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This Guide is published by the Social Insurance Services in cooperation with the Social Insurance Board.

The Guide provides general information and should not be considered, in any case, as a complete and authentic interpretation of the legislation.

More information can be obtained from the District Social Insurance Offices.

## 1. INTRODUCTION

The first Social Insurance Scheme in Cyprus was introduced in January 1957. It covered all employed persons on a compulsory basis, with the exception of certain categories of agricultural workers. Self-employed persons and those workers exempted from compulsory insurance were given the right to be insured voluntarily. The Scheme of 1957 provided for: marriage, maternity and funeral grants, sickness and unemployment benefits, old age and widow's pensions and orphan's benefit. All, contributions and benefits were flat-rate, irrespective of the insured earnings. The Scheme was financed through three equal contributions, i.e. from the employed persons, the employers and the State.

In October 1964, substantial changes were effected to the 1957 Scheme, as regards both its personal and material scope. Thus, compulsory insurance was extended to every person gainfully occupied in Cyprus, including the self-employed, while the material scope expanded to include maternity allowance and benefits for industrial accidents and occupational diseases.

In January 1973, invalidity pension was introduced for persons permanently incapable of work, irrespective of cause; sickness benefit was extended to self-employed and unemployment and sickness benefits were granted to married women.

Along with the above improvements, benefit rates were increased and by July 1974, their level was by 292% higher than in 1957.

The invasion of Cyprus by Turkey in July 1974 and the occupation of 40% of the island's territory by the Turkish army, not only inhibited any further improvements to the Scheme, but made necessary the taking of certain restrictive measures to safeguard the Scheme against the risk of bankruptcy. Such measures included the reduction of pension rates and the suspension of the rights to unemployment and certain other benefits. The July 1974 levels were restored in 1977. Thereafter, the benefit rates were increased in 1978, 1979 and 1980 and a new benefit was introduced, the missing persons' allowance, for the families of persons missing as a result of the Turkish invasion.

## 2. THE CURRENT SOCIAL INSURANCE SCHEME

The current Social Insurance Scheme, which was put into operation on 6.10.1980, has incorporated the previous flat-rate scheme in a modified structure providing in addition supplementary earnings-related benefits. Therefore, the Scheme is divided into two parts: the basic part, corresponding to the repealed flat-rate scheme, and the earnings-related part.

A brief description of the Scheme as it stands now with the improvements effected to it since its introduction is given below.

## 3. PERSONS COVERED

The Social Insurance Scheme applies to all workers (employed and self-employed). Voluntary insurance is allowed to persons who wish to continue insurance after a prescribed period of compulsory insurance or to persons who work abroad in the service of Cypriot employers.

## 4. CONTRIBUTIONS

The Social Insurance Scheme is financed by contributions paid by the employers, by the insured persons and by the State.

## Contribution Rate

In the case of **employed persons**, the contribution is 17,9% on their *insurable earnings* and it is divided to contributions paid by the employer, the employee and the State in the proportion of 6,8%, 6,8% and 4,3%, respectively.

**Insurable earnings** are earnings on which contributions and benefits are calculated and they include any remuneration derived from employment, excluding ex-gratia payments and occasional bonus, but including the contributions payable in respect of that person to the Central Holiday Fund.

The legislation defines a maximum amount of insurable earnings for the purpose of contributions, which is revised every year. For 2009 the maximum amount of insurable earnings is €924 per week or €4.004 per month. In the case where earnings are higher than the maximum amount of insurable earnings, no contribution is paid on that higher amount.

In the case of **self-employed persons**, the contribution is 16,9% on the insurable income of the person concerned. Out of 16,9%, 12,6% is paid by the self-employed himself and 4,3% by the State. The insurable earnings of self-employed persons are fixed by regulations according to the specific occupational category. For each category of self-employed persons a compulsory minimum insurable income is prescribed, but the individual self-employed person has the right to opt for a higher income up to the maximum insurable earnings. If a self-employed person proves that his actual income is lower than the minimum insurable income of his occupational category, he is allowed to pay contributions on his actual income.

In the case of **voluntary contributors**, the contribution is 14,8% on the earnings amount declared, which they fix. Out of the 14,8%, 11% is paid by the voluntary contributor himself and 3,8% by the State.

Voluntary contributors working abroad in the service of Cypriot employers pay contributions of 13,6% on either the basic insurable earnings or on their normal earnings, as agreed in the respective contract of employment, up to the maximum insurable earnings. An additional contribution of 4,3% is paid by the State.

