

CHAPTER 4

Benefits: Activities and Trends

1. Income Support (including maintenance)

A. General

In 2009, the number of families receiving income support benefit increased to 111,700, compared to 110,000 at the end of 2008 – as opposed to the continuous drop noted since the second quarter of 2003, when the number of families reached a record 159,000. During the first five months of 2009, the number of families rose to approximately 113,000, dropping from May to July and then stabilizing at 112,000 families.

The fluctuation in the number of recipients during 2009 was the result of the economic situation in the world in general, and particularly in Israel's economy, where the crisis was not as serious or as long-lasting as in the rest of the world. That was apparently the reason that the increase in the number of eligible families and individuals that began at the end of 2008 stopped as early as in mid-2009.

Under the 2004 Economy Arrangements Law, the Program for the Integration of Benefit Recipients in Employment was implemented in 2009, although still in an experimental stage. The object of the law was “to promote the integration of benefit recipients in employment that will utilize their earning ability while making them share responsibility, thus facilitating the transition from dependence on benefits to social and economic independence”. (Quote). One should recall that the law was based on a pilot program called “From Welfare to Work”, originally entitled the “From Income Support to Secure Employment”, which underwent changes in 2007, when its name was changed again, to “Prospects for Employment”.

The Integration of Benefit Recipients in Employment Law aroused controversy at the time of its legislation and continued to attract much public attention during its implementation, especially during Knesset discussions held at the end of 2009 and early 2010. In the 2009-2010 Economy Arrangements Law, the government attempted to amend the section in the 2004 Economy Arrangements Law which discussed the pilot program, to enable it to become permanent and on a nationwide basis. It was proposed that the nationwide employment program's components be accompanied by many changes, related to the economic model of bonus to agencies using the program, the definition of the hours spent in the occupation centers and adapting the program to special populations. During the legislation of the Economy Arrangements Law, the section dealing with the program was deleted from the law, in response to a call that it required separate, in-depth discussions in the Knesset. The special Knesset discussions concluded with the extension of the validity of the temporary order until the end of April 2010 – that is, the program would continue to be implemented in its experimental form until that date.

If the amendment is approved, the program will be implemented throughout the country, however, while preparations were being made for nationwide deployment, it was proposed that the pilot be expanded to additional towns in the pilot regions.

Therefore, in mid-2009, a regional committee was formed, as required by law, which made recommendations to the Ministers of Social Affairs and Social Services, of Commerce and Industry, and of Finance with regard to additional towns to be integrated in the pilot program.¹

B. The major points of the Income Support Law in its 2003 form

The new legislation set out in the 2003 Economy Arrangements Law introduced far-reaching changes in the elements of the Income Support Law that affect the working-age population, levels of maximum benefit, means test and employment test. The amendments to the Income Support Law also had an impact on the Maintenance Law (Guarantee of Payment). The new legislation came into effect in January 2003, but the section related to reduced benefits and changes in the means test were implemented only in June 2003.

In its present version, the Income Support Law allows for only two rates of benefits – a regular rate and an increased rate – but in effect, it established three levels of benefits for the transition period.² The law differentiates between eligible individuals aged 55+³ and those under 55. The benefit for those aged 55+ remained unchanged for all family compositions, and they are entitled to an increased benefit (as was the case before January 2003), without discriminating between new and “old” claimants.⁴ The differentiation between newly eligible individuals and those previously eligible is relevant only for persons under 55: all newly eligible individuals and all those previously eligible for the regular rate receive the benefit at the regular (but reduced) rate, and all those previously eligible for the increased rate receive the reduced increased rate. The significance of these changes is that over the years – at the end of the transition period – anyone under the age of 55 will be eligible to receive a benefit at the regular reduced rate only.

As of January 2003, the Employment Service no longer has the right to classify a claimant for income support as being either temporarily or permanently unplaceable in a job. The Income Support Law, in its new format, specifies those who are not required to report to the Employment Service. The main change relates to mothers of small children, who, prior to the amendments, were exempt from the employment test

¹ For the list of towns in which the “Prospects for employment” plan is being implemented, see the NII Annual Survey, 2008.

² Changes in the level of benefits and the means test are presented in detail in the NII Annual Survey for 2002-2003.

³ The rate of income support benefit for recipients of old-age and survivors’ pension remained unchanged. Individuals eligible for benefits from the Work Injury branch will be eligible for an income support benefit at the same level as that of survivors in the Old-age and Survivors’ Branch, regardless of age.

⁴ An individual previously eligible is a person who began receiving the benefit prior to 1 January 2003, including anyone whose benefit payment was suspended for a period not exceeding six months.

if their youngest child was under the age of 7, and since the amendments, are exempt only until their children reach age two. A widow was granted parity to a mother with small children with regard to the employment test: until January 2003, widows with children (under 18) were exempt from reporting to the Employment Service, regardless of their children's ages. No changes were made with regard to the situation of women eligible for maintenance, and under the new legislation, they continue to be exempt from the employment test.

As stated above, the Integration of Benefit Recipients in Employment Law (temporary order) was approved in 2004, and in August 2005, the responsibility for carrying out the employment test in the pilot regions was transferred from the Employment Service to the private occupation centers. Recipients of income support benefits participate in the program by virtue of their eligibility as "unemployed" or "low wages".

As of January 2007, a claimant owning a car is no longer automatically excluded from eligibility for an income support benefit (in the past, such ownership was cause for denying a benefit – unless it was for very special needs, such as medical needs), if the car has an engine capacity of up to 1300 cc only and at least 7 years have elapsed since the end of its production year, or has an engine capacity of 1600 cc and at least 12 years have elapsed since the end of its production year. The car owner will be entitled to receive a benefit only if he (or his spouse) has an income from work that exceeds 25% of the average wage (17% of the average wage, in the case of a claimant of retirement age). The law also applies to persons who have been dismissed from work.

In addition, the situation for benefit recipients (or their spouses) who have reached retirement age and who travel abroad has eased. Travelling abroad for up to three times a year not exceeding a total of 72 days will not affect their benefit. Travelling abroad a fourth time or exceeding the 72 days limit abroad will result in the benefit being suspended for the whole period that they are away from Israel during one calendar year. Before the legislative changes, any travel abroad more than once during a calendar year was cause to suspend the benefit.

In addition, an amendment to the law was passed in July 2008 on the basis of which a single parent can receive an income support benefit, even if he is studying in an institution of higher learning, above secondary level, or taking a course that lasts over 12 months. The objective of this amendment is to help single parents acquire a suitable education to enable them become part of the work cycle or improve their work conditions. Eligibility for a benefit will be granted if the claimant meets the following conditions: a single parent who is eligible by cause; the income support benefit has been paid for 16 out of the 20 months prior to the month that studies began in an institution; the curriculum does not grant a Master's or Doctoral degree; payment of the benefit for the period of studies will not exceed 36 months; for the unemployed, studies take place in the evenings.

Several amendments were approved for the Income Support Law during 2009, to take effect in March 2010. Among these are: rates of deductions (disregarding work and rate of additional deduction from the income) from recipients of income support whose chances of finding employment are slim (i.e. recipients of a benefit on the grounds that they are employed in a “protected plant”) will be adjusted to the level at which they were before the cutbacks of 2003; a person responsible for a person who is under house arrest (the child or spouse of the person under house arrest) is exempt from the employment test as a condition for benefit; a prisoner who spent six continuous months in detention will be entitled to benefit for the first two months after his release. In addition, an amendment was approved which regulates the eligibility of prisoners, where the second parent does not receive the income support benefit.

C. Developments in the number of recipients of the income support benefit

There was a continuous decline in the number of recipients of the income support benefits during June 2003-December 2008. This trend began in June 2003, with the implementation of the strict legislation – when approximately the benefits of 5,000 families were revoked and the obligation to meet the employment test as a criterion for eligibility for a benefit was expanded to include other population groups – and its extension stemmed from the continuous impact of the reduction of the maximum income allowed to qualify for the income support benefit, and from an improvement in the employment situation between 2004-2007 and in the first half of 2008. The operation of the occupational centers in the framework of the “From Income Support to Secure Employment” program in August 2005 and the “Prospects for Employment” program in August 2007 tended to accelerate this trend. 2009 was a turning point: the number of families receiving the benefit rose at the beginning of the year and stabilized at an even higher level during the second half of the year – apparently due to the economic situation that year.

The implementation of the 2003 Economy Arrangements Law led to a decline in the number of recipients from a record of approximately 159,000 (monthly average) at the beginning of 2003 to 145,300 during the first half of 2004. The continuous impact of the legislation, together with the improved employment situation in the economy, resulted in an additional reduction in the number of recipients – albeit a more moderate one – to 142,000 in the second quarter of 2005. The introduction of the “From Income Support to Secure Employment” program (in August 2005) reinforced the downward trend, and the number of recipients dropped to a monthly average of 130,300 families in 2006, dropping to 111,800 in 2008 (Table 1). The monthly average of families in 2009 remained the same as in 2008. Despite the increase in the number of families entitled to benefit in 2009 – from 109,700 families at the beginning of the year to 112,900 in May – at the end of the year, there were less than

there had been at the beginning of 2008 (112,057 compared to 113,852 respectively). Therefore, the monthly averages were similar in 2008 and 2009.

In addition, alongside the continued moderate decline in the number of new immigrant families (per benefit claimant) in 2009, we witnessed – for the first time since 2004 – an increase in the number of veteran families (per benefit claimant) receiving benefits. Table 1 and Figure 1 clearly illustrate this development.

A focused look at the period during which the “From Income Support to Secure Employment”/“Prospects for Employment” programs operated (Table 2) shows that 139,300⁵ families were receiving a benefit on the eve of the implementation of the “From Income Support to Secure Employment” program (July 2005): approximately 14,900 were living in the experimental regions and received benefits on the grounds of “unemployed” and “low wages”, and therefore, were required to participate in the program and were referred to occupation centers after August 2005. About 124,400 families receiving the benefit were living in other parts of the country. Table 2 shows developments for July to December, 2005 to 2009.

⁵ The figures for July 2005 differ slightly than those published in the 2005 Survey, in order to reflect more recent rates of change. (These figures also appear in the NII reports following up on the implementation of the program).

Table 1

Number of Families Receiving Income Support in Israel, by Seniority *, 2000-2008

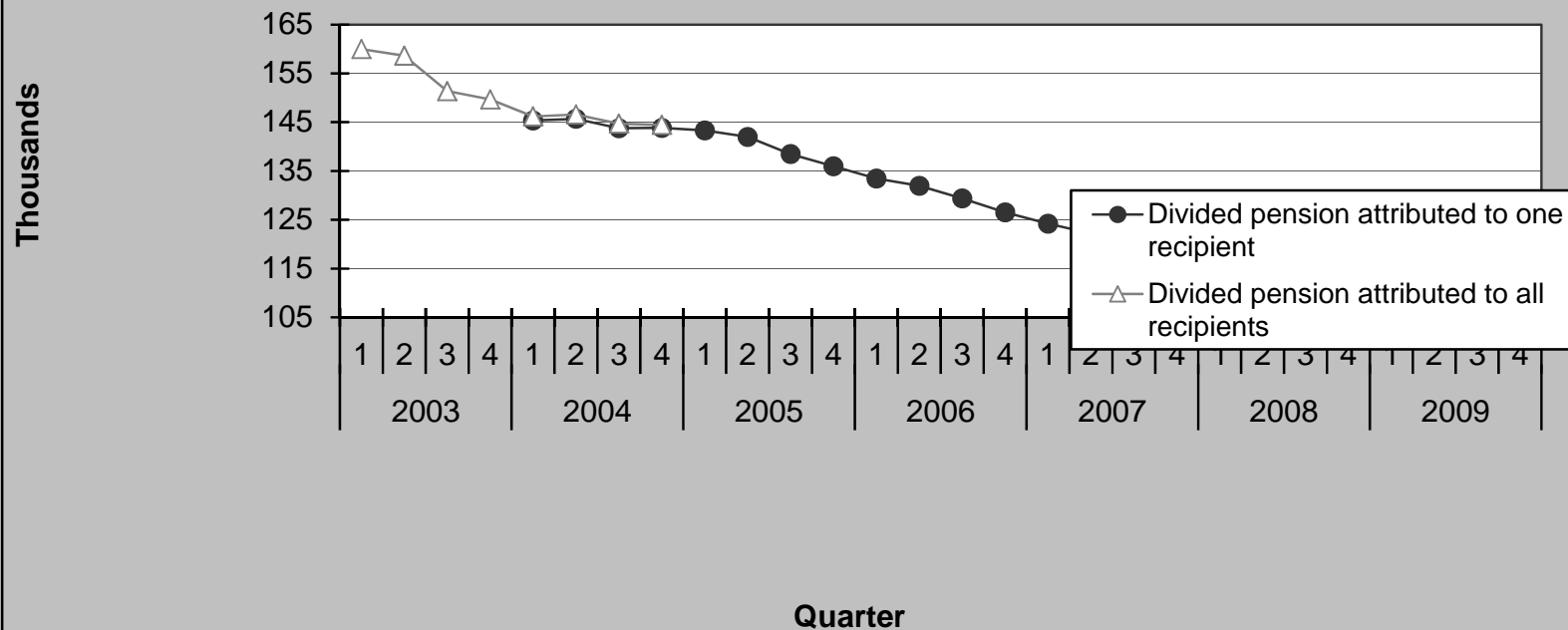
Year	Total		Veterans		New immigrants	
	Absolute number	% of change	Absolute number	% of change	Absolute number	% of change
2000	128,364	12.4	80,476	14.9	47,889	8.5
2001	141,840	10.5	91,264	13.4	50,576	5.6
2002	151,600	6.9	96,000	5.2	55,600	9.9
2003	155,178	2.4	99,953	4.1	55,225	-0.7
1-5/2003	158,528	--	101,211	--	57,317	--
6-12/2003	151,254	--	97,549	--	53,704	--
2004	145,550	-6.9	94,830	-5.1	50,720	--
2004**	144,661	--	94,139	--	50,522	--
1-7/2004	145,312	--	94,071	--	51,241	--
8-12/2004	143,749	--	94,234	--	49,515	--
2005	139,940	-3.3	93,037	-1.2	46,903	-7.2
1-7/2005***	142,321	-2.1	94,302	0.2	48,019	-6.3
8-12/2005***	136,606	-5.0	91,267	-3.1	45,339	-8.4
2006	130,337	-6.9	88,144	-5.3	42,193	-10.0
1-7/2006***	132,380	-7.5	89,084	-5.9	43,296	-10.9
8-12/2006***	127,477	-7.2	86,829	-5.1	40,648	-11.5
2007	120,218	-7.8	82,488	-6.4	37,730	-10.6
1-7/2007***	122,748	-7.3	83,931	-5.8	38,817	-10.3
8-12/2007***	116,677	-8.5	80,469	-7.3	36,208	-10.9
2008	111,808	-7.0	78,011	-5.4	33,798	-10.4
1-7/2008***	113,073	-7.9	78,454	-6.5	34,619	-10.8
8-12/2008***	110,037	-5.7	77,390	-3.8	32,647	-9.8
2009	111,765	-0.04	79,461	1.9	32,304	-4.4

* Seniority in Israel is determined by the seniority of the claimant of the benefit.

** In calculating this figure and the figures following it in the series, a benefit which has been divided among several recipients is credited to only one recipient. When calculating the previous figures in the series, all recipients of the divided benefit were counted among the total number of recipients. The two figures for 2004 show the difference between the series.

*** In comparison with the corresponding period the previous year.

Figure 1
**Number of Families Receiving Income Support, by
 Quarter,
 2003-2008 (thousands)**



There was an impressive reduction of 50.9% during the first year and a half (when the program began, there were 14,900 families, and in December 2006, there were 7,600). During January-July 2007, the number of families receiving benefits under the program stabilized, and in October, the number decreased when those aged 45-50 chose not to participate in the program, and those aged 50+ were referred to the Employment Service. In January 2008, there was an increase of 3.0% following the expansion of the pilot areas in December 2007; in March 2008, there was a significant decline of 12.2% because individuals aged 45+ were transferred to the Employment Service (individuals aged 45-50 who had participated in the program during its first months of operation before being transferred to the Employment Service), and from then until the end of 2008, there was a cumulative reduction of 13% while during 2009, there were no more changes in the program and the number of families decreased by 12.4% – from 4,700 families at the beginning of the year to 4,100 families at the end.

