governance Committee was set up.

## Towards More Social Equity

Implicit subsidy to high-paid pensioners

Narrowing the gap between pensioners in favor poor





# Contribution to boost social equity & protection (Cont.)

## Towards more Social Equity

Implicit subsidy for early retirement pensioners comparing to old-age pensioners

Early retirement pension is limited to certain groups.



## Reducing Frauds

Remarkable increase in wage before retirement was availed for workers in public institutions & public shareholding companies

This exception was canceled.



## Extending Social Security Coverage (geographic basis)

Social security was applicable to all firms hiring five workers and more

Social security is now applicable to all firms hiring one worker and more

# Contribution to boost social equity & protection (Cont.)

## Maintain the purchasing power of pensions

Ad hoc increases in pensions

Linking pensions to inflation



## Ceiling deductible wages

Absence of ceiling to deductible wages

Setting a ceiling



## New Social Insurances

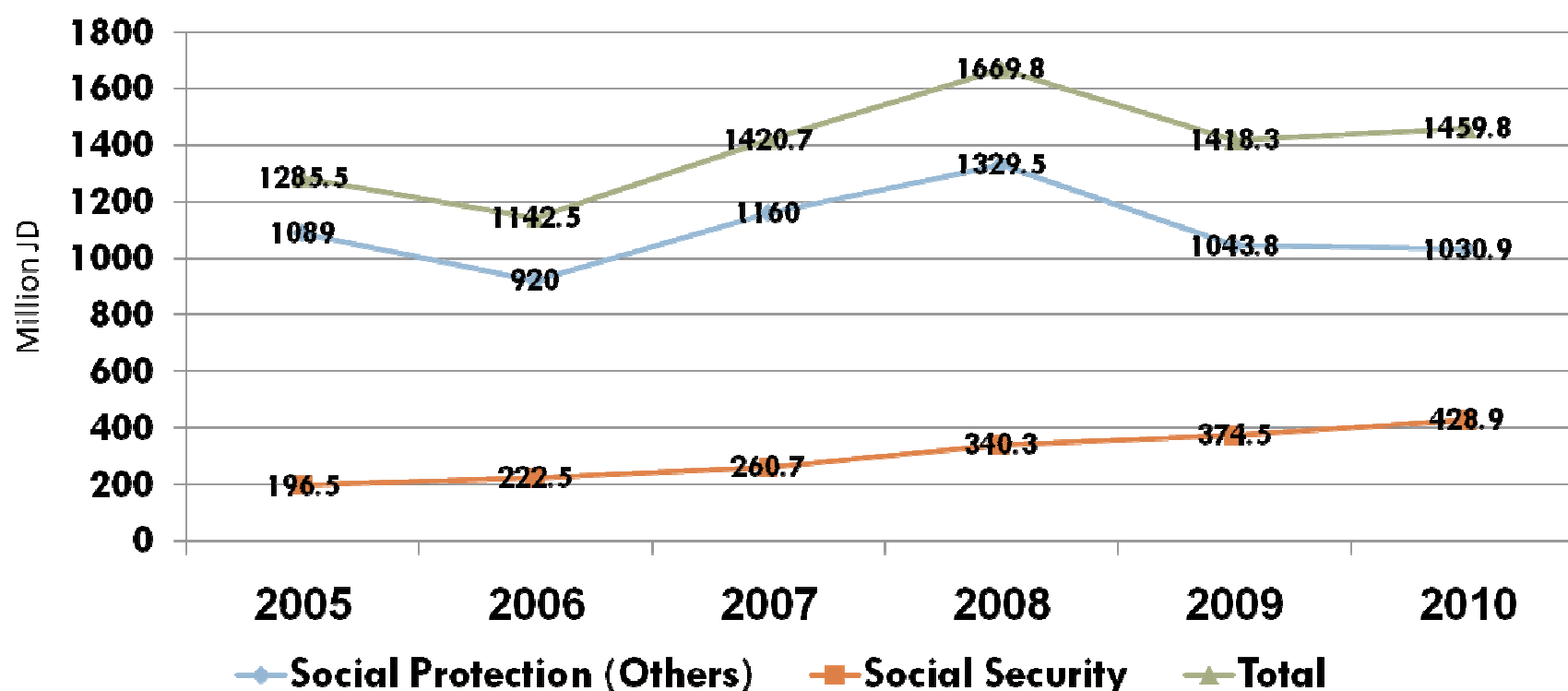
Implementation of only old-age, disability, and death insurance & work injuries insurance