**Persons serving in the National Guard** form a special category of insured persons and the special contribution payable by the Government for these persons is fixed at a flat rate per week.

## Liability for the payment of contributions

### a. Employed persons

Liability for the payment of contributions in respect of any employed person arises when he receives remuneration from his employer of not less than €1,71 in the **contribution week**, or not less than €6,83 in the calendar month if he is a salaried employee.

For unpaid apprentices and working prisoners there is liability for the payment of contributions irrespective of the above rule.

### b. Self-employed persons

A self-employed person is liable to pay contributions for each contribution week in which he has worked as a self-employed person.

### c. Persons with mixed employment

A person who works concurrently or successively as an employed person and as a self-employed person in the same contribution week is liable to pay contributions for both employments. At the end of each contribution year any contributions paid by the insured person for his self-employment in excess of the ceiling of insurable earnings is refunded to him.

### d. Employed persons who work for more than one employer

If an employed person works for more than one employer in the same **contribution period**<sup>1</sup> (week or month), every such employer is liable to pay contributions on the employed person's wages/salary up to the ceiling of insurable earnings. At the end of each contribution

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<sup>1</sup> **Contribution period:** In relation to a monthly paid employed person, it refers to the calendar month, and in relation to any other insured person, to the calendar week.

year the employee's personal contribution on wages/salary above the ceiling is refunded to him. No refund of employer's contribution is allowed.

### Overlapping of compulsory insurance with voluntary insurance

If a person is entitled to pay contributions on a voluntary basis and at the same time on a compulsory basis (employed person and self-employed person), he has the right to pay contributions voluntarily, if his **insurable earnings**<sup>2</sup> are below the level of earnings on which he has opted to pay contributions on voluntary insurance.

### Time frame of payment of contributions

**Employers** pay their contributions (including the employee's share) monthly in arrear, within one month from the end of each contribution month.

**Self-employed persons** pay their contributions quarterly in arrear within one month and ten days from the end of each quarter. Persons wishing to pay monthly are allowed to do so.

**Voluntary contributors** pay their contributions quarterly or monthly in arrear. If a voluntary contributor does not pay his contributions within 12 months from the end of the contribution year to which the contribution refers, he loses his right to voluntary insurance for that year.

### Payment of Contributions

Contributions are paid directly to the District Offices of the Department of Social Insurance.

### Additional charge for late payment

In case of delay in the payment of contributions by an employer or a self-employed person, there is an automatic payment of a charge, fixed as a percentage on the contributions due and rising

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<sup>2</sup> **Paid insurable earnings:** Insurable earnings on which contributions have been paid.

progressively according to the time of delay. For the first month of delay the charge is 3% and increases by 3 points for each month of delay after the first month up to a maximum of 27%.

## Termination of liability to pay contributions

Liability for the payment of contributions ceases on the day the insured person reaches the pensionable age (65 years).

An insured person, however, who reaches the pensionable age and does not satisfy the contribution conditions for old age pension, may continue to pay contributions until satisfaction of these conditions. Under no circumstances contributions are payable after the age of 68.

## Credited insurable earnings

### a. General credits

Contributions are credited to an insured person for:

- any period of full time education or approved training after the age of 16;
- any period of service in the National Guard;
- the period preceding the day he first becomes insured up to the first day of the preceding contribution year;
- any period of unemployment for which unemployment benefit is paid and in addition any period of unemployment up to 26 weeks for which no entitlement to benefit exists (employed persons only);
- any period of incapacity for work due to sickness, injury, maternity or invalidity for which benefit is payable. For employed persons a period of incapacity without benefit entitlement gives right to credits up to 26 weeks. For self-employed persons such period also gives entitlement to credits, if it is preceded by a period for which benefit was payable;
- any period of parental leave.



### **b. Credits to insured women for each child**

Credits up to 156 weeks are granted, for the purposes of payment of pensions, to women entitled to pension after 31.12.1992, in respect of each child within the period of the first 12 years since the birth of each child.

### **c. Special credits**

Every insured person who was over the age of 50 and under the age of 63 on 6.10.1980 is credited with insurable earnings, in the earnings-related part of the Scheme, for every weekly contribution paid by or credited to him under the repealed flat-rate Scheme between his 50th birthday and 6.10.80. The amount credited for each week is the weekly average of insurable earnings of the person concerned in the *upper band*, in the period from 6.10.80 to his 65th birthday, but in no case the amount credited can exceed two times the weekly amount of the basic insurable earnings.