From January to December 2009, the number of families receiving benefit rose by 3.8%, based on comparisons with the rest of the country. One should remember that individuals aged 45-50 and residing in regions where the program was being implemented who chose not to participate in it, and individuals aged 50+ residing in the areas of the program and in the rest of the country, are included in these grounds. For comparison's sake, we examined the rates of change in the population that is under 45 years old and that receives a benefit on parallel grounds. While a decline of 13.3% in the number of recipients in the areas of the program was noted between January and December 2009, the rest of the country had a 2% increase.

The number of families receiving benefit on other grounds decreased by 2.9% in 2009. All in all, the number of families receiving the benefit in 2009 rose by 2.1% (from 109,720 in January 2009 to 112,057 in December 2009), despite a decrease in the number of families participating in the “From Income Support to Secure Employment” program.

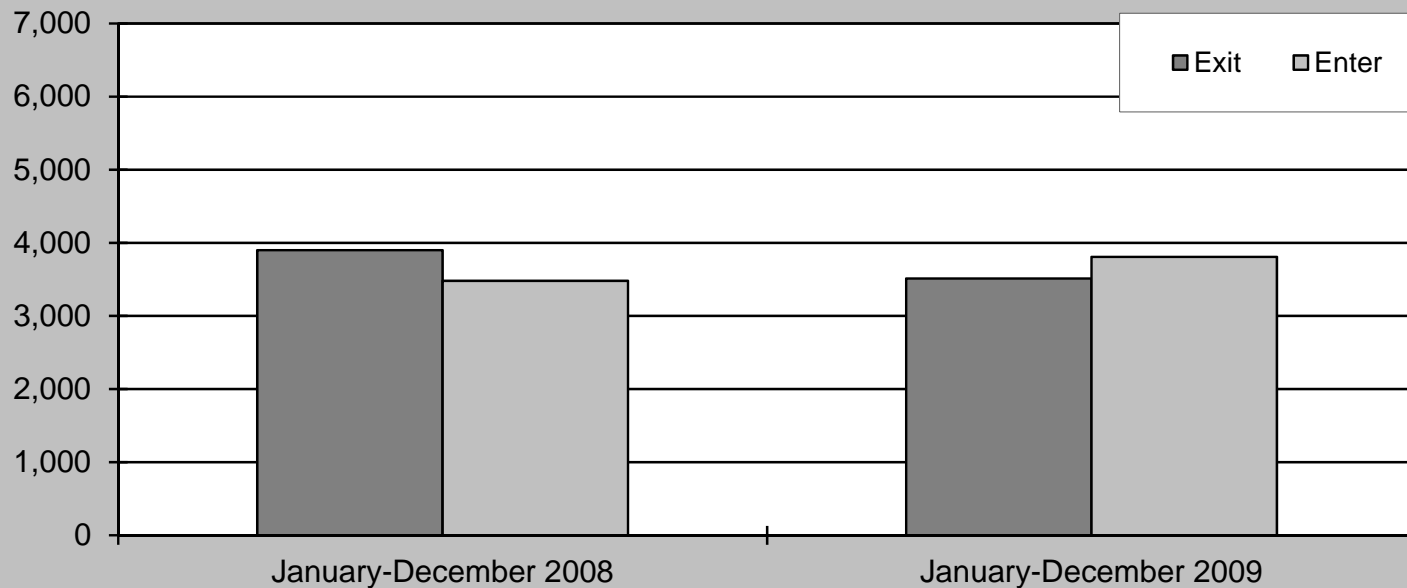
Table 2
Families who Received Income Support Benefit* – “Income Support to Secure Employment” Program – and Other Recipients, July 2008-December 2009

Date	Total	Outside the “From Income Support to Secure Employment” / “Prospects of Employment”			“From Income Support to Secure Employment” / “Prospects of Employment” program
		Total	On grounds of “unemployment” and “low wages”	On other grounds	
2005					
July	139,271	124,394	100,743	23,651	14,877
December	134,224	122,915	100,871	22,044	11,309
2006					
July	130,370	121,770	100,306	21,464	8,600
December	125,559	117,986	96,949	21,037	7,573
2007					
July	119,918	112,437	92,639	19,798	7,481
December	114,969	109,031	90,142	18,889	5,938
2008					
July	110,795	105,719	87,944	17,775	5,076
December	109,572	104,823	87,939	16,884	4,749
2009					
July	111,722	107,329	90,828	16,501	4,393
December	112,057	107,933	91,871	16,062	4,124

* A family is considered a participant in the "From Income Support to Secure Employment"/"Prospects of Employment" program if at least one spouse is required to participate.

An analysis of the trends leading to people joining and leaving the program during 2008-2009, as described in Figure 2, shows that in 2009, the number of those joining rose and the number of those leaving decreased on a monthly average in comparison with 2008. That means that exists from the income support system decreased at the same rate as the increase of entries into the system. In fact, the monthly average of entries during 2009 was similar to the number of exists in 2008. These changes explain the increase in the number of recipients during 2009 as well as the lack of change, on a monthly average, in the number of recipients in 2009 when compared to 2008 (11,800).

Figure 2
**Families Entering* Income Support System and
Families Exiting* System (monthly average),
2002-2008**



* Families "entering the system" are defined as those who entered the system for the first time or after a break of at least two months after their previous entry. Those who did not receive any benefit for at least two

D. Characteristics of recipients of the income support benefit

1. Family composition and seniority in Israel

The decline evident in the number of benefit recipients since 2003, the date of the great change in benefits, was accompanied by a change in the recipients' family compositions. The impact – which also manifested itself in 2004-2007 as a result of the legislative changes affecting benefit level, the income and employment tests – was not uniform in scope between the various population groups. Apart from the impact of the legislative changes, it is possible that not every individual was aware of the greater number of employment opportunities that stemmed from economic growth, and these differences could have also affected the composition of the population receiving income support benefits. To illustrate the changes in the composition of the population, data is presented from the beginning of 2003 (prior to the legislative changes) to 2008 (which demonstrates the complete operation of the “Prospects for Employment” program), continuing on to 2009.¹

The data presented in Table 3 indicate two main developments: the proportion of income support benefit recipients among single parent families and couples with children declined, while the proportion of individuals receiving the benefit rose moderately until mid-2005, and after that, began to decline. These developments reflected the changes in the composition of the population of benefit recipients: the proportion of the single-parent families declined to 25.2% of all recipients in 2009 (compared to 33.2% in the beginning of 2003) and the proportion of couples with children decreased slightly – from 24.4% to 21.0%, respectively. At the same time, the proportion of individuals rose significantly – from 36.5% to 46.4%, respectively – and the relatively small number of couples rose moderately, from 5.9% to 7.4%, respectively. This means that the numbers point to a sharp decrease in the proportion of families with children and in their numbers from 2003 to mid-2005, and to a subsequent moderate decline until 2009.

¹ For details regarding the changes in the family composition of benefit recipients for the period of 2004-2007, see NII 2008 Annual Survey.

Table 3
Recipients of Income Support Benefit, by Family Composition and Seniority in
Israel, 2003, 2008-2009

Family composition	Numbers			Percentages		
	Total	Veterans	New immigrants	Total	Veterans	New immigrants
January-March 2003						
Total	160,006	102,194	57,812	100.0	100.0	100.0
Single individual	58,331	38,000	20,331	36.5	37.2	35.2
Single individual + children	53,191	25,662	27,529	33.2	25.1	47.6
Couple	9,468	5,070	4,398	5.9	4.7	7.6
Couple + children	39,016	33,462	5,554	24.4	32.7	9.6
2008 Average						
Total	111,808	78,011	33,798	100.0	100.0	100.0
Single individual	50,683	33,843	16,840	45.3	43.4	49.8
Single individual + children	29,401	17,024	12,377	26.3	21.8	36.6
Couple	8,145	5,179	2,967	7.3	6.6	8.8
Couple + children	23,579	21,965	1,614	21.1	28.2	4.8
2009 Average						
Total	111,765	79,461	32,304	100.0	100.0	100.0
Single Individual	51,825	35,177	16,648	46.4	44.3	51.5
Single individual + children	28,145	16,906	11,240	25.2	21.3	34.8
Couple	8,283	5,421	2,862	7.4	6.8	8.9
Couple + children	23,512	21,957	1,555	21.0	27.6	4.8

2. Grounds for eligibility

Table 4 presents the distribution of individuals who received a benefit during the period of 2005, 2007-2009, by grounds for eligibility. Following the trends evident since 2003, the increase in the proportion of unemployed individuals out of all benefit recipients continued, as did the decrease in the proportion of mothers with small children and claimants who are 55+ who could not be placed. The 2009 data shows that the number of recipients on grounds that required an employment test (unemployment, low wages and “From Income Support to Secure Employment”) was 79.9% of all recipients, compared to 78.8% in 2008. That is, approximately 80% of recipients of the income support benefit were required to undergo the employment test.

The number of those eligible for the benefit on the grounds of “From Income Support to Secure Employment” from 8.3% at the beginning of the program (August 2005-December 2005) declined to 3.2% in 2009, despite the expansion of the program, for two main reasons: the success of the program in removing income support benefit recipients from the system, and the removal of recipients aged 45+ from the program (October 2007) and transferring them to the Employment Service on the grounds of unemployment or low wages (with the exception of the 45-49 year olds who chose to continue participating in the program). Therefore, part of the increase in the rate of unemployed from 60.8% in 2007 to 65.1% in 2009 can be explained by this phenomenon.

3. Benefit rates

Following the legislation introduced in 2002-2003 regarding the various benefit levels, the composition of benefit recipients underwent a significant change at the three levels of benefits. The proportion of families receiving benefits at the regular rate rose from 36% in 2004 to 40% in 2008 and 2009. The proportion of families receiving benefits at the increased rate for those under the age of 55 (“previously eligible”) decreased from 22% in 2008 to 8.8% in 2009, and the proportion of recipients of increased benefits who were aged 55+ rose from 21% to 28.1%. On the basis of the family compositions shown in Table 5, we can see that the proportion of recipients receiving the regular rate and that of single-parent families decreased, as expected from the data in the previous paragraphs. The proportion of families receiving the increased rate benefit for those aged 55+ increased between 2005 and 2009 in all family compositions, but the proportion of couples with children and single-parent families receiving this rate remained steady during the past two years: 3.9% and 1.6%, respectively.

Table 4
Recipients of Income Support Benefit – Claimants and Their Spouses, by Grounds for Eligibility, 2005, 2007-2009

Grounds	Average January-July 2005		Average August-December 2005		Average 2007		Average 2008		Average 2009	
	Numbers	Percentage	Numbers	Percentage	Numbers	Percentage	Numbers	Percentage	Numbers	Percentage
Total	184,061	100.0	176,187	100.0	154,427	100.0	143,640	100.0	143,553	100.0
Unemployed	113,584	61.7	99,647	56.6	93,817	60.8	90,970	63.4	93,381	65.1
In training or being evaluated	4,666	2.5	2,748	1.6	2,291	1.5	1,636	1.1	1,612	1.1
The “From Income Support to Secure Employment / “Prospects of Employment” programs	-	-	14,696	8.3	7,486	4.8	5,526	3.8	4,652	3.2
Low wages	26,647	14.5	21,956	12.5	19,268	12.5	16,723	11.6	16,583	11.6
Addicts	3,974	2.2	3,932	2.2	3,788	2.5	3,619	2.5	3,502	2.4
Cannot be placed (aged 55+)	9,856	5.4	8,914	5.1	5,778	3.7	4,053	2.8	2,473	1.7
Mother/father	17,046	9.3	15,813	9.0	12,682	8.2	11,434	8.0	11,289	7.9
Other	8,281	4.5	8,472	4.8	9,318	6.0	9,570	6.7	10,067	7.0

Table 5
**Recipients of Income Support Benefit by Family Composition and Benefit Rate,
 2005-2009**

Family composition	December 2005	December 2006	December 2007	December 2008	December 2009
Individual receiving regular rate	23.9	25.2	24.9	25.3	26.3
Individual receiving increased rate (aged 55 or less, "previously eligible")	8.7	6.4	5.9	5.1	4.2
Individual receiving increased rate (aged 55+)	10.9	14.3	16.0	16.9	17.7
Single parent (aged 55 or less)	25.9	24.1	23.3	22.7	21.5
Couple receiving increased rate (aged 55+)	4.8	5.6	5.9	6.1	6.5
Couple with children, receiving regular rate	10.7	11.5	11.6	12.1	12.8
Couple with children receiving increased rate (aged 55 or less, "previously eligible")	9.2	6.7	5.9	5.1	4.3
Couple with children receiving increased rate (aged 55+)	3.2	3.6	3.7	3.9	3.9
Other	2.7	2.7	2.7	2.8	2.8

4. Income from work

Table 6, which shows families with income from work by family composition and income level, shows us that the decline which characterized the number of benefit recipients since 2004 was accompanied by a slight increase in the proportion of working families until 2008: from 25.5% to 28.6%. In 2009, their numbers decreased to 27.9%. The main increase took place between 2006 and 2007 (although the **number** of working families declined). The numbers regarding wage level show that in 2006, the proportion of the families with low wages remained steady compared to 2005 (prior to the implementation of the "From Income Support to Secure Employment" program) and in 2007-2009, began a downward trend. In 2009, the wages from work of 61% of the families did not exceed NIS 2,000, compared to 65.3% in 2006. In brief, along with a decline in the proportion of working families in 2009, the proportion of families earning up to NIS 2,000 also declined. That is to say that fewer families had income originating from work but that the salary level improved slightly, still remaining low. Only 8.4% **of the families** earned over NIS 3,500 per month.

As stated above, as of 2007, according to the amendment, recipients of the income support earning more than 25% of the average wage are entitled to own a car if they meet

the conditions specified in the law. In 2009, a monthly average of 529 families who were receiving a benefit earned over 25% of the average wage and owned a car conforming to the regulations. In accordance with the conditions laid out in the law, 11 different families continued, during that year, to own a car and receive the benefit after having been laid off. In addition, approximately 460 families had a car used for medical needs (including a vehicle for a disabled child).

Table 6
Recipients of Income Support Benefit (Families) with Income from Work, by Family Composition and Income Level, 2005, 2008-2009

Family composition	Total		Income level (NIS)					
	Absolute numbers	Percentage of all families	1-1,000	1,000-1,500	1,500-2,000	2,000-3,000	3,000-3,500	3,500+
January-July 2005								
Total	37,240	26.2	22.5	21.9	21.1	19.2	7.8	7.5
Individual	9,261	15.2	44.9	28.0	19.0	8.0	0.1	0.0
Individual + children	17,313	43.7	15.5	20.0	21.8	22.7	9.5	10.5
Couple	2,327	25.1	30.3	35.3	15.8	14.2	3.2	1.2
Couple with children	8,340	25.7	10.1	15.6	23.4	25.6	14.2	11.2
2008 Average								
Total	31,993	28.6	18.9	21.7	22.0	23.7	5.6	8.2
Individual	9,383	18.5	35.3	32.0	20.2	12.4	0.0	0.0
Individual + children	13,505	45.9	12.1	15.7	21.4	29.6	8.1	13.1
Couple	2,182	26.8	21.4	36.3	20.1	15.3	3.7	3.1
Couple with children	6,923	29.4	9.1	14.7	26.1	30.0	8.6	11.5
2009 Average								
Total	31,128	24.6	17.4	22.0	21.6	25.2	5.6	8.3
Individual	9,499	18.3	31.7	33.3	20.4	14.4	0.1	0.1
Individual + children	12,411	44.1	11.2	15.3	20.2	31.1	8.5	13.6
Couple	2,149	12.1	17.8	34.1	22.7	17.5	4.4	3.4
Couple with children	7,025	19.7	8.8	14.7	25.3	31.5	8.3	11.4

F. Women receiving maintenance payments

The Maintenance Law undertakes to pay divorced or separated women, common-law wives or women who remarried when the court verdict grants them maintenance but the person required to pay the maintenance does not fulfill his obligation towards them. The amount of the payment is the sum specified in the verdict or the sum set in the Maintenance Law regulations – whichever is lower: when the maintenance specified is lower than the payment designated in the regulations, the sum paid is that which is set out in the regulations, subject to the results of the means test. The rate of maintenance payment specified in the regulations is equal to the rate of the income support benefit for a single parent family. The NII is also responsible for collecting the maintenance payment specified in the verdict through execution proceedings undertaken against the person owing the money. Therefore, a woman can be eligible for maintenance payment from the NII only if she herself does not take any steps to enforce the verdict, or if she halts such proceedings prior to submitting a request to the NII. When the NII collects from the person owning a sum which is higher than the amount paid to the woman, she is entitled to receive the difference.