Introducing new insurances; maternity & unemployment



# Contribution to Economic Development & Social Protection.

## Current Expenditure for Social Protection in Jordan (2005 – 2010\*)

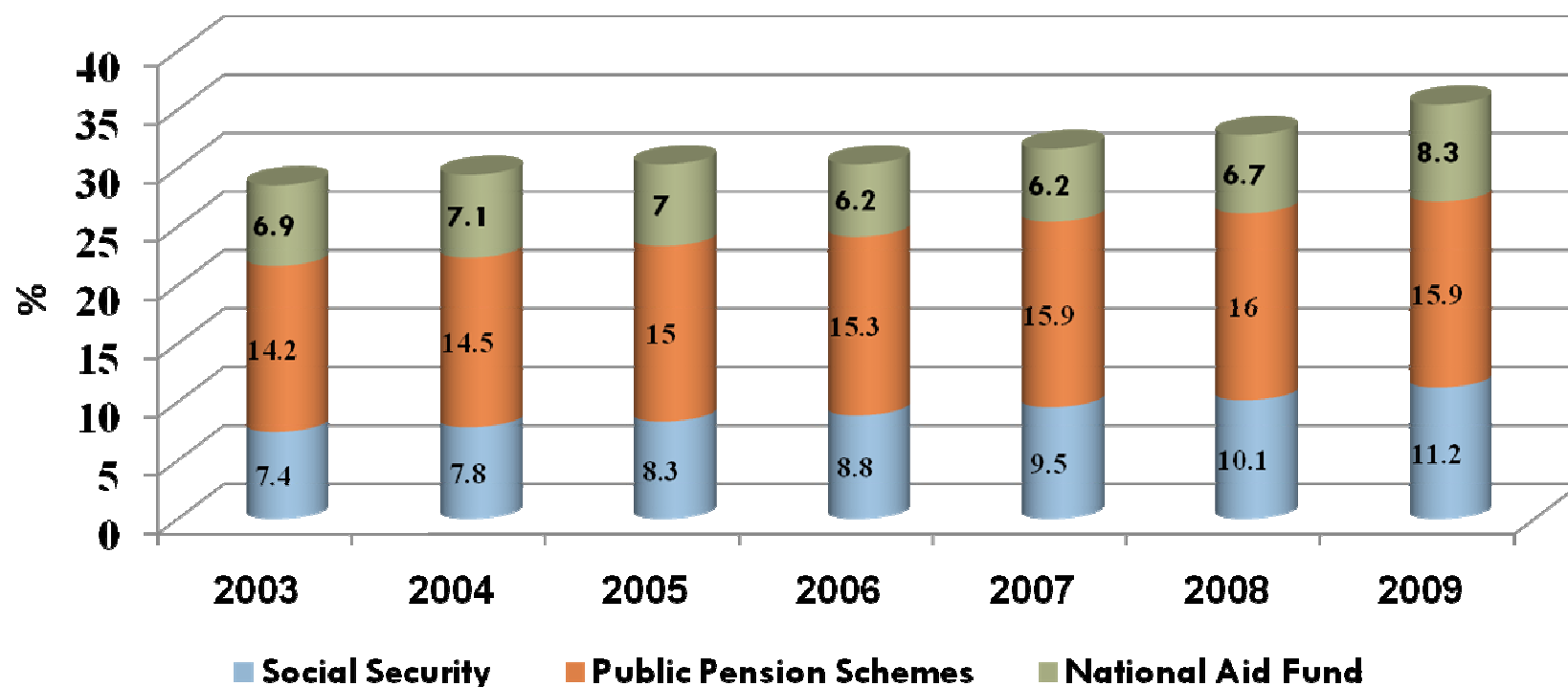


It shows an increase in expenses on social protection sector (excluding health & education). This was due to increase in oil prices.