In case of invalidity or death of an insured person under the age of 63 the period between the date of invalidation, or death and the age of 63 of the insured person, is deemed to be a period of insurance. The earnings to be credited for such a period are normally based on the average insurable earnings of the person concerned in the upper band for the last five years preceding the date of death or invalidation. If a person has not completed five years of insurance, the average is calculated on the actual number of years.

The condition for the award for special credits is that the person concerned qualifies for *basic pension*.

### **d. Value of general credits**

Credits awarded for period of unemployment, incapacity for work due to maternity, sickness, injury or invalidity and period of parental leave, have the value of the earnings on which the benefit payable has been assessed.

Other credits have the value of the basic insurable earnings.

## Contributions under the repealed Scheme

Contributions paid or credited before 6.10.1980 are converted into insurance points as explained below. Each weekly contribution paid or credited has value of 1,0 times the basic insurable earnings, provided that in no case the total value of such contributions in a given year can exceed the equivalent of one insurance point.

## Upper and lower bands of insurable earnings

The insurable earnings include a lower limit known as the *basic earnings*, which in 2009 was fixed at €154,07 a week or €8.012 a year. The basic earnings constitute the line separating the two parts of the Scheme, i.e. the basic part and the earnings-related part.

The total annual insurable earnings of every insured person are divided into two bands: the *lower band*, which includes the insurable earnings up to the basic earnings and the *upper band*, which includes the insurable earnings above the basic earnings.

Each person is credited in each year with *insurance points*. One insurance point is the equivalent of the yearly amount of basic earnings. The first insurance point (up to '1') is assigned to the lower band of insurable earnings and any insurance point in excess of '1', to the upper band of such earnings.

## Revision of insurable earnings

The amount of the basic **insurable earnings**<sup>3</sup> as well as the ceiling of such earnings is adjusted to the movement of the general level of insurable earnings every year.

The above adjustment is mandatory if the said level increases by 5% or more and it also applies to past insurable earnings, which are thus revalued to the prevailing level of earnings.

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<sup>3</sup> **Amount of basic insurable earnings:** A prescribed amount of insurable earnings. The amount of basic insurable earnings changes from year to year. For 2009, the weekly amount of basic insurable earnings is €154,07.

## 5. BENEFITS

### Types of Benefits

The Scheme provides for the following benefits:

- (a) Marriage grant
- (b) Maternity grant
- (c) Funeral grant
- (d) Maternity allowance
- (e) Sickness benefit
- (f) Unemployment benefit
- (g) Invalidity pension
- (h) Old age pension
- (i) Widow's pension
- (j) Orphan's benefit
- (k) Missing person's allowance
- (l) Employment injury benefit, which includes:
  - (i) Temporary incapacity (injury benefit);
  - (ii) Disablement benefit; and
  - (iii) Death benefit.

**Employed** persons are entitled to all of the above benefits. **Self-employed** persons are not entitled to unemployment benefit and benefits for employment injuries. **Voluntary contributors** working abroad for Cypriot employers are not entitled to benefits for employment injuries. **Other voluntary contributors** are entitled only to marriage, maternity and funeral grants and to old age and survivor's benefits.

### Benefit Structure

All periodical benefits, i.e. benefits excluding grants, are composed of (i) the basic benefit and (ii) the supplementary benefit.

## Basic benefit

The basic benefit, which includes increases for **dependants<sup>4</sup>**, is related to the insurable earnings of the insured person concerned in the lower band.

## Supplementary benefit

The supplementary benefit is related to the insurable earnings of the person concerned in the upper band. No increases for dependants are payable on the supplementary benefit.

## I. MARRIAGE GRANT

### Beneficiaries

Marriage grant is payable between the two spouses if either of them satisfies the relevant contribution conditions.

### Contribution conditions

The contribution conditions are that the claimant:

- (i) has been insured for at least 26 weeks and has paid, up to the date of marriage, contributions on insurable earnings not lower than 26 times the weekly amount of the basic insurable earning; and

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#### <sup>4</sup> Dependants of insured persons include:

- Wife, with whom the insured person is living or whom he is wholly or mainly maintaining,
- Child who has not completed the age of 15,
- Unmarried daughter between the ages of 15 and 23, who is attending full time education,
- Unmarried son between the ages of 15 and 25, who is serving in the National Guard or attending full time education,
- Unmarried child, irrespective of age, who is permanently incapable of self support,
- Husband, who is incapable of self-support, and is wholly or mainly maintained by his wife,
- Parent, who is incapable of self-support and is maintained by the insured person,
- Younger brother or sister, if he/she is maintained by the insured person.