The 2009 amendments to the means test of the Maintenance Law affected this sector of the population as well, and during 2005-2009 the decline in the number of women who received maintenance from the NII continued – by approximately 4% each year until 2008. During the last year, the decline was more moderate – 2.6% – and in 2009, an average of 20,300 women received monthly maintenance payments. In addition, as will be pointed out below, the number of women receiving both maintenance and income support benefits continued to diminish.

The demographic characteristics of the women who received maintenance in 2009 were similar to those of the previous years: approximately 71% of them were divorced, approximately 14% were separated from their spouse despite the fact that they were still married to him, 8% had remarried, and the remainder – 6% – were common-law wives. Most of the women who received maintenance (about 80%) had one or two children (compared to 63% of all of the families with children in the population) and only 8% had four or more children (compared to 17% of all families with children in the population).

The proportion of women who received maintenance as a result of a court verdict and the characteristics of their employment were affected by amendments in 2003, but remained unchanged in 2004-2009. 72% of the women received maintenance on the basis of a verdict and the rest, on the basis of the regulations: 6% received the whole rate specified in the regulations and approximately 22% received a reduced payment because they had income from work. The average amount paid to the women was approximately 20% of the average wage in the economy (NIS 1,616 per month), but there is a great difference between the amount received by women as specified in the verdict and the amount paid

on the basis of the regulations (Table 9). In 2009, the average amount paid as specified in a verdict was only 20% of the average wage, while according to the regulations, 36% received the whole amount and approximately 19% received a reduced rate. The great gap between the two amounts (as specified in the verdict and as set out in the regulations) stands out even more when the average payment that is actually paid is calculated as a percentage of the average payment which would be acceptable had all women received the entire rate they deserve under the regulations. **In actual fact**, based on that calculation, the women receive only half of the amount they would have received **if only** they were all paid as under the regulations.

In 2009, 46% of maintenance recipients were working (compared to 49% of all women in the population), but their economic situation was poor. For most of them, the amount specified by the court was so low that a means test was irrelevant. The average amount of maintenance that working women received came to approximately 16% of the average wage. In addition to income from work, their inclusive income came to less than half of the average wage – a rate which is only 30% more than the maintenance of women who received the whole payment as specified in the regulations.

Table 7
Women Recipients of Maintenance, by Family Status (absolute numbers and percentages), 2000-2009

Year	Total		Family status			
	Absolute numbers	Percentages	Married to person owing maintenance	Divorced	Remarried	Other
2000	24,709	100.0	24.9	65.3	6.6	3.1
2001	26,294	100.0	23.8	66.5	6.2	3.5
2002	27,956	100.0	22.5	68.1	6.0	3.4
2003	25,789	100.0	18.4	71.2	6.4	4.0
2004	24,596	100.0	16.5	72.1	7.0	4.4
2005	23,603	100.0	14.8	72.8	7.5	5.0
2006	22,712	100.0	14.4	72.3	7.8	5.5
2007	21,771	100.0	13.8	72.1	8.2	5.9
2008	20,784	100.0	14.0	71.4	8.4	6.2
2009	20,253	100.0	13.9	71.7	8.3	6.1

Table 8
Women Recipients of Maintenance, by Type of Payment (absolute numbers and percentages), 2000-2009

Year	Total		Type of payment (percentages)		
	Absolute numbers	Percentages	Under regulations		Based on verdict
			Full	Reduced	
2000	24,709	100.0	3.7	15.5	80.8
2001	26,294	100.0	2.6	13.2	84.1
2002	27,956	100.0	3.4	16.2	80.4
2003	25,789	100.0	6.2	22.7	71.1
2004	24,596	100.0	6.2	22.3	71.5
2005	23,603	100.0	6.4	23.1	70.5
2006	22,712	100.0	6.1	22.3	71.6
2007	21,771	100.0	6.3	22.7	71.0
2008	20,784	100.0	6.2	23.5	70.3
2009	20,253	100.0	5.7	22.0	72.3

Table 9
Average Maintenance Payment as Percentages of Average Wage in the Economy, by Type of Payment and Work, 2000-2009

Year	Total	Type of payment			Work	
		Under regulations		Based on verdict	Working	Not working
		Full	Reduced			
2000	19.1	41.3	17.6	18.4	17.3	20.5
2001	19.5	44.0	18.9	18.9	17.9	20.7
2002	20.6	44.3	19.9	19.7	18.5	22.3
2003	18.8	37.6	16.3	18.0	14.6	21.7
2004	19.0	37.1	16.7	18.2	15.0	22.0
2005	19.3	36.4	17.4	18.4	15.5	22.5
2006	19.0	35.8	17.2	18.1	15.2	22.1
2007	19.1	35.0	17.2	18.3	15.2	22.6
2008	19.3	34.6	17.6	18.3	15.3	22.9
2009	20.3	36.2	18.6	18.3	16.2	23.8

These numbers indicate that in itself, the Maintenance Law does not ensure that all women who need a minimum income will receive it. Therefore, women for whom the courts specified that they would receive a low amount of maintenance and who do not have any other income, or whose income from other sources is very low, are eligible to receive income supplement from the NII under the Income Support Law, as long as they meet all other eligibility requirements for income support under this law. Indeed, in 2009, an average of 4,500 women who received monthly maintenance also received income support under the Income Support Law, as compared to 12,200 in 2002. In 2002, they constituted approximately 44% of all women receiving maintenance, but this rate dropped to approximately 22% in 2009. That is, the amendments also reduced the eligibility of women receiving maintenance to receive income supplement under the Income Support Law.

2. Old-Age and Survivors' Insurance

A. General

Old-age and survivors' pensions constitute the first tier of the pension system in Israel and ensure a basic income for the elderly after he has retired from active work, and to the survivors of an insured person after his death. Pension from work constitutes the second tier of the pension system, and together with the old-age and survivors' pension, they are intended to ensure that the retired and elderly have a satisfactory minimal standard of living (see Chapter 4 [2], Old-Age and Survivors' Insurance, 2007 Annual Survey).

An old-age pension is paid to every insured on a universal basis, with no means test (from either work or capital) at the (fixed) eligibility age and upon retirement (the conditional age) if he meets the requirements of the means test. Until June 2004, the (conditional) retirement age was 60-64 for women and 65-69 for men. In mid- 2004, the Retirement Age Law came into effect, and the eligibility age for an old-age pension for both men and women was gradually raised: the conditional retirement age for men for receiving an old-age pension was raised from 65 to 67, and therefore, eligibility for the ages of 67-69 is conditional on a means test. The absolute age for men did not change. The conditional retirement age for women was raised from 60 to 64: first to 62 and three years later, to 64. The absolute eligibility age for women was gradually raised from 65 to 70.

Based on the Retirement Age Law, the process of gradually raising men's retirement age (conditional) to 67 and the first stage of the increase in women's age was implemented in May 2009: (conditional) retirement to 62 and (absolute) eligibility to 67 (including eligibility age for housewives).¹

Increments are added to the basic old-age pension for a spouse and children, as well as a seniority increment and a pension-deferral increment. In addition, starting in April 2008, a special increment was paid for an insured aged 8 or over. The seniority increment is paid to anyone who has been insured for more than ten years and this amounts to 2% of the pension for every insured year beyond the first ten years, not exceeding 50%. The pension deferral increment is granted to anyone who deferred receipt of the pension during the years when a means test from work or capital (from the conditional to the absolute age) is required, due to earnings from work. This increment is equal to 5% of the pension for every year of deferral. The special increment for those who have reached the age of 80 is 1% of the basic amount.

¹ The process of deferring eligibility age for an old-age pension is detailed in the NII 2003-2003 Annual Surveys.

A survivors' pension is paid to the survivors of an insured after his death. Increments are added to the basic pension for children and seniority, and as of 2008, also an increment for a survivor who has reached the age of 80, as above. A widower is defined as eligible for a survivors' pension as long as he still has dependent children or he meets the criteria of the means test, as required by law.

Income increment for the elderly and survivors is paid to recipients of old-age or survivors' pensions who have no or a low income, up to the amount of the pension specified by the Income Support Law for this population, and on the basis of the rules figuring in the law.²

Benefits that do not fall under the National Insurance Law – the NII pays special benefits to the elderly and survivors who are not eligible for a pension under the NII Law. These are fully funded by the government.

The individuals who are eligible for these benefits are mainly new immigrants who are over the retirement age (under the Retirement Age Law) on the day they arrive in Israel and are therefore not insured in accordance with regulations of the National Insurance Law. The amounts of the basic benefit received are identical to those paid by the pension under the law, eligibility usually dependent on taking a means test. No seniority or pension deferral increments are added to these benefits, but as of April 2008, an increment is paid to those who are eligible to it by virtue of their having reached the age of 80. The maximum income increment paid to recipients of those benefits is equal to that paid to pension recipients under the law. Any change to eligibility age under the law also applies to recipients of benefits not based on the law.

Counseling services for the elderly – Since the beginning of the 1970's, a counseling service for the elderly has been operating on a volunteer basis in the framework of the NII, with elderly volunteers providing support for other old people. The service is part of the activities of the NII in the community and constitutes another of the activities of the Fund for the Development of Services for the various population sectors in Israeli society. The 2005 NII Annual Survey contains a detailed description of the counseling services available for the elderly, including goals, objectives and activities. In 2009, approximately 4,500 individuals were involved in activities in the framework of the service, and they carried out approximately 305,000 home visits to the elderly. The service handled approximately 103,000 requests for counseling/advice.

² Since March 2008, income from work that exceeds 20% of the basic amount (for an individual) or 24% (for a couple), and income from a pension that exceeds 13% of the basic amount (for an individual) or 20.5% (for a couple) is deducted from the income support increment. Income from work that exceeds these amount is deducted at the rate of only 60%; income from a pension that exceeds those sums is deducted in full; income from other sources, including old-age and survivors' pensions and income from capital are deducted in full from the income support increment, from the first shekel, with no exemption whatsoever.

B. Changes in old-age and survivors' pensions rates

Old-age and survivors' pensions – in the 2009 Economic Efficiency Law, it was determined that the basic old-age and survivors' pensions would be gradually increased until 2011, at a rate of approximately 7.3%. The pensions were to be increased at a uniform rate so that the difference (at the rate of 1% of the basic amount) between the pensions of those who have not reached the age of 80 and those who already have would be maintained.

In August 2009, a pension for individuals stood at 17% of the basic amount; in January 2010, it increased to 17.35% and in January 2012, it will stand at 17.7%. Benefits for all other family compositions increase accordingly.

This increase in the pension rate is added to the rise in the rate of the pension in recent years. In July 2006, the benefit rose from 16% of the basic amount to 16.2%, in April 2008, from 16.2% to 16.5%, with an increment of an additional 1% of the basic amount for anyone who had reached 80. In 2009, the rate of increase in old-age and survivors' pensions rose by approximately 3%. An increase of 7.3% will be paid in January 2011.

Old-age and survivor' pensions including income supplement also rose in accordance with the increase in the basic pension. In addition, in August 2009, an additional age group was added, 70-79 year olds, and they received a supplement of approximately NIS 120 for an individual and approximately NIS 180 if there are dependents (this increment too includes the increase in the basic pension). Those who are 80+ were paid an increment of NIS 75 for an individual, and NIS 107 for whoever has dependents. As of 2010, the rate of the pension including income supplement will increase at the same rate as the growth in the basic pension.

The pension to an individual eligible for income supplement was, as of 2009, 29.4% of the basic amount for those under 70, 30.3% for those aged 70-79, and 31.7% for those who have reached 80 years of age.

It should be pointed out that the increase in the rate of a pension including income supplement is added to the recent increase in the rates of this pension. The pension paid to an individual, which was 25% of the basic amount until June 2005, increased to 27.2% in July 2005, to 28.5 in July 2006 and to 28.8% in April 2008. The amount paid to individuals who turned 80 by August 2009 came to 30.8% of the basic amount.

C. Recipients of old-age and survivors' pensions

In 2009, the NII paid old-age pensions under law and special old-age benefits to 642,500 elderly individuals, in accordance with the National Insurance Law, and survivors' pensions to 104,000 survivors, as a monthly average. In December 2009, in addition to the recipients of old-age pensions, about 89,200 elderly persons also received a full old-age pension and half of the survivors' pension (see para. E above), and about 31,400 disabled elderly persons received a supplement to their pension (para. F above). The number of recipients of the old-age pension as per the National Insurance Law increased in 2009 by approximately 2.8%, and the number of recipients of the survivors' pension only dropped by 0.5%.

Table 1
Recipients of Old-Age and Survivors' Pensions, by Type of Pension and Legal Basis (monthly average), 2007-2009

	Number of recipients (average)			Annual rate of growth		
	2007	2008	2009	2007	2008	2009
Total	728,891	735,796	746,901	0.2	0.9	1.5
Old-age						
Total	623,692	630,904	642,533	0.2	1.2	1.8
Under the NII Law	544,631	555,507	570,854	1.0	2.0	2.8
Not under the NII Law	79,061	75,397	71,680	-4.8	-4.6	-4.9
Survivors						
Total	105,199	104,892	104,367	0.0	-0.3	-0.5
Under the NII Law	104,659	104,378	103,884	0.0	-0.3	-0.5
Not under the NII Law	540	514	483	-3.2	-4.8	-6.2

The number of people receiving special benefits continued to decline in 2009 at a rate of 4.9%, after a decline of 4.6% in 2008. The share of recipients of special benefit out of all benefit recipients rose sharply, from 8.4% in 1990 to 18.7% in 1996. Starting with 1997, this rate gradually decreased until it reached 9.7% in 2009. This development was the result of a decreasing trend in the growth rate of this population sector during the second half of the 1990's: the result of a decrease in the number of older new immigrants to Israel and of the mortality rate among elderly new immigrants. Due to the limited immigration, the size of this population sector will, in fact, continue to decrease as years

pass. The total numbers of recipients of the old-age pensions both under the National Insurance Law and not under the law grew by 1.8% in 2009, and the number of recipients of old-age and survivors' pensions increased by 1.5%.

D. Recipients of old-age and survivors' pensions including income supplement

Recipients of old-age and survivors' pensions who do not have any additional sources of income, or whose income from other sources is extremely low, are entitled an increment in their pension under the Income Support Law. The number of recipients of income supplement in 1990-2001 increased steadily as many new immigrants joined the system, but then, it gradually declined (Figure 1), particularly as a result of the decline in the number of new immigrants eligible for special benefits.

Table 2 shows the percentage of recipients of income supplement in December 2009 by type of pension and number of dependents basis for determining pension level). The percentage of individuals eligible for income supplement in December 2009 out of all recipients of old-age and survivors' pensions reached 25.1%, compared to 25.5% in December 2008. The percentage of recipients of the income supplement out of all individuals receiving old-age pension under law increased slightly, reaching 16.1%, and among recipients of survivors' benefits under law it declined to 27.7%. The percentage of recipients of an income supplement was the highest among recipients of old-age and survivors' benefits not under the National Insurance Law, most of whom were new immigrants: 95.1% of the recipients of old-age pensions and 71.3% of the recipients of survivors' benefit in December 2009 were eligible for income supplements. Payment of old-age and survivors' pensions not under the National Insurance Law is dependent on a means test and therefore, it is not surprising that the number of individuals eligible for income supplement among recipients of those benefits was very high.

It should be noted that during 2000-2006, the proportion of recipients of income supplement from among recipients of old-age pensions under the National Insurance Law decreased (Table 3). The continuous increase in the proportion of benefits that included income supplements (para. B above) paid to the various age groups contributed to the rise in the number of recipients of this benefit after 2006. The cumulative data show us that in years during which there was an increase in the pension, the rise in the number of eligible individuals was clearly prominent.