# Contribution to Economic Development & Social Protection (Cont.)

Percentage of Households benefited from basic SP instruments in Jordan ...

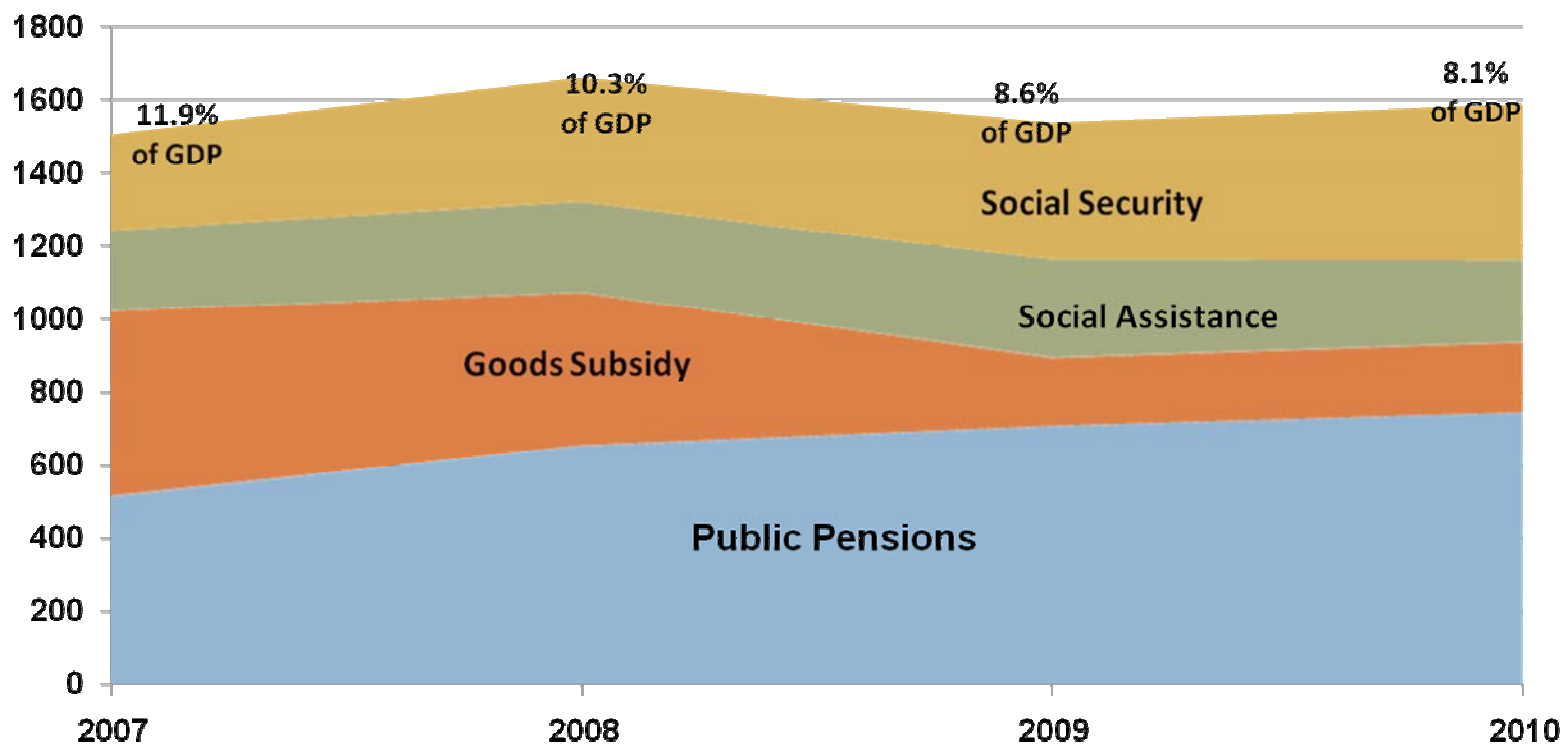


Pensions contributed to reduce poverty rate of elderly persons by 6.2 per cent point.



# A Window of Opportunity ...

## Expenditures on basic social protection instruments (2007 – 2010\*) ...





***Thanks for your attention,,,***