- (ii) has paid or been credited with contributions in the **previous contribution year**<sup>5</sup> on insurable earnings not lower than 20 times the weekly amount of the basic insurable earnings.

### Amount of grant

Marriage grant is divided equally between the two spouses. For 2009, the amount of marriage grant is €634.

## II. MATERNITY GRANT

### Beneficiaries

Maternity grant is payable to a woman, out of her own or of her husband's insurance.

### Contribution conditions

The contribution conditions, which must be satisfied by either the woman or her husband on the date of confinement, are the same as for the marriage grant.

### Amount of grant

The amount of the maternity grant is the same for all women entitled to it and for 2009 is €466.

## III. FUNERAL GRANT

### Beneficiaries

Funeral grant is payable for the death of:

- (i) any person who receives old age, invalidity, widow's/er's pension, death benefit or missing person's allowance;

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<sup>5</sup> **Previous contribution year:** For the first semester of each year is the calendar year before the last year and for the second semester is the last calendar year. For example for the first semester of 2009, the previous contribution year is the year 2007 and for the second semester of 2009 is the year 2008.

- (ii) any orphan who receives orphan's benefit;
- (iii) any person whose death is caused by an industrial accident or occupational disease;
- (iv) any person who satisfies the contribution conditions specified below at the time of his death; and
- (v) any person who is a dependant of a person specified in (i) and (iv) above.

### **Contribution conditions**

The contribution conditions mentioned in (iv) above are the same as for marriage grant.

### **Amount of grant**

The amount of the funeral grant for 2009 is €634 for cases (i) to (iv) above and €317 for the dependants.

## **IV. MATERNITY ALLOWANCE**

### **Beneficiaries**

Maternity allowance is payable to a woman, insured as an employed or self-employed person, for a period of 18 weeks beginning between the 6th and the 2nd week before the expected week of confinement.

The benefit is payable also to step-mothers for adopted children if the adoption took place during the first twelve years from the child's birth.

### **Contribution conditions**

The contribution conditions are that the claimant:

- (i) has been insured for at least 26 weeks and has paid, up to the date of the maternity allowance, contributions on insurable

earnings not lower than 26 times the weekly amount of the basic insurable earnings; and

- (ii) has paid or been credited with contributions in the previous contribution year, on insurable earnings not lower than 20 times the weekly amount of basic insurable earnings.

### Rate of benefit

The weekly rate of benefit is 75% of the earnings on which contributions were paid or credited in the previous contribution year.

The benefit is not payable in the case of a woman who receives full wages during the maternity allowance period. If reduced wages are paid, the amount of such wages and the benefit payable cannot exceed full wages.

## V. SICKNESS BENEFIT

### Beneficiaries

Sickness benefit is payable to employed and self-employed persons between the ages of 16 and 63 who are incapable for work. Persons who do not satisfy the contribution conditions for old age pension at 63 are allowed to draw benefit up to the date on which they satisfy the relevant contribution conditions but in no case after the age of 65.

The period for which sickness benefit is payable cannot exceed 156 days for each **period of interruption of employment**<sup>6</sup>.

There is a waiting period of 3 days in the case of employed persons and 9 days in the case of self-employed persons for which benefit is not payable. Self-employed persons are treated in the same way as employed persons in cases of accident or hospitalization.

<sup>6</sup> **Period of interruption of employment:** Any two days of interruption of employment, whether consecutive, or not, within a period of six consecutive days or any two or more of such periods not separated by a period of more than thirteen weeks.

## Contribution conditions

The contribution conditions for entitlement to sickness benefit are that the person concerned:

- (i) has been insured for at least 26 weeks and has paid, up to the date of incapacity, contributions on insurable earnings not lower than 26 times the weekly amount of the basic insurable earnings; and
- (ii) has paid or been credited with contributions in the previous contribution year on insurable earnings not lower than 20 times the weekly amount of the basic insurable earnings.

## Requalification for a benefit

To requalify for a benefit (following exhaustion of right) the person concerned must have paid contributions on earnings not lower than 26 times the weekly amount of the basic insurable earnings after the date of exhaustion and in addition a period of 13 weeks from the date of exhaustion must have elapsed.