Table 2
Recipients of Old-Age and Survivors' Pensions by Type of Pension and Number of Dependents*, December 2009

Type of pension	Total	No dependents	One dependent	Two dependents	Three or more dependents
Total old-age and survivors' pension	750,518	670,537	69,954	5,844	4,181
% receiving income support	25.1	22.8	47.8	23.9	24.7
Old-age pensions as per NII Law	576,255	526,224	47,161	1,860	1,010
% receiving income support	16.1	13.9	39.4	34.8	53.2
Old-age benefits not as per NII Law	70,076	54,609	14,999	232	236
% receiving income support	95.1	96.2	91.2	89.2	95.8
Survivors' pensions as per NII Law	103,720	89,319	7,746	3,736	2,919
% receiving income support	27.7	30.0	15.0	14.2	8.9
Survivors' benefits not as per NII Law	467	385	33	8	12
% receiving income support	71.3	72.7	68.8	50.0	66.7

- Including spouse and/or children in old-age pensions and children in survivors' pensions.

Table 3
Recipients of Old-Age Pensions under NII Law with Income Supplement (monthly average), 2000-2009

Year	Recipients of old-age pension under NII Law	Thereof: number of recipients of income supplement	Rate of recipients of income supplement
2000	454,532	74,896	16.5
2001	472,760	77,549	16.4
2003	491,250	79,671	16.2
2004	510,778	80,501	15.8
2005	527,363	81,271	15.4
2006	528,273	81,288	15.4
2007	539,265	84,127	15.6
2008	544,630	85,817	15.8
2009	555,508	88,011	15.8

E. Recipients of old-age pension and half of the survivors' pension

Some of the recipients of old-age and survivors' pensions receive both types of benefits – old age and survivors (hereinafter: “both pensions”). The old-age pension is paid by virtue of the insurance of the insured individual himself, while the survivors' pension is paid by virtue of the spouse's insurance for his survivors. Regardless of which pension an individual is first eligible to receive, whoever is eligible for both pensions receives the entire old-age pension to which he is entitled as well as half of the survivors' benefit to which he is entitled. Only recipients of the pension under the law are entitled to both pensions. Recipients of a benefit not under the National Insurance Law receive their benefit by virtue of an agreement, and not by virtue of insurance in the Old-age and Survivors' branch.

In December 2009, 89,217 widows and widowers were entitled to both pensions, 94.5% of whom were women (Table 4), constituting 14.6% of all recipients of an old-age pension under the law. The high proportion of women among recipients of both pensions is not surprising, for a number of reasons. The first is that more men are insured than women: only women insured by virtue of the fact that they are working can grant their spouses rights to a survivors' pension (housewives cannot grant their spouses any insurance rights), while all men grant insurance rights to their spouses. The second reason is that the right to a survivors' pension for a widower without children depends on a means test. The third reason is that women are usually married to men who are older than them, and their life expectancy is higher than that of men. Therefore, it is more common to have a situation in which women are eligible for both pensions.

Table 4
Recipients of Both Benefits by Gender, December 2009

	Total	Men	Women
Number of recipients	89,217	4,945	84,272
Percentage of recipients of income support	7.5	13.8	7.2
Average pension (in NIS)	2,641	2,743	2,635
Thereof: recipients of half of the survivors' pension (%)	902	781	909
Average age	77.7	79.7	77.6

In December 2009, the average amount of both pensions together was NIS 2,641, approximately one third of which is the survivors' pension. The average amount of both pensions to which men are entitled is higher than that of women, since their old-age pension is higher, stemming from longer seniority and pension deferral increments. As expected, the proportion of income supplement recipients among recipients of both pensions is not high – only 7.5% – since the total amount of both pensions in itself is

usually higher than the amount of a pension with income supplement. The proportion of male recipients of income supplement is double that of women because widowers must meet the requirements of the means test to become eligible for the survivors' pension, while widows are exempted from the test. Moreover, women are usually eligible for a higher survivors' pension than are men (NIS 909 compared to NIS 781), stemming from the higher number of years of seniority which their husbands had accumulated.

The average age of recipients of both pensions is higher than the age of all those eligible for the old-age pension under the law. The average age of men is 79.7 compared to 76.3 of all recipients of an old-age pension under the law, while among women, it is 77.6, compared to 72.5, respectively.

F. Recipients of old-age pension for the disabled

The NII disability pension is paid to a disabled individual until he reaches retirement age, and after that, he received an old-age pension. Under amendments passed in 2002 aimed at improving the disability pension system, the old-age pension paid to a disabled elderly individual who reaches retirement age after January 1, 2002 is to remain at the level of his disability pension, including the “additional monthly benefit” (see the chapter on disability) which was paid before reaching retirement age. The additional monthly benefit is paid to a disabled individual with at least 50% medical disability and at least 75% work incapacity, and ranged between NIS 224 and 331 per month in 2009, depending on the percentage of medical disability. When transferring to an old-age pension, the disabled individual effectively receives a sum which supplements the disability pension and the “additional monthly benefit”, if he is entitled to such in addition to the old-age pension.

In December 2009, approximately 31,425 elderly disabled individuals received an old-age pension with disability supplement or another monthly benefit, approximately 47% of whom were women (Table 5). Approximately 84.3% of the disabled elderly also received an additional monthly benefit. The average amount of the old-age pension for disabled elderly individuals came to approximately NIS 2,511 in December 2009, of which one-fifth was a supplement to the disability pension and included the additional monthly benefit. Approximately one-fourth – 24.5% – of the recipients of the disability supplement or the additional monthly benefit for the disabled, were also entitled to an income supplement, where the proportion of men and women entitled to the income supplement was comparable.

Table 5
Characteristics of Recipients of Old-Age Pension to Disabled, by Gender, December 2009

	Total	Men	Women
Number of recipients	31,425	16,632	14,793
Out of these, recipients of another monthly pension	26,479	14,327	12,149
Average pension (in NIS)	2,511	2,599	2,415
Thereof: recipients of increment for disability and another monthly pension (NIS)	536	490	588
Average age	68.0	70.5	65.3

G. Seniority Increment

The seniority increment for the old-age pension is granted to elderly individuals who were insured in the NII for a period of at least ten years. It is equivalent to 2% of the

basic old-age pension for every additional year over the first ten years of insurance, not to exceed 50% of the pension. Table 6 shows that in 2009, the percentage of women receiving the seniority increment increased and reached 72.6%, and the percentage of men receiving this increment also increased to 93.1%, returning to the level of 2004, after having remained steady for three years. The average seniority increment paid to an individual eligible for the benefit under the National Insurance Law also rose, from 29.4% of the basic pension in 2008 to 29.7% in 2009 (the rate of the average seniority increment paid to anyone eligible for this increment is 36.7%). This means that the percentage of recipients of the seniority increment rose, and the average number of years for which the increment is paid also increased. The average increment received by men was almost double that of the increment received by women – 41.2% compared to only 21.8%, respectively (the rate of the average seniority increment paid to those eligible for this increment is 44.2% and 30.1% respectively.)

Between 2008 and 2009, the percentage of men and women receiving seniority increments from among newly eligible individuals rose from 94.4% to 96.8% of men, and from 77.7% to 83.2% of women, and this stemmed from an increase in the employment rate among women, and an increase in seniority among new immigrant women, etc. These percentages are higher than the percentage of men and women who received this increment in the population as a whole. In 2009, the average seniority increment paid to newly eligible individuals rose equally between men and women, after having declined the previous year, and the gap between the two genders with regard to this increment remained large: 43.1% for men and 26.6% for women. With the increased participation of women in the labor force and the continued rise in the retirement age, it is expected that the percentage of women eligible for the seniority increment will increase, particularly with regard to the maximum seniority increment, as well as an increase in the average seniority increment.

Recipients of the survivors' pension are granted the seniority increment to which the deceased was eligible. Most recipients of the survivors' pension, 85.3%, are eligible for this increment, and as expected, the proportion of women receiving the seniority increment accumulated by their deceased husbands is higher than the proportion of men receiving this increment: 88.0% compared to 49.6% respectively. In addition, the gap between the average seniority increments to which men and women are eligible is very high. Among recipients of the increment, women receive an increment of 36.0% while men are eligible for 19.7% only. The average increment for all recipients of the survivors' benefit stands at 30.2%, while recipients of the increment are eligible for a supplement of 35.3% on the average, that is, an increment for 16.7 years beyond the initial ten insured years.

Table 6

Recipients of Old-Age Pensions under the National Insurance Law, by Rate of Recipients of Seniority Increment and Pension Deferral, and Rate of Average Increment (percentages and averages) 2003-2009 (December)

Year	Percentage receiving increment*			Average increment for recipients of pension		
	Total	Men	Women	Total	Men	Women
Seniority increment						
2003	79.1	93.2	68.1	28.4	40.4	19.0
2003**	80.0	90.1	70.6	31.2	38.9	24.0
2004	79.4	93.1	68.8	28.7	40.6	19.6
2004**	82.6	92.1	73.9	32.1	40.5	24.5
2005	79.5	93.0	69.3	28.8	40.6	20.0
2005**	81.9	91.5	73.4	31.2	38.8	24.6
2006	79.8	92.9	70.0	29.1	40.8	20.4
2006**	84.2	92.9	76.5	32.0	39.8	25.0
2007	80.1	92.9	70.8	29.4	44.0	20.8
2007**	85.7	94.4	78.0	31.6	41.0	25.2
2008	80.4	92.9	71.5	29.4	41.0	21.3
2008**	83.7	94.4	77.7	29.9	39.3	24.6
2009	80.1	93.1	72.6	29.7	41.2	21.8
2009**	88.4	96.8	83.2	32.9	43.1	26.6
Pension deferral increment						
2003	13.7	14.6	13.0	2.3	2.4	2.2
2003**	12.3	9.4	15.0	2.1	1.6	2.5
2004	13.7	14.5	13.1	2.3	2.4	2.2
2004**	11.4	11.4	11.5	2.0	2.0	1.9
2005	13.7	14.5	13.1	2.3	2.4	2.2
2005**	13.2	14.3	12.2	2.3	2.6	2.1
2006	13.7	14.5	13.1	2.3	2.5	2.2
2006**	12.6	14.7	10.7	2.4	2.8	2.0
2007	13.5	14.4	12.9	2.3	2.4	2.2
2007**	10.4	13.2	8.4	2.0	2.5	2.6
2008	13.5	14.6	12.8	2.3	2.5	2.2
2008**	12.8	18.5	9.6	2.5	3.6	1.9
2009	13.5	14.8	12.7	2.3	2.5	2.2
2009**	13.8	19.2	10.5	2.5	3.3	2.0

* All recipients.

** Newly eligible.

H. Pension deferral increment

The old-age pension for the age range that is between the retirement age and the age of entitlement depends on a means test. An individual whose income from work does not exceed 57% of the average wage is eligible for the full pension (for a couple – 76% of the average wage). For every additional shekel, 60 agorot are deducted from the old-age pension until the pension is rebalanced. If a person's income is higher, he is not eligible for the pension and will receive a pension deferral increment in the amount of 5% of the basic pension for each year of deferral. Anyone eligible for the reduced pension is entitled to choose not to receive the pension and shall then be eligible for the pension deferral increment. This increment is less significant than the seniority increment, both in terms of the number of recipients and in terms of its rate.

In 2009, the percentage of men who received a pension deferral increment continued to rise to 14.8%, and the percentage of women who received this increment continued to decrease slightly, to 12.7%. The percentage of men and women from among the newly eligible in 2009 who received this increment rose and reached approximately 19.2% and 10.5% respectively. In 2009, the average increment paid to recipients of the pension remained stable: 2.5% men and 2.2% women. The rate of the average increment for women has remained unchanged since 2003. The average increment for recipients of this increment was 17%; that is, an average deferral of retirement of 3.4 years. In 2009, the increment paid to all of the individuals newly eligible for deferring the pension was somewhat higher than the increment paid to all of the recipients, 2.5% compared to 2.3%, respectively. Moreover, there was a decline in 2009 in the rate of the average increment paid to newly eligible men and a slight increase among women compared to the previous year. In 2008, there was an increase in the rate of this increment among newly eligible men and a decrease among newly eligible women in comparison with 2007. This increment as well was, on the average, higher among newly eligible recipients of the increment than among all of the recipients of the increment as a whole – 18.0% compared to 17%. The conclusion is that new retirees work a few more years beyond the retirement age than the recipients as a whole.

Under the Retirement Age Law, it is expected that the rate of the increment among women will increase in the future, since on the date that the process of raising their retirement age to 64 and the eligibility age to 70, the number of years that they will be able to defer retirement will increase to six years, compared to five years before the law came into effect.

I. Pension levels

In 2009, the basic old-age and survivors' pensions rose at a real rate of 2.9% (for an individual, under the age of 80, who has no income supplement) after the previous year, during which the old-age pension decreased and the survivors' benefit rose negligibly. The real increase in the pensions is the result of the pensions having been updated in January 2009 at a rate of 4.5% so that they are on par with the price rise, and an additional increase of 3% in the rate of basic pension that came into effect in August of the same year (see para. B above) and which relatively affected the annual growth in the pension rate. Compared to that, the rate of increase in prices was only 3.3%. The old-age and survivors' pensions including income supplement rose in 2009 as well, at a real rate of 2.3% for an individual under the age of 70, after they had declined the previous year. The increase in the other two age groups is even larger due to an additional increase in August 2009, as detailed above (3.6% and 4.4% for those aged 70-79 and 80+, respectively.)

Table 7
Basic Old-Age and Survivors' Pension Amounts*, by Selected Family Compositions, 2002-2009

Year	Single individual		Couple		Widow + 2 children**	
	2009 prices (NIS)	% of average wage	2009 prices (NIS)	% of average wage	2009 prices (NIS)	% of average wage
2002	1,233	15.6	1,848	23.3	2,436	30.8
2003	1,196	15.6	1,796	23.4	2,416	31.5
2004	1,202	15.2	1,803	22.8	2,425	30.6
2005	1,217	15.2	1,827	22.8	2,416	30.2
2006	1,242	15.3	1,862	23.0	2,424	29.9
2007	1,252	15.2	1,878	22.8	2,428	29.5
2008	1,248	15.2	1,874	22.9	2,414	29.5
2008 – eligible	1,305	15.9	1,951	23.9	**	**
Reached age of 80	1,284	16.1	1,928	24.2	2,480	31.2
2009	2,563	17.1	2,005	25.2	**	**
2009 – eligible	1,233	15.6	1,848	23.3	2,436	30.8
Reached age of 80	1,196	15.6	1,796	23.4	2,416	31.5

* Taking into account the reduction in the old-age pension from July 2002 till June 2006.

** Not including child allowances.

J. Scope of payments

In 2009, total payments of the Old-Age and Survivors' Branch (excluding administrative costs) increased in fixed terms by 4.7%. Pension payments under the National Insurance

Law rose by 6.2% in real terms and pension payments not under the National Insurance Law dropped by 4.1% in real terms. The portion of pension payments not under the law (which, under the National Insurance Law, also include payment of income supplement to pension recipients) from total payments of old-age and survivors pensions in 2009 reached 18.3%. In 2009, total payments of National Insurance benefits (excluding administrative expenses) increased by 7.5% in real terms, which was greater than the rate of increase in payments made by the Old-Age and Survivors' branch. Therefore, the share of payments made by the Old-Age and Survivors' branch out of all NII payments during 2009 decreased to 36.7%, after it had been 37.7% the previous year.

Table 8
Payments of Old-Age and Survivors' Pensions (without administrative costs),
2004-2009

Type of pension	2004	2005	2006	2007	2008	2009
Current prices (NIS millions)						
Total payments	15,780	16,257	17,165	17,461	18,425	19,931
As per NII Law	12,615	12,910	13,628	13,920	14,842	16,284
Not as per NII Law	3,165	3,347	3,537	3,541	3,583	3,647
2009 prices (NIS millions)						
Total payments	17,730	18,030	18,648	18,867	19,037	19,931
As per NII Law	14,173	14,319	14,806	15,041	15,335	16,284
Not as per NII Law	3,556	3,711	3,842	3,826	3,702	3,647

Box 5

International Social Security Conventions in the NII¹

It is common these days for people to move from one country to another for short or longer periods and therefore it is necessary to ensure their social security. In the case of the State of Israel, it is very important to take into account the fact that a significant portion of its population came from other countries.

In many countries, eligibility for a pension is dependent on insurance payments and a qualifying period (a minimal period of time during which a person must be insured). The move to another country discontinues the insurance payment and the accumulated qualifying period, and could, in certain cases, spoil a person's eligibility to the point that he is unable to receive the pension. Moreover: there are cases where the move to another country entails making insurance payments in more than one country. In order to find a solution to this situation, countries have become signatories to an international convention.