## Rate of benefit

The weekly rate of benefit is 60% of the insurable earnings up to the basic earnings, increased by 1/3 for a dependant spouse and by 1/6 for other dependants (maximum two dependants), plus 50% of the insurable earnings in excess of the basic earnings up to a maximum of two times the basic insurable earnings. A spouse (male or female) is a dependant if he/she is not working or is not receiving any benefit from the Social Insurance Fund.

The earnings on which the benefit is assessed is the average weekly amount of earnings on which contributions were paid or credited for the person concerned in the previous contribution year.

The benefit is not payable in case the employed person concerned receives full wages. If reduced wages are paid, the benefit payable, added to the wages paid, must not exceed full wages.



## VI. UNEMPLOYMENT BENEFIT

### Beneficiaries

Unemployment benefit is payable to employed persons between the ages of 16 and 63 for involuntary unemployment. Persons, who do not satisfy the contribution conditions for old age pension at the age of 63, are allowed to draw benefit up to the date of which they satisfy the relevant contribution conditions but in no case after the age of 65.

The period for which unemployment benefit is payable does not exceed 156 days for each period of interruption of employment.

### Contribution conditions

The contribution conditions are that the person concerned:

- (i) has been insured for at least 26 weeks and has paid up to the date of unemployment contributions on insurable earnings not lower than 26 times the weekly amount of the basic insurable earnings; and
- (ii) has paid or been credited with contributions in the previous contribution year on insurable earnings not lower than 20 times the weekly amount of the basic insurable earnings.

### Requalification for benefit

For qualification after exhaustion of right, the person concerned must have paid contributions on earnings not lower than 26 times the weekly amount of the basic insurable earnings and in addition a period of 26 weeks must have elapsed since the date of exhaustion.

As an exception, persons over 60 years, who do not receive any pension under any occupational scheme or a lump sum payment from a Provident Fund, requalify for unemployment benefit after exhaustion of their right to this benefit under the same conditions as for the requalification for sickness benefit.

There is a waiting period of 3 days except in the case of persons working abroad in the service of a Cypriot employer in respect of whom the waiting period is 30 days.

### **Rate of benefit**

The weekly rate of unemployment benefit is the same and is calculated in the same manner as sickness benefit.

## **VII. INVALIDITY PENSION**

### **Beneficiaries**

Invalidity pension is payable to persons who have been incapable for work for at least 156 days and are expected to remain permanently incapable for work, i.e. they are unable to earn from work which they are reasonably expected to perform, more than 1/3 of the sum earned usually by a healthy person of the same occupation or category and education in the same area or, in the case of persons between the ages of 60 and 63, more than 1/2 of the aforesaid sum.

### **Contribution conditions**

The contribution conditions are that the person concerned:

- (i) has paid contributions in at least three years and his insurable earnings in the lower band are not less than 156 times the weekly amount of the basic insurable earnings;
- (ii) has weekly average insurable earnings (actual or credited) as of 5.10.1964, in the lower band or from the contribution year in which he attained the age of 16, to the last contribution week before this invalidation, equal to at least 25% of the weekly amount of the basic insurable earnings;
- (iii) has paid or has been credited, in the last contribution year, with contributions corresponding to insurable earnings not lower than 20 times the weekly amount of the basic insurable earnings;

This condition is also deemed to be satisfied, if the average of the last two years is not less than 20 times the weekly amount of the basic insurable earnings.

In case of invalidity caused by any accident, there is entitlement to invalidity pension if the contribution conditions for sickness benefit are satisfied.

Even though the contributions taken into account for entitlement purposes are only those of employed and self-employed persons, for assessing the rate of pension voluntary contributions are also taken into account.

## Rate of pension

The invalidity pension has two components: (i) the basic pension and (ii) the supplementary pension.

In the case of **full** loss of earnings capacity, invalidity pension is full and it is assessed as follows:

- (i) the basic weekly pension is 60% of the weekly average of paid and credited insurable earnings in the lower band over the period mentioned in (ii) above, increased by 1/3, 1/2 and 2/3 for one, two or three dependants respectively. In case of a married female beneficiary, there is no entitlement to an increase for her husband, except in the case that he is incapable of self support. The increase for her dependant children or other dependants is 1/6 of the basic pension for each of them (maximum two dependants).
- (ii) the supplementary weekly pension is 1/52 of 1,5% of the total insurable earnings (actual and credited) of the beneficiary in the upper band.