What is an international convention for social security?

An international convention for social security is an agreement between two countries which ensures and regulates rights and obligations with regard to the issue of social security for populations which have moved from one country to another on a temporary or permanent basis. In the convention, the countries undertake to acknowledge the work periods in another country, to add rights accumulated in one country to the rights in another country, to avoid double payment of insurance payments and to pay benefits to the insured as is their rights, even if the laws of that country determine that the pension should be stopped for any insured individual who has left it. There are cases in which, without international conventions, an individual might not receive social rights in any country whatsoever. The convention was intended to take care of details which, if they did not exist, would prevent a person from being eligible for any pensions at all, or he might lose those rights for the periods during which insurance payments had been made. That is, the objective of the conventions is to express a country's responsibility to protect the social rights of the individual.

Section 374 of the National Insurance Law authorizes the Minister of Social Affairs and Social Services, with the approval of the Labor and Social Affairs Committee, to draw up regulations for an agreement even if it is not consistent with the National Insurance Law, in order to enforce rights and obligations on the residents of the State of Israel or on residents of the authority with which the convention was signed.

¹ Written by Chaja Pe'er of the Division of International Affairs, Dr. Gabriela Heilbrun of the Research and Planning Administration and Attorney Jacob Sasporte, Director of the Division for International Conventions – all of the National Insurance Institute.

Principles of the Conventions

The conventions have four basic principles: equality under the law for nationals of one country and the citizens of another country; determining jurisdiction which will apply to insured individuals travelling between two countries; exporting benefits; protecting rights.

Equality under the law

The convention ensures that every person to whom the convention applies will have the right to the same conditions and rights as any other citizen and resident of the country to which he travelled, with regard to the same areas of interest contained in the convention.

Determining authorized jurisdiction

The convention applies to three types of workers: workers leaving of their own free will, temporarily, for another country; workers who are temporarily sent by their employers to carry out a job in another country (posted employees); and workers in the service of their countries, in transport companies, vessels and airlines, etc.

As stated above, the movements of workers from country to country places a double load on the collection of insurance payments, both on the employee and on the employers. This double taxation does not necessarily lead to a comparable accumulation of rights. The convention specifies the sole authorized jurisdiction to which the employee and employer will be subject in order to prevent doubling insurance payments.

Exporting benefits

The convention makes it possible to export benefits to an entitled person who is residing in another country, even if the law in that country does not permit this. This principle makes it possible to maximize rights. In addition, in Israel, these conventions encourage immigration and lighten the burden on public funds in that they prevent the entry of some people into the income support or maintenance systems, since if they did not receive the benefits from the other countries, they would require minimum support benefits in Israel in order to survive.

Protecting rights

Protecting rights prevents cutting off the flow of rights leading to the benefit payments (for example, in the case of moving to a country before the qualifying period has expired). Protecting the rights in each of the countries linked by convention and their cooperation when examining eligibility for a benefit leads to respecting rights, at times, through the completion of the qualifying period in each of the two countries, and reflecting all of the rights acquired during the claimant's insured years in order for him to be eligible for a specific benefit. It should be noted that protecting rights could result in their complete implementation in each of the two countries.

Additional issues set out in a convention

Hospitalization and medical tests related to birth and to work injuries

The convention determines which of the two countries will bear the burden of hospitalization expenses, medical treatment and medical tests. There are two possibilities: a refund of expenses by the country requesting the hospitalization or the tests, or mutual coverage, wherein each side bears the cost for the residents of the other country requiring hospitalization or tests.

Administrative assistance

Each side undertakes to provide assistance to the other side in order to implement the convention. This assistance includes providing information required to establish eligibility, communication between the second insuring institution and the insured, locating heirs, requesting the appointment of a guardian, repaying the insured's debts to the other insuring institution, translation of documents required for examination of eligibility, etc.

The conventions in the NII

When it was established, the NII began formulate conventions in the domain of social security in order to ensure the social rights of immigrants who came to Israel. In 1957, a few years after the National Insurance Law was legislated, the first convention in the domain of social security was signed with Britain. Since then, Israel has signed conventions with Austria, Uruguay, Italy, Bulgaria, Belgium, Germany, Denmark, Holland, Norway, Finland, the Czech Republic, France, Canada, Sweden and Switzerland. Conventions with the Philippines and Slovakia have been signed and are waiting for ratification by the authorized elements in both countries in order to become valid. Most of the conventions apply to the following social security schemes: old-age,

survivors, disability, work injury and occupational diseases, children and maternity; as and in Holland, and Sweden – unemployment as well.

The legal department, the relevant insurance departments and the International Relations Department of the NII, the Ministry of Foreign Affairs and the Ministry of Justice participated in the process of formulating conventions. The person responsible for international conventions in the Ministry of Justice is responsible for initiating new conventions, for asking the Ministry of Foreign Affairs to make initial contact with the target countries and for conducting negotiations towards the formulation of a convention, until the final draft is received and is approved by both sides. It is signed by both countries and becomes valid at the end of the ratification period by the authorized institutions in both countries.

The conventions contain a section that obligates both sides to establish communication bureaus which will make it easier to implement the convention. The Division of International Affairs in the NII serves as the contact as per the conventions in order to handle the affairs of Israeli residents who immigrated from countries with whom Israel has signed conventions, of Israeli residents residing in countries with conventions, of residents from convention countries who are residing in Israel and of Israeli and foreign companies which place Israeli workers abroad. In these frameworks, the conventions also include handling issues related to Holocaust survivors who have German social security rights. The Division has ten employees who are well versed in foreign languages, in the National Insurance Law and other laws on the basis of which pensions are paid in Israel, in the social insurance laws of the convention countries and in the instructions contained in the conventions.

The Division of International Affairs is charged with implementing the conventions, including providing assistance in extracting rights from the insurance institutions in the convention countries as well as from the pension departments in the headquarter of the NII in Israel, regularizing the insurance and determining authorized legislation, following up on changes in the legislation of the convention countries and joining new conventions. Among others, the Division issues approvals required to examine the implementation of rights in accordance with a convention; defines which countries require that the insured make insurance payments; orders medical tests and medical documents; initiates claims; prepares files for decisions in claims made to the Old-age and Survivors' and General Disability branches, carries out verifications with insurance institutions abroad, explains the conventions to Institute employees, participates in the training of volunteers in the NII working in the counseling services for the elderly, and transmits information to organizations representing the various new immigrant populations, to attorney and accounting offices, to the Ministry of Finance and to the Ministry of Foreign Affairs and embassies. The work is not imposed on the branches and for the most part, is carried out in the head office of the NII in Jerusalem.

In 2009, the NII handled approximately 20,000 such requests. A description of the domains and payments handled by the conventions can be found in the Statistical Quarterly of the NII. In 2008, the NII paid approximately 13 million (2009 prices) to approximately recipients of pensions residing in convention countries (an average of approximately NIS 1,600 per month per person) (Table 1). Most of the benefits, approximately 97% of them, were paid to persons eligible for old-age and survivors' pensions. The same year, convention countries paid approximately NIS 1.6 billion to approximately 52,500 recipients residing in Israel (an average of approximately NIS 2,480 per month per person). Most of the money came from Germany – NIS 1.1 billion for 35,300 pensions. The number of recipients of pensions from Germany and Austria, which paid approximately 59% of all payments in 2008, has been declining since 2002. In 2002, these countries paid 52,900 pensions (82.2% of all payments) compared to approximately 38,500 in 2008.

The pensions from abroad are paid directly to the recipients, therefore the NII does not have any information with regard to what kind of pensions are being paid, only the total amount of payments transferred from the convention countries.

Recipients of Pensions and Payments to and from Convention Countries, 2000-2008

Year	Recipients of pensions from convention countries	Pension payments from convention countries (NIS thousand*)	Recipients of pensions residing in convention countries	Pension payments to convention countries (NIS thousand*)
2000	60,057	1,770,595	866	12,181
2001	63,797	1,619,217	914	13,195
2002	64,309	1,996,791	937	12,769
2003	62,827	1,999,523	966	12,611
2004	62,333	2,084,837	951	12,874
2005	56,940	1,979,281	986	13,725
2006	55,908	1,895,480	999	14,072
2007	54,863	1,808,829	1,049	15,185
2008	52,505	1,563,550	1,035	13,176

* 2009 prices.

3. Long-term Care Insurance

A. General

The Long-term Care Insurance Law was approved by the Knesset in 1980 and went into effect in April 1988. The law was designed to keep the elderly in the framework of a community as long as possible by providing personal care for those needing assistance with daily living and to help the families caring for them. The law applied to everyone covered by the old-age and survivors' insurance, to housewives (married women who do not work outside the house) and to new immigrants not covered by old-age and survivors' insurance. Every disabled elderly person residing in Israel who meets the criteria of the means test and the test of depending on others for the performance of the daily activities is entitled to the benefit, on condition that he lives in the community. Anyone living in a nursing facility or in a nursing ward in an old-age home is not entitled to the benefit.

The means test, whose rules were established in the regulations of the law, is a personal test. As a condition for receiving the benefit in kind – that is, the long-term care service – only the income of the elderly person and that of his spouse are examined. The income of the family member who is caring for the elderly person and residing with him is also examined as a condition for receiving a monetary benefit. The means test is carried out by the claims officer and the test of dependency on others is carried out by professional evaluators. Evaluators include nurses, occupational and physio-therapists who have undergone appropriate training. As of July 2008, subsequent to the approval of a private bill in the Knesset, any elderly person who has reached the age of 90 can be examined for the dependency test by a geriatric specialist in a hospital, a clinic or public institution.

The long-term benefit is not paid in cash but rather awarded to those entitled to it in the form of services provided by organizations who receive payment directly from the NII for those services. The basket of long-term services covered by the benefit includes personal care provided in the elderly person's home or in a day care center, supervision, transport to the day care center, provision of absorbent padding, laundry services and financing for the installation and use of distress transmitters. A cash benefit is granted only to an eligible individual for whom services are not available or where the services cannot be provided at the times specified by law. Moreover, in March 2008, the NII initiated a pilot program to grant cash benefits in three regions. In the framework of the program, elderly individuals residing in the pilot regions (the Ashkelon, Bnei Brak, Ramat Gan and Nahariya branches) would be able to choose to receive the cash benefit on condition that they have accumulated at least six points in the dependence test and that they are receiving long-term care most of the hours in the day from a care-giver who is not a member of the family, and this care is received six

days a week.⁹ The pilot program was accompanied by a study whose results appear in a Box in this chapter.

In December 2009, the temporary order that enabled the cash benefit ended. In January 2010, after long discussions in the Knesset, the program was extended for an additional year. Three additional pilot areas were added (Jerusalem, Ashdod and Tiberias) and the residents of these regions, as in the initial pilot areas, may choose to receive the benefit in cash if they meet the criteria specified in the law.

In January, three levels of long-term care benefit were defined, suited to three levels of dependency: a level of 91% of the full disability benefit for an individual, a level of 150% of the same and a level of 168% of the same. An individual whose income exceeds up to 1.5 times the average wage shall receive half of the benefit to which he is entitled based on the dependency level. A married person is entitled to the full benefit if his income does not exceed 1.5 times of the average wage, and an individual whose income is up to 2.25 times the average wage shall be entitled to half the benefit. These benefit levels were updated in January 2009 by 4.5%, in line with the increase in the basic amount (due to an increase in prices in 2008) from which the benefits are derived. As of January 2010, the long-term care benefit was updated by 3.8%, in accordance with the price rise in 2009.

As of March 2009, any individual receiving a long-term care benefit at the two highest levels and who employs only an Israeli (rather than a foreign) worker (either within or without the framework of the long-term care benefit), is entitled to additional weekly hours of care. Anyone who is very dependent on assistance from others, that is, eligible for 150% of the full disability benefit, is entitled to an additional three weekly hours of care, that is, to a supplement of 27.2% of the full disability benefit, and anyone who is completely dependent on assistance from others, that is, receives a benefit of 168% of the full disability benefit, is entitled to a supplementary four weekly hours of care (equal to 36.3% of the full disability benefit). Anyone who is entitled to half the benefit because of his income level is entitled to half the supplement. From March to September, this supplement was paid on the basis of an agreement with the Ministry of Finance, which funded it. From October 2009, the supplement is provided under the National Insurance Law, which funds it, in accordance with the Economic Efficiency Law of 2009-2010.

The law stipulates that the Minister of Social Affairs and Social Services must appoint local professional committees, which must consist of a social worker, a nurse and an employee of the NII. This committee must establish a plan for the care of an elderly person who is eligible for the benefit: what services must be provided for him and who can provide them. The committee must also ensure that these services are indeed provided, or alternatively, specifically state that no services are available for the elderly person.

⁹ We should like to point out presenting the elderly with a choice in the framework of long-term care benefits exists in several western countries and these are listed in the 2005 Annual Survey.

The committee is also entitled to determine that the person caring for the recipient of the cash benefit is not suitable or that the long-term services which the eligible person receives from the caregiver is not sufficient for him and therefore, the NII is entitled to revoke the cash benefit and to decide that the benefit be paid in kind.

B. Claims and eligibility for a long-term care benefit

The number of claims for long-term care benefits rose by 3.4% in 2009 and reached approximately 77,000. In 2008, the number of claims declined but this was an exceptional situation in the continuous upward trend that had been seen in previous years. The number of first claims in 2009 rose by 4.1% compared to 2008, and the number of repeat claims (second or more claims) rose by 3.9%. The rate of repeat claims as a percentage of all claims in 2009 remained 59.0%.

Table 1
Claims, Rate of Approved Claims and of Repeat Claims, 2002-2009

Year	Claim	Annual growth rate	Percentage of repeat claims	Percentage of claims approved*
2002	71,007	4.3	51.8	44.3
2003	63,928	-10.0	55.7	43.2
2004	71,246	11.4	58.6	43.5
2005	71,568	0.5	59.9	46.7
2006	72,257	1.0	58.2	49.2
2007	75,375	4.3	58.2	47.3
2008	74,085	-1.7	59.1	47.4
2009	77,003	3.4	59.0	46.0

- Claims approved in the first eligibility decision. The calculation excludes claims by people who submitted claims and died, or whose eligibility was deferred.

In 2009, the percentage of approved claims declined slightly to 46%. The percentage of first-time claims approved in 2009 dropped from 54.3% in 2008 to 52.7% in 2009, and the percentage of repeat claims that were approved also declined from 42.7% in previous years to 41.3%. The decrease in the percentage of first claims approved in 2009 is expressed in the slight decrease in the percentage of false claims – claims that received 0 and 0.5 points in the ADL¹⁰ – and in the lack of change in the size of cluster of parameters around 2.5 points, the threshold for benefit eligibility. The percentage of false claims in 2009 came to 28%, compared to 28.3% in 2008 and to 28.8% in 2007, and the percentage of claims receiving 2.5 points remained at 16.3%, as in 2008. It should be noted that in analyzing the percentage of claims approved, the percentage of false claims and size of groupings close to the threshold of points required for eligibility for a benefit also contained claims for which no dependency test was carried out and they were not approved because of pre-conditions, such as age.

¹⁰ Activities of Daily Living – a test that examines limitations in everyday activities (i.e. eating, dressing, mobility in the home, excreting, etc.).

The numbers of individuals eligible for long-term care benefit continued to rise in 2009 by approximately 3.9%, and reached a monthly average of 136,600. The number of individuals eligible for the benefit rose by 333% from 1991 to 2009, despite the elevation of the eligibility age. This is a very high rate, and it is significantly higher than the increase in the number of elderly persons during that period. During 2009, the retirement age for women reached 62. This age level will remain in effect for the next three years (in accordance with the procedure detailed in the Retirement Age Law described in previous surveys, particularly in the chapter on old-age and survivors). In 2009, the eligibility age for men reached the end of the procedure aimed at raising the eligibility age, which stands at 67. The percentage of individuals eligible for a benefit out of all the elderly persons in the population rose significantly, from 6% during the first years of the implementation of the law, to a peak of 17.7% in 2009. This percentage of eligible persons was calculated from an estimate of the number of elderly persons in the ages eligible for benefit (62 for women and 64 for men). This proportion of the number of individuals eligible for the benefit out of all of the relevant elderly persons in 2008 was 17.5% (in 2008, the eligibility age for women was 61 and 8 months, and for men – 66 and 8 months).

Table 2
Eligible for Long-Term Care Benefit and Elderly People in Israel, 2002-2009

Year	Eligible for long-term care*		Elderly people in Israel**		Rate of coverage ***
	Numbers (thousands)	Annual growth rate	Numbers (thousands)	Annual growth rate	
2002	112.3	6.5	758.1	1.8	14.8
2003	113.0	0.6	769.3	1.5	14.7
2004	113.4	0.4	780.5	1.5	14.5
2005	115.0	1.4	794.9	1.8	14.5
2006	120.3	4.6	813.8	2.4	14.8
2007	125.5	4.3	836.5	2.8	15.1
2008	131.5	4.9	859.1	2.8	15.3
2009	136.6	3.9	774.0	2.8	17.7

* Monthly average.

** Until 2008 – average population of men aged 65+ and women aged 60+, based on data from the CBS. The figures for 2009 are estimates for men aged 67+ and women aged 62+.

*** The number of those eligible for benefits as a percentage of the number of elderly people. From mid-2004, the retirement age rose gradually from 65 to 67 for men and from 60 to 64 (in 2 stages) for women. Therefore, the number of elderly persons based on the former retirement age was larger and the coverage rate smaller. As of 2009, the rate relates to age groups that are identical with the number of elderly persons and the number of those eligible for a benefit.

Table 3
Those Eligible for Long-term Care Benefit, by Demographic Characteristics and Benefit Level (monthly average), 2009

	Absolute numbers	Percentages

Total		
Gender		
Women	39,819	29.1
Men	96,788	70.9
Age		
Up to 64*	1,229	1.0
65-59	5,940	4.3
70-74	16,313	11.9
75-79	27,945	20.5
80-84	37,515	27.5
85 +	47,665	34.6
Family composition		
Living alone	60,060	46.9
Living with spouse	54,129	39.6
Living with children or others	18,418	13.5
Seniority in Israel		
Veterans	103,299	75.6
Immigrants** – total	33,308	24.4
Those who immigrated after 1999	3,690	2.7
Level of benefit		
Low benefit (91%)	77,252	56.5
High benefit (150%)	33,704	27.7
Very high benefit (168%)	25,650	18.6
Eligible for increment of 3 hours ***	17,194	36.8
Eligible for increment of 4 hours ***	10,005	63.2

* Age group contains only women.

** People who immigrated to Israel after 1989.

*** December 2009.

An examination of the demographic characteristics of eligible individuals in 2009 shows that almost one quarter (24.4%) of them are new immigrants who immigrated to Israel after 1989, 2.7% of whom immigrated after 1999, and the rest are veterans. There are almost three times the number of women than men. When breaking this down by age, more than one third of those eligible are 85 years of age or over, and close to 2/3 (62.4%) are 80 years of age or older. The main increase is in the 85+ group, where the total number of recipients rose from 32.7% to 34.9%, while the number of 80 year olds or less is steadily decreasing. Only 4.3% of those eligible are 65-69. As to family composition, two out of every five (39.6%) of those eligible live with a spouse. Almost one out of two (46.9%) lives alone, and one out of seven (13.5) lives with someone else – usually a son or a daughter (Table 3). 56.5% of those eligible were approved at the lowest level of eligibility – 91% of the full disability pension for an individual (including those whose benefit was reduced to half after the means test), and 25% were considered eligible for the higher level – 150%. The eligibility of the remainder of the recipients, approximately 18.8%, was approved at the very highest level – 168%. The proportion of those eligible for the highest level benefit is steadily rising – from 13.7% in 2007 until 18.6% in 2009. This group has the highest growth rate. Recipients of the lower level of benefit increased by 2.2%, of the mid-level by 2.8%, and that of those eligible for the highest rate rose by 11.1%.

In March 2009, supplementary care hours were added for anyone employing an Israeli worker, as mentioned above. 17,194 individuals received the supplementary three weekly hours of care, which comes to approximately 49.2% of those receiving the high level of benefit, and 10,005 individuals received an additional four weekly hours of care, which comes to 36.6% of the recipients of the highest benefit level. At the end of 2009, 450 eligible persons residing in a pilot area had opted for the cash benefit – 26 in Nahariya, 25 in Bnei Brak, 302 in Ramat Gan and 98 in Ashkelon.

C. Organizations providing long-term care services and the services provided

The services provided under the Long-term Care Insurance Law are provided through official organizations acknowledged by the Ministry of Social Affairs and Social Services to be authorized providers of services based on contracts drawn up between them and the NII. In recently years, the NII published a number of tenders in order to establish a pool of long-term care service providers for eligible individuals, but the agencies and associations appealed against the tenders published and they were not implemented for a variety of reasons, among them strong pressure on the part of the suppliers, who preferred acting in the context of individual contracts. During 2008-9, the courts rejected the appeals against the last tender published in 2008, where long-term care agencies were required to improve the rights of the employees working in long-term care, and the tender was once again published in the beginning of 2009. A service provider can be a non-profit public organization such as MaTaV (home care) or a day care center, or a private organization operating as a business. At the end of 2009, the results of the tender were published along with the names of the agencies eligible to provide long-term care services.

Box 6

A study accompanying the long-term care cash benefit pilot¹

In accordance with Amendment no. 92-temporary order of the National Insurance Law, the NII implemented a pilot plan from March 2008 to December 2009 where the elderly were given the option of choosing a long-term care cash benefit, on condition that they met the following conditions:

1. They are eligible for one of the two higher levels of the long-term benefit – 150% or 168%.
2. They actually receive long-term care from a caregiver who is not a family member for most hours in the day, six days a week,.
3. They reside in a pilot area (selected according to criteria of representation of different populations).

The amendment also determined that a study would be carried out to accompany the pilot, intended to examine the possible implications of the right to opt for a long-term care cash benefit.

The research method – Two samples were selected for the purposes of the study. A sample of elderly individuals who actually opted for the cash benefit (because of the paucity of cases, everyone opting for a cash benefit was selected) and a sample of elderly individuals in the same regions who did not opt for the cash benefit. The telephone survey questions were adjusted for the two groups, due to difficulties when interviewing confined elderly individuals. In fact, in only a small amount of cases did the elderly individual respond to the questionnaire himself; in most cases, it was a family member who responded. The interviews took place during the first half of 2009.

¹ The full report was written by Ramsees Gharrah.

Number of Potential Elderly Persons and Number of Elderly Persons Having Opted for Financial Benefit, April 2009

Branch	Total		Opted	
	Total	With foreign caregiver (%)	Total	Percentages
Total in trial regions	7,597	51.7	299	3.9
Nahariya	1,170	40.6	22	1.9
Ashkelon	1,676	35.5	62	3.7
Ramat Gan	3,825	60.0	195	5.1
Bnei Braq	926	60.7	20	2.2

Characteristics of those opting for the cash benefit – An examination of the features of those opting for the cash benefit shows that new immigrants and Arabs, as well as those residing in Nahariya and Bnei Brak tended to select the long-term care cash benefit slightly less than did others (an average of approximately 2% compared to 3.9%). The following elderly individuals tended to opt for the cash benefit much more: those residing in Ramat Gan (5.1%, compared to an average of 3.9%); recipients of the highest benefit level (5%, compared to an average of 3.9%); those who have been part of the long-term case benefit system for from one to two years (5%, compared to an average of 3.9%); and those whose income is higher than the average wage in the economy (5.3%, compared to an average of 3.9%).

Comparison between the characteristics of elderly individuals who opted for the cash benefit and those who did not – An examination of the data shows that those who opted for the cash benefit were older (48% over the age of 85 compared to 41% from among those who did not opt for the cash benefit); living alone (55% compared to 47%, respectively); their economic situation is better (50% compared to 54% whose income comes to half of the average wage); they are more dependent (53% compared to 44% at the highest benefit level); less among new immigrants and Arabs (2.4% new immigrants among those who opted for the cash benefit compared to 10.5% in the groups of those who did not choose to do so). In addition, they had more economic assistance from family members in order to finance the care (76% and 71%, respectively). It was interesting to see that only approximately 12% of the elderly individuals who did not opt for the cash benefit declared that they would prefer to be cared by a foreign worker, while 60% of them are actually cared for by such a worker.

In the area of **subjective satisfaction** on the part of the elderly persons with regard to the various aspects of the care they receive in the framework of the long-term care benefit, it was found that those who chose the cash benefit were more satisfied than those who had not, including those who employed a full-time caregiver, although the gap in level of satisfaction between those who opted for the cash benefit and those who did not, but employed a full-time caregiver, was very small. The gap in satisfaction with regard to all of the long-term care benefit arrangements was particularly prominent: a rate of 91.2% satisfaction among those opting for the cash benefit compared to only half among those who did not, including those employing a full-time caregiver. It should be noted that the two groups reported high levels of satisfaction with regard to all aspects, with the exception of two, where the level of satisfaction was low: the amount of help provided for financing the cost of the care, and the level of self-confidence and personal welfare. We should once again like to stress that the difference in satisfaction between the two groups is not necessarily the direct result of giving the option of choosing the cash benefit.

Information about the pilot program – Whoever actually opted for the cash benefit generally received information about the benefit in a letter from the NII and from the media. Most of the families who did not opt for the cash benefit were not aware of the pilot program.

The main reasons for opting for the cash benefit are economic: two out of every three individuals indicated that the amount of the cash benefit received from the NII was higher than the benefit previously received from the long-term care agency in the context of the in-kind benefit. 59.2% also pointed out the savings in cash and in payments to the full-time caregiver. One third referred to the control over the money of the benefit. They also pointed out the savings in bureaucratic arrangements, efforts and time that they used to devote in the past to dealing with the long-term care agency and they pointed out the more pleasant and easier procedures of the care received. 99% of those opting for the cash benefit would like to see the arrangement become permanent, and 73% are encouraging others to opt for this arrangement and manage the care independently.

Reasons for not opting for the cash benefit – The most significant reason for not opting for the cash benefit was ignorance of the existence of this program (76%) compared with almost 100% of those who opted for it. It is important

to stress that 66% of the elderly individuals who did not opt for the cash benefit declared that they would like it, and that the higher payment and receiving information about the benefit would make them opt for it now.

Drawbacks to the benefit in kind arrangement – 77% indicated that the amount of the benefit received from the long-term care agency as benefit in kind is lower. 59.1% also pointed out the superfluous mediation with the long-term care agency, accompanied by annoyance and awkwardness.

Attempts by long-term care agencies to prevent opting for the cash benefit – It was estimated that with the implementation of the pilot program of the long-term care cash benefit, the manpower agencies would try to influence the elderly not to opt for the cash benefit in order to protect their own interests. The study shows that 1/3 of those who opted for the benefit reported having received requests from agencies – approximately 20% reported that the agencies made it clear that the transfer to a cash benefit would only add a small amount of money, and in a few cases, the agencies proposed to pay a higher payment to those who would remain with the in-kind care arrangement. Only six who did not opt for the cash benefit, out of a group of 270 were approached by an agency.

Control – The NII carried out regular verifications with the recipients of the long-term care benefit through home visits by professional employees – social workers and nurses. In general, the data points to a lack of irregularities in all domains examined.

Principal recommendations:

1. Expand the scope of the option for selecting a cash benefit to all recipients of the long-term care benefit at the 150% and 168% levels, and turn it into a regular arrangement.
2. Provide complete, detailed and accessible information to all elderly individuals and their families regarding the procedures for attaining the long-term care cash benefit and full-time caregivers.
3. Make the amount of the long-term care cash benefit equivalent to the amount of the in-kind benefit.

Table 4 below shows the breakdown of the number of monthly hours of personal home care provided in December 2009 by type of service provider. All in all, in December 2009, service providers provided approximately 7.3 million personal care hours in the homes of those eligible for the long-term care benefit. Approximately 5.2 million hours were provided by private organizations (70.8%), approximately 1.2 million hours by MaTaV (home-care) non-profit organizations (16.6%), and the rest, approximately 0.9 million hours (12.7%), by public and other associations.

Table 4
Number of Personal Care Hours Provided at Home, by Type of Service Provider, December 2009

Type of service provider	Numbers (thousands)	Percentages
Total	7,359	100.0
Private organization	5,209	70.8
Matav (home caregiver)	1,222	16.6
Non-profit organization	916	12.5
Other	12	0.2

Table 5 shows the breakdown of recipients of long-term care services in December 2009 by the type of service provided. It should be remembered that an individual eligible for a benefit can receive more than one type of service and therefore, the total number of recipients of long-term care services is greater than the number of individuals eligible for the benefit.

The vast majority (99.1%) of recipients of long-term care services in December 2009 received personal care at home from a local or foreign caregiver. 7.3% received personal care in a day care center, 19.8% received absorbent padding products and 12.9% received a distress transmitter. 69.0% of the recipients of personal care at home received it as the only item from the basket of services. Only 7.2% of the recipients of personal care in the day care center received no other services, and the rest combined it with other services.

Table 5
Recipients of Long-Term Care Services, by Type of Service, December 2009

Type of service	Number of recipients	Percentage receiving the service	
		Out of all eligible for benefit	As sole item from recipients of this service
Total*	192,917	-	-
Personal care at home	137,063	99.1	69.0
Personal care in day center	10,020	7.3	7.2
Absorbent products	27,434	19.8	0.3
Distress transmitter	17,792	12.9	0.4
Laundry services	608	0.4	0.3

* An individual eligible for the benefit can receive more than one type of service. Therefore, the total recipients of long-term care services in this table is larger than the number of persons eligible for the benefit – 138,200.

D. Scope of payments

In addition to direct benefit payments, the Long-term Care Insurance Law requires that payment be made for additional items related to long-term care insurance. 15% of the annual receipts are allocated to the Ministry of Health and the Ministry of Social Affairs and Social Services in order to finance the growing number of persons admitted to institutions. In practice, the Ministry of Health usually uses up the full allocation while the Ministry of Social Affairs and Social Services uses up only a portion of it. In addition, money is allocated to the Fund for the Development of Communal and Institutional Services for the elderly.

In 2009, approximately NIS 3.7 billion (2009 prices) were transferred to finance the Long-term Care Insurance Law: approximately NIS 3.4 billion for providing services to those eligible and the balance, for developing the services of institutions and communal services, and for conducting dependency tests. The sum of NIS 78.9 million was transferred to the Ministry of Social Affairs and Social Services and to the Ministry of Health in order to help with the increased number of elderly people hospitalized in nursing care institutions (Table 6). In addition, the sum of NIS 81.0 million was transferred to the Ministry of Social Affairs and Social Services and to the Clalit Health Fund and evaluators to develop a program for treating eligible individuals and to conduct dependency tests.

In 2009, unlike in other years, the Treasury paid the NII the sum of approximately NIS 80 million to cover the supplementary weekly care hours granted to eligible individuals employing only Israeli caregivers and who receive the two upper levels of the benefit. The payment for this supplement was, as stated above, financed by the Treasury during March-September 2009.

Table 6
Total Payments under Long-Term Care Insurance Law by Type of Payment
(NIS thousand, 2009 prices), 2003-2009

Year	Total	Long-term care benefits	Transfers to external bodies*	Development of services	Hospitalized in long-term care institution	Based on agreements with Ministry of Finance
2003	2,754.5	2,550.0	64.6	27.8	110.7	3.3
2004	2,776.8	2,563.4	68.6	38.8	103.2	2.8
2005	2,825.6	2,606.2	77.0	41.3	98.6	2.6
2006	2,952.8	2,755.2	67.1	32.5	95.6	2.5
2007	3,320.0	3,112.4	76.4	38.6	90.1	2.5
2008	3,409.6	3,223.7	81.7	21.4	80.5	2.3
2009	3,679.1	3,414.9	81.0	21.9	78.9	82.5

* Transfers to the Ministry of Social Affairs and Social Services and to the Clalit Health Fund for preparing a treatment program for eligible recipients, and transfers for conducting dependency tests.

In 2009, payments made under the National Insurance Law increased by approximately 7.9% in fixed (2009) prices. Payment benefits increased by 5.9% as a result of the growth in the number of individuals eligible for the long-term care benefit, particularly for the highest benefit. The average benefit level in fixed prices rose by 1.7% in 2009.