When the loss of earnings is **partial**, invalidity pension is reduced and it is assessed as follows:

| Loss of earning capacity  | Percentage of full pension |
|---------------------------|----------------------------|
| ..... 50% - 66 2/3% ..... | 60% .....                  |
| ..... 66 2/3% - 75% ..... | 75% .....                  |
| ..... 75% - 99% .....     | 85% .....                  |

## VIII. OLD AGE PENSION

### Beneficiaries

Old age pension is payable at the age of 65 for men and women and is not conditional on retirement from regular employment. Exception to this are miners who have at least five years of employment in a mine, and are entitled to old age pension one month earlier than the normal pensionable age for every 5 months of work in a mine, on condition that they have retired from mine work, but in no case they can draw pension before the age of 58.

### Contribution conditions and other conditions

A person is entitled to old age pension if:

- (a) on completion of the pensionable age he satisfies the relevant contribution conditions. The contribution conditions for old age pensions are:

#### **As from 4.1.2010:**

- (i) has paid contributions in at least five years and his insurable earnings in the lower band are not less than 260 times the weekly amount of the basic weekly amount of the basic insurable earnings.

#### **As from 3.1.2011:**

- (i) has paid contributions in at least seven years and his insurable earnings in the lower band are not less than 364 times the weekly amount of the basic weekly amount of the basic insurable earnings.

#### **As from 2.1.2012:**

- (i) has paid contributions in at least ten years and his insurable earnings in the lower band are not less than 520 times the weekly amount of the basic weekly amount of the basic insurable earnings;

- (ii) has weekly average insurable earnings (actual and credited) as of 5.10.1964, in the lower band or from the contribution year in which he attained the age of 16, to the last contribution week before the pensionable age, equal to at least 30% of the weekly amount of the basic insurable earnings.
- (b) he has completed the age of 63, satisfies the relevant contribution conditions and has weekly average of insurable earnings (condition (ii) under invalidity pension) equal to 70% of the weekly amount of basic insurable earnings;
- (c) he was entitled to invalidity pension immediately before reaching the age of 63; or
- (d) he is between the ages of 63 and 65 and he would be entitled to invalidity pension if he had not completed the age of 63.

A person who at pensionable age does not satisfy the contribution conditions for old age pension is entitled to a lump sum payment at the age of 68 equal the 15% of the total amount of his insurable earnings (actual and credited) provided that he satisfies the following contribution condition:

**As from 4.1.2010:**

- (i) has paid contributions in at least four years and his insurable earnings in the lower band are not less than 208 times the weekly amount of the basic weekly amount of the basic insurable earnings.

**As from 3.1.2011:**

- (i) has paid contributions in at least five years and his insurable earnings in the lower band are not less than 260 times the weekly amount of the basic weekly amount of the basic insurable earnings.

**As from 2.1.2012:**

- (i) has paid contributions in at least six years and his insurable earnings in the lower band are not less than 312 times the weekly amount of the basic weekly amount of the basic insurable earnings.

The lump sum payment is not payable if the person concerned is entitled to social pension.

As in the case of invalidity pension, the old age pension is composed of: (i) the basic pension and (ii) the supplementary pension.

### **Rate of pension**

- (i) the basic pension is the same and it is calculated in the same manner as the basic invalidity pension;
- (ii) the supplementary pension is the same as the supplementary invalidity pension.

A person entitled to old age pension may request a postponement of the beginning of payment of his pension until the age of 68. In this case, the amount of old age pension is increased by 0,5% for every month between the month of postponement and the month of the beginning of the pension. (A corresponding increase will be granted in the case of widow's pension.)

An old age pensioner, who has paid contributions on insurable earnings between the date of entitlement to pension and the age of 65, is entitled to a weekly increase of his pension equal to  $\frac{1}{52}$  of 1,5% of these insurable earnings.

## **IX. WIDOW'S PENSION**

### **Beneficiaries**

The widow's pension is payable to the widow and under certain conditions to the widower in case the person who died satisfied the first and second contribution conditions for invalidity pension at the time of death (when had not attained the pensionable age) or had attained the pensionable age, or was already receiving old age pension or would have been entitled to an old age pension.

In case of death caused by any accident, there is entitlement to widow's pension if the contribution conditions for funeral grant are satisfied.

## Rate of pension

As in the case of old age pension, the widow's pension consists of (i) the basic pension and (ii) the supplementary pension.

The basic weekly pension is 60% of the weekly average of paid and credited insurable earnings in the lower band over the period mentioned in contribution condition (ii) under invalidity, increased by 1/3, 1/2 and 2/3 for one, two, three or more dependants respectively.