4. Children Insurance

A. General

Child allowance – The child allowance is paid monthly to every family with children in Israel to help with the expenses of raising children. The child allowance underwent many changes over the years and since 2002, the level of the allowance declined greatly as a result of many various programs. Since July 2009, in the framework of the Economy Arrangements Law, the allowance for the second to fourth child increased gradually, until, by the end of 2012, these children will receive a supplement of NIS 100 each to the payment received at the beginning of 2009.

In 2009, the child allowance rose in comparison to its level in 2008, for two reasons:

1. The allowance was updated in line with the consumer price index of the previous year;
2. In July 2009, the allowance for the third child rose by NIS 60 and for the fourth child, by NIS 93 – as the first stage in the program approved in the context of the 2009-2010 Economy Arrangements Law.

The 2009-2010 Economy Arrangements Law –The program which originated with coalition agreements began to go into effect in July 2009. In the framework of this program, the child allowance for children who are the second, third and fourth children in the family will be gradually increased until in 2012, a supplement of NIS 100 will be paid for each such child in families. The basis for this supplement is the level of the allowance actually paid in June 2009; that is, the allowance of children who are the second to fourth child will not be updated during 2010-2011 to meet any rise in the index, as is customary every January, and therefore, the supplement will be nominal and will be eroded over the years.

Beginning in July 2009, the fourth child received a supplement of NIS 93, and the third child, a supplement of NIS 60. The second child will receive a supplement of NIS 36 during the second stage only, to go into effect in July 2010 (Table 1). The estimated cost of this program for 2009 is about NIS 240 million. By 2012, the cost will reach NIS 1,500 million, compared to the cost in 2008. The revision in the level of allowances introduced in 2009 that stemmed from the coalition agreements is slight compared to the ongoing harm to the allowances since 2002. The relentless adverse effect stems from the decision to pay a uniform allowance to children who were born after June 2003 (“new children”), whose position in the family is third or more. They received an allowance that is on par with the allowances for the first two children, compared to the higher

allowance received by children in the same position in the family who were born before 2003 (“veteran children”).

Table 1
Changes in Child Allowances under the Economy Arrangements Law – 2009-2010

Child’s place in family	Size of allowance in June 2009	Size of allowance after Stage A (July 2009-June 2010)	Size of allowance in Stage B (July 2010-March 2011)	Size of allowance in Stage C (April 2011-March 2012)	Size of allowance as of April 2012
Size of allowance					
New fourth child	159	252	252	252	259
Veteran fourth child	353	446	446	446	453
New third child	159	219	252	252	259
Veteran third child	191	251	284	284	291
Second child	159	159	195	252	259
Increment vs. allowance, today					
New fourth child		93	93	93	100
Veteran fourth child		93	93	93	100
New third child		60	93	93	100
Veteran third child		60	93	93	100
Second child		0	36	93	100
Estimated annual cost in NIS compared to 2008		240,000,000	700,000,000	1,280,000,000	1,500,000,000

The stringency introduced in 2002 resulted in a sharp decline in child allowance payments: approximately NIS 8.3 billion (2008 prices) were paid in 2001 while the payments dropped to a low of NIS 5 billion in 2008 – that is, a deterioration of 40%. As a result of the implementation of the first stage of the program in the framework of the 2009-2010 Economy Arrangements Law, the amount rose in 2009, but not significantly. As stated above, the decline was reduced to 37% between 2001 and 2009. During that period, the number of families receiving a child allowance rose by 7% and the number of children – by 11%. This suggests that were it not for the recent decline, the child allowance payments would have amounted to more than NIS 9 billion, that is, in real terms, the decline amounted to over 43%.

Study grant – In addition to the child allowances paid to every family with children, a study grant is paid to single-parent families and to families with four or more children who receive an income support benefit. The grant is paid for children aged 6-14, and its objective is to help families purchase school supplies prior to the start of the school year. In 2009, 146,000 children received the study grant. The cost of the grant amounted to NIS 165 million in 2009.

Family increment – In July 2004, families with three or more children who receive an income support benefit or maintenance payment from the NII began to receive a monthly family increment. The family increment is paid only for the third and fourth child. Until December 2005, this came to NIS 101 per child. From January 2006, it was increased to NIS 104 per child and in January 2009, it reached NIS 111 per child. The objective of this increment is to compensate families for the double erosion – in the child allowances and in the income support benefit. In 2009, this increment was paid to about 24,000 families (having about 40,000 third and fourth children). In 2009, the sum of NIS 56 million was paid in the form of the family increment, compared to NIS 58 million in 2007 and approximately 62 million in 2006. The decline stems from a decrease in the number of recipients of the income support benefit or maintenance that year.

B. The level of child allowances over the years

Until 2005, the child allowance was calculated on the basis of allowance points determined by law, based on the child's position in the family. From 1987 to 2001, the allowance points were updated at the beginning of every calendar year in line with the full increase in the consumer price index, each time a cost of living increment was paid to all salaried employees in the economy. From January 2001 to December 2005, the allowance point was not updated and remained fixed at NIS 171.3 (2005 prices). From January 2006, the allowance point was calculated on the basis of the basic amount, which is updated in line with the rise in the consumer price index. In 2009, this sum was NIS 159, compared to NIS 152 in 2008. Therefore, allowances for the first two children rose to NIS 159 per child, and the allowance for the third child rose from NIS 182 in 2008 to NIS 191 during the first half of 2009, and to NIS 251 during the second half of 2009. The child allowance for the fourth child rose from NIS 337 to NIS 353 during the first half of 2009, and to NIS 446 during the second half of 2009. The allowance for the fifth child and over rose from NIS 337 to NIS 355. The increase in child allowances stemmed from a decline during 2002-2004 in the size of the allowances, part of the cutbacks in child allowances described above. The allowance for new children born after June 2003 is the same for the first two children, regardless of their position in the family – NIS 152.

Figure 1 shows the average allowance per child from 1993 to 2009.¹ The average allowance per child rose gradually from 1993, when the child allowance began to be universal, until 2001. The “Halpert Law”, which went into effect in 2001, saw the average child allowance rise to a record peak, and from 2002, the allowance began to decline sharply until its relative stability in 2005. A series of cutbacks in national insurance benefits in general, and in child allowances in particular, reduced the average allowance to approximately 50% per child during 2002-2005. In 2009, the average allowance per child was reduced by approximately 46% relative to 2002 – slightly reducing the gap relative to the previous year.

Table 2 shows the cumulative impact of the Economic Recovery Plan Law of June 2009, the Economic Policy Law of 2004 and the 2009-2010 Economy Arrangements Law.

In real terms, the amount of the allowance for a family with one child decreased by 31% between January 2002 and January 2005. In the beginning of 2006, the allowance rose by approximately 20%.² In 2007, the allowance for a family with one child decreased slightly by less than 1%. The drop in the sum of the allowance was larger in 2008 – 2% (compared to 2007). In 2009, the allowance per child rose slightly by 1.3%.

In 2005, a family with three children received 57% of the sum that it had received in 2002. The real allowance for a family with three children rose in 2006 by approximately 17% and in 2008, a decrease of 2% was again noted. In the first half of 2009, the allowance for a family with three children increased by 4.6% compared to 2008. During the second half of that year, the amendment to the Economy Arrangements Law came into effect and the child allowance was increased for the third and fourth child. Therefore, during this period, the allowance for a family increased by an average of 13.3% relative to their average allowance during 2008.

Figure 2 below shows the relative stability in the number of small families (1-2 children), compared to the reduced allowance of large families along the lines of the Economic Program of 2002-2003. Thus, for example, the family allowance for a family with five children was reduced between 2003 and 2008 by about 37%, reaching a monthly average of NIS 1,160 in 2008. In 2009, the adverse effect was minimized, and the allowance for a family with five children increased by 7.8% compared to that paid in 2008, reaching NIS 1,368.

¹ The average allowance per child was calculated by dividing the total payments of child allowances in a specific year by the number of children eligible that year.

² All the rates were calculated in real terms.

Figure 2
Child Allowance, by Child's Position in Family, and
the Total Allowance for Family with Five Children,
in January each Year (NIS, current prices), 2002-
2009

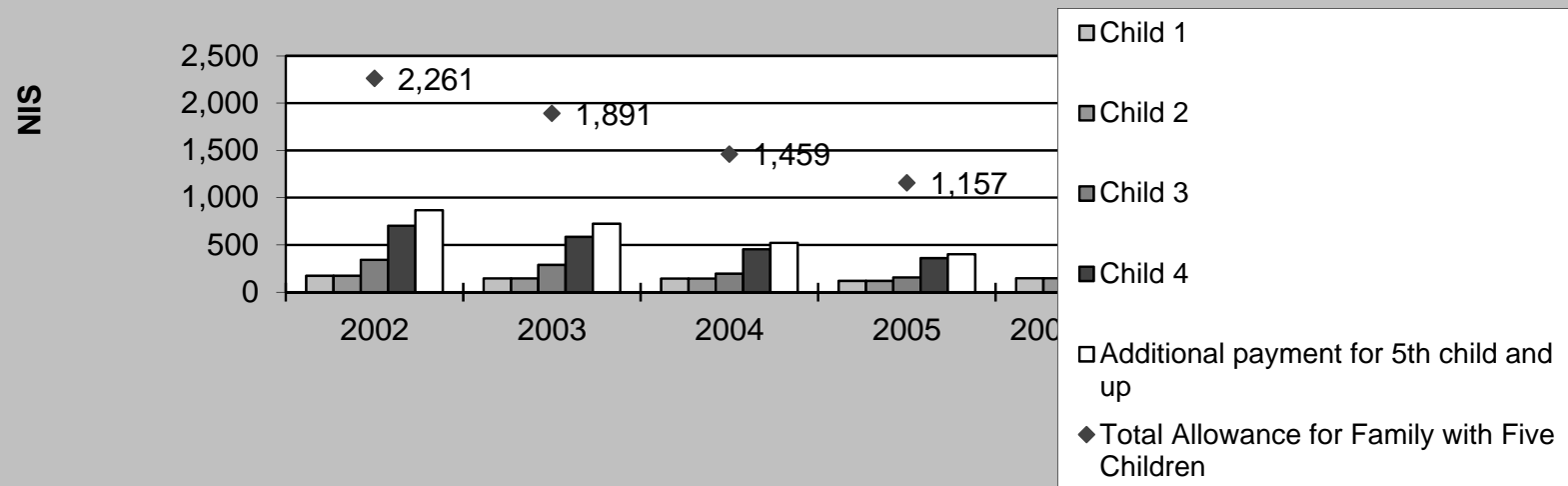


Table 2
Child Allowance by Place of Child in Family and Allowance per Family by Number of Children (NIS, current prices), 2002-2009

Date	1	2	3	4	5	Increment for additional child
January 2002						
Per child	174	174	342	703	868	868
Per family	174	348	690	1,393	2,261	868
March 2002						
Per child	151	151	301	610	754	754
Per family	151	302	603	1,213	1,967	754
July 2002						
Per child	146	146	289	586	724	724
Per family	146	292	581	1,167	1,891	724
August 2003*						
Per child	144	144	195	454	522	522
Per family	144	288	483	937	1,459	522
February 2004						
Per child	120	120	171	430	498	498
Per family	120	240	411	841	1,339	498
July 2004						
Per child	120	120	164	404	459	459
Per family	120	240	404	808	1,267	459
January 2005						
Per child	120	120	156	360	401	401
Per family	120	240	396	756	1,157	401
2006-2007						
Per child	148	148	178	329	329	329
Per family	148	296	474	803	1,132	329
2008						
Per child	152	152	182	337	337	337
Per family	152	304	486	823	1,160	337
January 2009						
Per child	159	159	191	353	353	353
Per family	159	318	509	862	1,215	353
July 2009						
Per child	159	159	251	446	353	353
Per family	159	318	569	1,015	1,368	353

* Children born after June 1, 2003 receive the same allowance as the first child, regardless of their place in the family.

C. Recipients of child allowances

Tables 3 and 4 show the distribution of families receiving a child allowance based on the size of the family, as well as of the children for whom the allowance was paid based on their position in the family. The number of families which had children after June 2003 and the number of children born after that date are shown in detail in section E below.

The number of families receiving child allowances in 2009 reached an average of approximately one million per month – an increase of 1.7% compared to 2008, and this is slightly higher than the increase between 2007 and 2008. The number of children for whom allowances were paid reached a monthly average of approximately 2.4 million in 2009: an increase of 1.9% over the previous year. This rate is slightly higher than the growth rate of 2008, which was 1.6%. The annual average of families with one child rose by 1.2% in relation to 2008 and reached approximately 327,000. The number of families with two or more children increased by 1.4% compared to 2008.

D. “New children”

The amendments in 2003-2004 defined the group of “new children” as children born during and after June 2003. Up to June 2009, these children received an allowance equal to that of the first two children, regardless of their position in the family.¹ This policy naturally led to a disparity in the level of allowances between families of the same size.

Approximately 62,000 new children were born during the second half of 2003. Their numbers increased by 86,000 in 2004 and by 403,000 in 2009. All in all, the number of new children reached 962,000 in December 2009 – 40% of 2.4 million children for which an allowance was paid that that time. At the end of 2009, approximately 42% of them (about 403,000) were third or subsequent children, for whom a lower allowance was being paid than third or subsequent children who had been born prior to June 2003. These, in fact, were children who had been adversely affected in the past as a result of the equalization of allowances for all the children – and they are the beneficiaries of the change effected in the context of the Economy Arrangements Law.

Figure 3 shows the cumulative number of new children from 2004 to 2009 on the basis of their position in the family. The figure shows us that approximately 62,000 third or subsequent children were added every year between 2005-2007, and that in 2008-2009, approximately 65,000 third or subsequent children were added. At the end of 2009, their total number amounted to approximately 403,100 children.

¹ NIS 144 between August 2003 and January 2004, NIS 120 between February 2004 and December 2005, NIS 148 in 2006 and 2007, NIS 152 in 2008 and NIS 159 in 2009.

Figure 3
Cumulative Number of New Children, by Position
in Family (thousands), 2004-2009

Number of new children by their position in the family

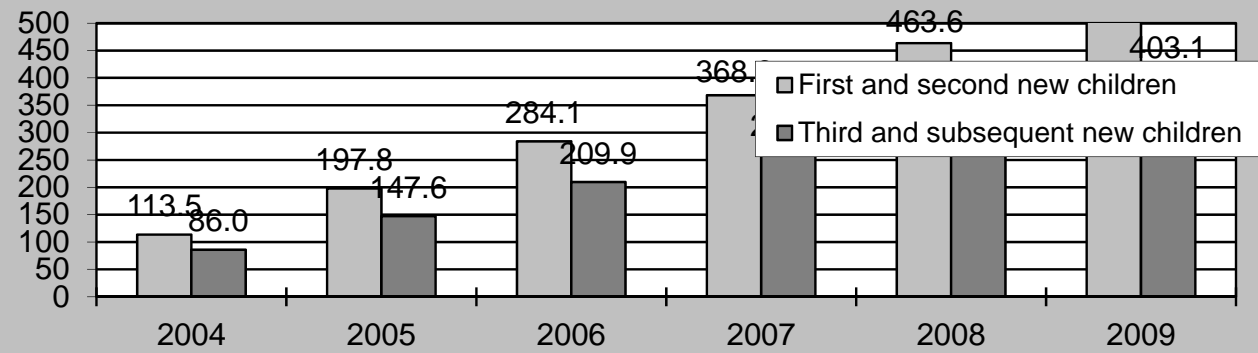


Table 3
Families Receiving Child Allowance, by Number of Children in Family (monthly average), 2000-2009

Year	Total	Number of children in the family					
		1	2	3	4	5	6+
Numbers (thousands)							
2000	912.5	321.0	276.9	165.7	76.3	34.5	38.1
2001	928.2	327.8	280.9	167.6	77.4	35.6	39.0
2002	935.0	327.9	283.4	169.1	78.1	36.6	39.9
2003*	939.1	324.9	285.6	171.3	78.9	37.4	40.8
2004	945.6	323.2	288.5	174.4	79.9	37.9	41.7
2005	956.3	322.7	292.8	178.6	81.3	38.5	42.4
2006	968.3	321.8	298.3	183.2	82.7	39.3	43.0
2007	980.6	321.8	303.0	188.5	84.4	39.8	43.1
2008	994.8	322.9	307.5	194.4	86.2	40.3	43.5
2009	1,012.0	326.7	311.9	200.6	88.2	40.7	44.0
Percentages							
2000	100.0	35.2	30.3	18.1	8.4	3.8	4.2
2001	100.0	35.3	30.3	18.1	8.3	3.8	4.2
2002	100.0	35.1	30.3	18.1	8.3	3.9	4.3
2003*	100.0	34.6	30.4	18.2	8.4	4.0	4.4
2004	100.0	34.2	30.5	18.5	8.4	4.0	4.4
2005	100.0	33.8	30.6	18.7	8.5	4.0	4.4
2006	100.0	33.2	30.8	18.9	8.6	4.1	4.4
2007	100.0	32.8	30.9	19.2	8.6	4.1	4.4
2008	100.0	32.5	30.9	19.5	8.7	4.1	4.4
2009	100.0	32.3	30.8	19.8	8.7	4.0	4.3

* Due to a technical failure in the administrative files for children for June to October 2003, the number of children was estimated by retrieving data from the Children branch for the beginning of those months.