The supplementary pension is, in the case of a widow whose husband was not in receipt of an old-age pension, 60% of the supplementary invalidity pension to which the deceased would be entitled on his death if he was treated as invalid on that date, and in the case of a widow whose husband was in receipt of an old age pension, 60% of the supplementary old age pension which was payable to the deceased.

A widow, or widower under certain conditions, whose husband or wife as the case may be, at the time of death did not satisfy the contribution conditions for widow's pension is entitled to a lump sum amount if her husband, or his wife as the case may be (when had not attained the pensionable age), satisfied the first contribution for invalidity pension, or if her husband, or his wife as the case may be (when had attained the pensionable age or was receiving old age pension), satisfied the contribution condition for old age lump sum. This lump sum is equal to 15% of the total amount of the deceased's insurable earnings in the lower band and 9% of the deceased's total amount of insurable earnings in the upper band.

In case of re-marriage, the widow is entitled to a lump sum equal to one year's pension, excluding any increases for her dependants.

## X. ORPHAN'S BENEFIT

The orphan's benefit is payable to a minor:

- (a) whose parents are both dead; or whose parents were separated and the one, under whose care he was, is dead;

- (b) whose one parent died and the surviving parent is not entitled to widow's pension.
- (c) whose widowed mother, who was in receipt of widow's pension, remarried.

In case (a) above, the conditions are that one of the parents was an insured person. In cases (b) and (c) the conditions are that the deceased parent fulfils the contribution conditions for widow's pension.

### Rate of benefit

The orphan's benefit in case (a) above is composed of (i) the basic benefit and (ii) the supplementary benefit:

- (i) the basic orphan's benefit is 40% of the weekly amount of the basic insurable earnings;
- (ii) the supplementary benefit is 50% of the widow's supplementary pension, which was or would had been payable for the death of the parent, but the total of such benefit in no case can be higher than the said full widow's supplementary pension, where there are more than two orphans.

The orphan's benefit in cases (b) and (c) above is equal to 20% of the weekly amount of the basic insurable earnings for one orphan, 30% for two orphans and 40% for three or more orphans.

The orphan's benefit is payable until the orphan reaches the age of 15 or the age of 23 in case of a female in full time education or the age of 25 in case of a male in full time education or in military service. There is no age limit for orphans who are permanently incapable of self support.

A lump sum of one year's benefit is payable to an orphan, in case (a) above, on termination of his entitlement, other than by death, before the age of 17.



## **XI. MISSING PERSON'S ALLOWANCE**

The same as the basic widow's pension and the basic orphan's benefit, according to the occasion.

## **XII. EMPLOYMENT INJURY BENEFITS**

The benefits for industrial accidents and occupational diseases are as follows:

- temporary incapacity (injury benefit)
- disablement benefit
- death benefit

### **(i) TEMPORARY INCAPACITY (INJURY BENEFIT)**

#### **Beneficiaries**

Injury benefit is payable to any employed person who is incapable of work as a result of an industrial accident or occupational disease. The benefit is payable for up to 12 months from the date of accident or contraction of the disease.

#### **Rate of benefit**

The rate of injury benefit is the same as for the sickness benefit, except that the minimum benefit for persons, whose earnings are below the basic insurable earnings, is that corresponding to such earnings.

### **(ii) DISABLEMENT BENEFIT**

#### **Beneficiaries**

Disablement benefit is payable to any employed person, who as a result of an employment injury, suffers a loss of physical or mental faculty of a degree of not less than 10% with the exception of disablement due to pneumoconiosis, which is compensated from 1%.

Disablement benefit may take the form of either a **grant** (lump sum) or a **pension**, depending on the degree of disablement. The first is payable for disability between 10% and 19% and the latter for disability 20% and above (no benefit is payable for disability below 10%).

The **disablement grant** is now €3.365 for 10% disablement and rises accordingly for every degree above 10% reaching €6.393 for 19% disablement.

### Rate of pension

The **disablement pension** consists of (i) the basic pension and (ii) the supplementary pension.

The weekly basic disablement pension for 100% disability is 60% of the weekly amount of the basic insurable earnings, increased by 1/3 for the first dependant and 1/6 for each of the second and third dependants.

The weekly supplementary pension is 60% to the weekly average of insurable earnings of the beneficiary, above the basic insurable earnings, in the period beginning with the first day of the second year before the year in which the accident occurred and ending with the day of accident.

The disablement pension for a degree of disablement below 100% is proportional to the actual degree. However, if the disablement renders the person concerned permanently incapable of work, the disablement benefit is always that which is payable for 100% disablement.

**A constant attendance allowance** of €201,09 per month in 2009 is payable for disablement pensioners in need of constant care.

### (iii) DEATH BENEFIT

#### Beneficiaries

Death benefit is paid to the survivors of an employed person, who dies as a result of an employment injury.

The benefit includes **(a) widow's/er's pension, (b) orphan's benefit** and **(c) parent's allowance**.

## **(a) Widow's/er's Pension**

### **Rate of pension**

The widow's pension (and under certain conditions the widower's pension) consists of a basic pension and a supplementary pension.

The basic widow's pension is the same as the basic disablement pension for 100% disablement.

The supplementary widow's pension is 60% of the supplementary disablement pension which the deceased was or would have been receiving, as explained under *disablement pension* above, for 100% disablement.

In case of a widow, the pension ceases on remarriage and a lump sum equal to one year's pension, excluding any increases for dependants, is paid to her.

## **(b) Orphan's Benefit**

### **Beneficiaries**

The orphan's benefit for death caused by employment injury is payable for a minor, as in the case of the ordinary orphan's benefit.

### **Rate of benefit**

The basic benefit is the same as for the ordinary orphan's benefit. The supplementary benefit is 50% of the supplementary widow's pension, which was or would have been payable for the death of the parent, but the total of such benefit can in no case be higher than the said full widow's supplementary pension, where there are more than two orphans.

## (c) Parent's allowance

### Beneficiaries

The parent's allowance, is payable only if the deceased is not survived by a spouse or orphans.

### Rate of benefit

The allowance consists of a basic allowance equal to 40% of the basic insurable earnings a week per parent and of a supplementary allowance equal to 30% of the 100% supplementary disablement pension which was or would be payable to the deceased.

## 6. GENERAL INFORMATION ON BENEFITS

### Deadline for submission of claims for benefits

An application form, together with the relevant certificates, as required in relation to the specific claim should be submitted within a prescribed period as mentioned in the table below.

| <b>Benefit</b>                    | <b>Deadline for submission of application forms</b> |
|-----------------------------------|---|
| 1. Marriage Grant                 | one year  |
| 2. Maternity Grant                | one year  |
| 3. Funeral Grant                  | one year  |
| 4. Maternity Allowance            | twenty-one days                                     |
| 5. Sickness Benefit               | twenty-one days                                     |
| 6. Missing persons' Allowance     | three months  |
| 7. Invalidity Pension             | three months  |
| 8. Old age Pension                | three months  |
| 9. Widow's Pension                | three months  |
| 10. Orphan's Benefit              | three months  |
| <b>Employment Injury Benefits</b> |   |
| 11. Injury Benefit                | twenty-one days                                     |
| 12. Disablement Benefit           | three months  |
| 13. Death Benefit                 | three months  |

## **Deadline for cashing the cheques**

Cheques payable for various benefits should be cashed within six months from the date of their issue with right of extension for another six months.

## **Right to more than one benefit**

The general principle of the right to only one benefit/pension/grant applies to the Scheme. This means that, where there is entitlement to more than one benefit for the same period, the benefit with the higher rate is paid. This does not apply where there is entitlement, at the same time, to widow's pension and short-term benefit (sickness, unemployment, injury or maternity allowance).

## **Revision of benefit rates after award**

The rates of basic pensions are reviewed at the beginning of each year in accordance with the percentage of revision of the basic insurable earnings, while the rates of the supplementary pensions are reviewed, in accordance with the increase of the cost of living index (comparison of the second semester of the year with the second semester of the previous year).

Furthermore, the rates of pensions are increased every July in accordance with the increase of the cost of living index (comparison of the first semester of the year with the previous one), if the latter is at least 1%. This increase is taken into account when determining the increase of the rates of pension at the beginning of the year.

## **Beneficiaries under the repealed scheme**

Beneficiaries in respect of pensions before the introduction of the current Scheme are receiving the benefits corresponding to the basic benefits of the current Scheme.

## Appeals

Any person aggrieved by a decision given by the Director of Social Insurance or a claims examiner, may, within fifteen days after being notified of such decision, appeal to the Minister of Labour and Social Insurance.

Any person aggrieved by the Minister's decision, may, within seventy-five days after being notified of such decision, appeal to the Court.