Table 4
Children Receiving Child Allowance by Their Place in the Family (monthly average), 2000-2009

Year	Total number of children	Child's place in the family					
		First	Second	Third	Fourth	Fifth	Sixth +
Numbers (thousands)							
2000	2,118.8	912.5	591.5	314.6	148.9	72.6	78.7
2001	2,154.7	928.1	600.4	319.5	152.0	74.6	80.1
2002	2,178.8	935.0	607.1	323.7	154.6	76.5	81.9
2003*	2,201.1	939.1	614.1	328.6	157.3	78.3	83.7
2004	2,226.4	945.6	622.4	333.9	159.5	79.6	85.3
2005	2,260.6	956.3	633.6	340.8	162.3	80.9	86.7
2006	2,297.3	968.3	646.5	348.1	164.9	82.2	87.3
2007	2,333.1	980.6	658.9	355.8	167.4	82.9	87.5
2008	2,372.5	994.8	671.8	364.4	170.0	83.8	87.8
2009	2,417.0	1,012.0	685.3	373.5	172.9	84.6	88.4
Percentages							
2000	100.0	43.1	27.9	14.9	7.0	3.4	3.7
2001	100.0	43.1	27.8	14.8	7.1	3.5	3.7
2002	100.0	42.9	27.9	14.8	7.1	3.5	3.8
2003*	100.0	42.7	27.9	14.9	7.1	3.6	3.8
2004	100.0	42.5	27.9	15.0	7.2	3.6	3.8
2005	100.0	42.3	28.0	15.1	7.2	3.6	3.8
2006	100.0	42.1	28.1	15.2	7.2	3.6	3.8
2007	100.0	42.0	28.2	15.3	7.2	3.6	3.7
2008	100.0	41.9	28.3	15.4	7.2	3.5	3.7
2009	100.0	41.9	28.4	15.5	7.2	3.5	3.7

* See note in Table 3.

E. Study grant

In the framework of Children, study grants are paid from 1992 to single-parent families with children aged 6-14. Since August 1998, the grant is paid also to families with four or more children who receive one of the following NII benefits: an income support benefit, maintenance payments, a disability pension, an old-age pension or survivors' benefit. The grant is an annual one-time payment given close to the start of the school year and its objective is to help the eligible families purchase school supplies. The size of the grant for children aged 6-11 is 18% of the basic amount (NIS 1,383 in 2009) and for ages 12-14 – 10% of the basic amount (NIS 768).

In 2009, the NII provided study grants to approximately 81,000 families, of whom about 57,000 were single-parent families and the remainder, families with four or more children who receive support benefits. The grant was paid to 146,000 children, the same as in 2008. 60% of all the children who received the study grant (some 86,000 children) received the increased grant.

F. Scope of payments

An examination of Table 5 shows that in 2009, child allowance payments rose at a real rate of approximately 6% compared to 2008. This increase consists, on the one hand, of a moderate increase in the number of children for whom the allowance was paid and a sharp increase in the allowance for third and fourth children, and on the other hand, of a decline in the number of children for whom the high allowance was paid because they were born before 2003.

Changes in the scope of child allowance payments are also reflected in the relative share of payments by the branch out of all NII payments. The portion of payments by the branch, out of all NII payments decreased in recent years: from 16.7% in 2001 to 11.4% in 2004, and to 10.4% in 2008-2009.

Figure 4 presents the annual payments for child allowances at fixed prices for 2001-2009. The development in the scope of payments reflects the series of cutbacks carried out in 2002-2005. The sharpest cutback was in 2004, which resulted in a decline of more than 20% in the scope of payments. In 2006, the scope of payments rose by approximately NIS 400 million by virtue of the increase in the child allowance for the first three children.

Table 5
Payments for Child Allowances (NIS millions, 2009 prices), 2000-2009

Year	Overall total		Child allowance		Study grant	
	Current prices	2009 prices	Current prices	2009 prices	Current prices	2009 prices
2000	6,937.6	8,353.9	6,808.7	8,198.3	128.8	155.1
2001	7,571.3	9,015.9	7,415.5	8,830.4	155.8	185.5
2002	6,705.7	7,555.4	6,553.7	7,384.2	151.9	171.2
2003	6,067.8	6,790.3	5,914.4	6,619.6	152.6	170.7
2004*	4,764.9	5,355.2	4,612.2	5,183.5	152.7	171.6
2005	4,460.7	4,947.5	4,308.2	4,778.4	152.4	169.0
2006	4,947.0	5,373.6	4,791.2	5,204.4	155.8	169.3
2007	4,940.5	5,334.0	4,783.3	5,169.2	157.1	169.8
2008	5,062.2	5,230.2	4,896.7	5,059.3	165.5	171.0
2009	5,537.3	5,537.3	5,365.4	5,365.9	171.4	171.4

* As of 2004, payments include payments for family increments in addition to child allowances and study grants.

Box 7

The effect of the size of the child allowance on the birth rate

Child allowances are the main resource in the country's social security system for assisting families with the expenses of raising children. One of the objectives of the child allowances in Israel is to provide support for families from a weak socio-economic background. The question posed here is whether or not the size of the child allowances (indirectly) affects the birth rate.

There were significant changes in the structure and size of the child allowances in Israel over the past two decades. In the mid-1990's, child allowances to non-Jews rose significantly, when the allowance for "army veterans" was replaced by a universal child allowance, and in 2001, child allowances to higher placed children were increased significantly under the "Halpert Law". In 2002-2003, child allowances were cut back sharply, particularly in the context of the Economic Recovery Plan: the allowance for a child already born gradually diminished, and a child born after this date received an allowance that was much lower than that for the first child, regardless of his position in the family, so that in 2007, the marginal allowance for the next child was 3/5 lower in real terms than the allowance paid in 2000. From 2009 to 2012, the allowances will be gradually raised for children whose positions in the family are second to fourth.

The present study examined the impact of the size of the child allowance on the birth rate among women in Israel from 1994 to 2007, with an emphasis on the reaction to the sharp cutbacks in allowances in 2003. The significant changes in the structure and size of the allowances are what made it possible to identify their impact on birth patterns.

The population included in the study covered all women aged 15-44 for 1994-2007. The database – originating from the administrative files of the NII – includes detailed information on women's fertility patterns and their socio-economic and demographic characteristics. A differentiation was made between the various population sectors: non-ultra-Orthodox and Orthodox Jews, Bedouins from the North and the South, (East) Jerusalem Arabs, other Arabs and Druzes.

The total rate of fertility of the various population sectors is presented in Table 1. The total rate of fertility is defined as the average number of children a woman is expected to have during her life if her fertility patterns are identical to those of all women of childbearing age during a given period.

The main finding of the study is that the size of the child allowances did not bring about a clear change in the total average childbearing of women as a whole: during the

years preceding the cutbacks, the total fertility rate among the whole population of women was 2.78 and after the cutbacks, it stood at 2.77.

Overall Fertility Before and After Reduction of Child Allowances Under the Economic Recovery Plan, June 2003

Population groups		1996-1997	2001-2002	2006-2007	First difference	Second difference
Jews	Orthodox	7.50	7.24	6.74	-0.51	-0.25
	Others	2.22	2.13	2.20	0.07	0.02
Arabs	Bedouins – South	7.08	6.76	5.62	-1.14	-0.82
	Bedouins – North	4.06	4.04	3.25	-0.79	-0.77
	Jerusalem	4.05	3.97	3.56	-0.41	-0.34
	Others	3.71	3.70	3.08	-0.62	-0.61
Druze		3.30	2.85	2.52	-0.34	0.11
Total		2.81	2.78	2.77	-0.03	0.03

When differentiating between various population sectors, one can see that the size of child allowances had a positive impact on two population sectors: among ultra-Orthodox women, who constitute 6.5% of all women of childbearing age, the total fertility rate decreased from 7.2 children in 2002-2003 to 6.7 children in 2006-2007, and among Arab women, who constitute 15% of all women of childbearing age, the decrease ranged between one to 0.4 children (Table 1), depending on the type of population.

Among other population sectors – non-ultra-Orthodox women, who constitute approximately 75% of all women of childbearing age, and Druzes – the child allowances did not have a noticeable effect on the birth rate.

Child allowances affected the birth rate mainly in families with many children, who are a minority among the total population – less than 10%. It should also be noted that the study was carried out shortly after the cutbacks in child allowances, and therefore, it is not clear to what extent the decrease in birthrate, if any, stabilized over time. In addition, the cutbacks occurred close to upheavals in the business world which resulted in extensive damage to the social security network, and it is possible that the evaluators might not have taken these factors fully into consideration.

5. Maternity Insurance

A. The benefits

In the framework of maternity insurance, the mother receives the following benefits:

Hospitalization grant – This grant is intended to cover the costs of giving birth and hospitalization of the mother and the newborn, and it is paid directly to the hospital. A higher hospitalization grant was paid as of December 1993 in the case of a premature baby. During the first two years since the introduction of the National Health Insurance Law (January 1995), hospitalization fees for mothers and newborns, premature babies included, were incorporated in the basket of health services defined by the law. The NII financed this hospitalization through the sums collected by the Maternity Branch and transferred them to the Ministry of Health. In January 1997, the hospitalization grant began once again to be paid directly to the hospital. When the birth occurs abroad, the hospitalization grant is paid directly to the mother submitting a claim.

The amount of the hospitalization grant varies as follows:

1. It is updated every January on the basis of a formula defined in the law, and on the basis of which the amount paid for normal births and the supplement for a premature birth will equal the sum that would be paid for these births had there been no difference in the amounts of the grant for normal and premature births.
2. When the Ministry of Health modifies the price of a general day of hospitalization, the amount of the hospitalization grant changes accordingly.

Since April 2005, the amount of the hospitalization grant for a premature birth has risen by approximately 50%. The cost of the supplement amounts to approximately NIS 115 million a year and is fully financed by the Treasury. Since January 2007, the amount of hospitalization grant has risen by 12.1%. The cost of the supplement amounts to NIS 151.6 million per year and is fully financed by the Treasury. Since August 2009, the amount of the hospitalization grant has increased by approximately 10%. The cost of the supplement amounts to approximately NIS 150 million per year and is fully financed by the NII (by those insured).

Cost of transport to the hospital – The NII also participates in the expenses involved in transporting the mother to the hospital. In 2008, the conditions for eligibility for transport to the hospital were eased. Prior to that, the mother was eligible for transport only if she lived at a certain distance from the hospital. As of March 16, 2008, every mother giving birth is entitled to transport to the hospital nearest to her place of residence.

Birth grant – The grant is intended to aid in purchasing initial supplies for the newborn, and it is paid directly to the mother. Until July 2002, the amount of the grant allocated to the mother was uniform, regardless of the number of previous births, and under the NII Law, it was equal to 20% of the average wage. In August 2003, the rate for mothers giving birth to the second and subsequent children was changed and was set at 6% of the average wage. In January 2004, the grant for the second child only was increased to 9% of the average wage. When two or more children are born in one birth, the birth grant is higher: for twins – a sum equal to the average wage, and for each additional child – another 50% of the average wage. Since January 2006, the amount of the birth grant is calculated on the basis of the basic amount.

Maternity allowance – This benefit is intended to compensate the working mother for loss of income during the maternity leave which she is obliged to take under the Employment of Women Law. Every working mother is entitled to the maternity allowance –salaried employees, self-employed and those in vocational training – in cases where, in the period preceding the birth, insurance payments were made for the periods stipulated by law. The maternity allowance is paid for seven or 14 weeks, depending on the qualifying period accumulated by the date stipulated by law (before the law was amended in May 2007, the maternity allowance was paid for six or 12 weeks). Since November 1994, the amount of the maternity allowance paid per day replaces the full salary or the average daily income earned by the mother during the three months before she stopped working (on or before the date of giving birth), and not more than the maximum amount stipulated by law. Income tax, social insurance payment and health insurance are deducted at source from the maternity allowance.

The mother can start receiving the maternity allowance before the estimated date of birth, but for no more than half of the period to which she is entitled. Under certain circumstances, the maternity leave can be extended for a maximum of four weeks. Since 1998, men who share the maternity leave with their partners can receive maternity allowance payment, on condition that the mother has returned to work. Foreign residents are also entitled to the maternity allowance. Under the 2003 Economy Arrangements Law, women who are not in Israel legally are not entitled to the birth grant or the maternity allowance.

Childbirth allowance – The allowance is paid to a woman who bears three children or more in one birth, where the infants remained alive for a period stipulated by law, and it is intended to assist her with expenses. The allowance is paid every month for 20 months. The allowance is based on the basic amount, and it decreases gradually during the period of eligibility.

Risk pregnancy benefit – This benefit is paid to a working woman who, for medical reasons related to her pregnancy, is obliged to stop working for at least 30 days and does

not receive payment from her employer or any other source for that period of time. The qualifying period for eligibility for this benefit is identical to that for the maternity allowance. Since the beginning of 1995, this benefit is equal to a woman's average wage during the three months before she stopped working, not exceeding 70% of the average wage. The law was amended in 2000 and the maximum amount paid was stipulated to be the full average wage, and it is currently the full basic amount.

Special allowance and special benefit – These allowances are paid if the mother dies in childbirth or within one year of the birth: a monthly allowance of 30% of the average wage is paid for a period of 24 months for every infant born during that birth. If a child receives a survivors' or dependent's benefit, the allowance will be paid only for 12 months. The spouse of the deceased receives a special benefit equal to the amount of injury allowance for a period of up to 12 weeks if he stopped working to care for the child. This benefit was paid in 10 cases during 2008.

B. Main trends

The number of births relative to the population of women of childbearing age (15-44) continued to increase in 2009: in 2009, birth grants were paid to about 158,000 women (Table 1) – an increase of approximately 3.5% compared to 2008. During these years, the number of women of childbearing age rose by only one percent. In other words, the number of births per 1,000 women of childbearing age rose from approximately 96 births in 2008 to approximately 102 births in 2009.

About 47,000 of the births during 2009 were first births, 42,700 were second births and 68,000 were third or subsequent births, as shown in Table 2. About 3,500 were births of twins and 100 – births of three or more children in the same birth.

2,656 of the hospitalization grants paid in 2009 were for premature births. The decline in the number of hospitalization grants for premature births that began in 2004 came to a halt, and their number rose by 2.5% in 2007, by 5% in 2008 and by 6% in 2009.

About 98,000 women received a maternity allowance in 2009 compared to 94,000 women in 2008 – an increase of 3.4%, and the total number of women in the population rose during those two years, while the number of women employed in the work force only rose by one percent. Women receiving the maternity allowance constituted 62% of all women receiving birth grants. The average age of recipients of a maternity allowance continued to rise, albeit slightly, and in 2009, it rose to 31 (compared to 30 in 2007 and to 28.7 in 1988), corresponding to the average age of women giving birth in the general population. Some 95% of the women who received a maternity allowance were salaried

employees, and the remainder – 5% – were self-employed, kibbutz members or members of a collective moshav.

Table 1
Women Who Received Birth Grant and Maternity Allowance (monthly average),
(absolute numbers and percentages), 2000-2009

Year	Received hospitalization grant		Received birth grant		
	Absolute numbers	Rate of change compared to previous year	Total	Rate of change compared to previous year	Rate of all women who received birth grant
2000	134,720	8.5	70,641	7.3	52.4
2001	132,044	-2.0	71,176	-0.2	53.9
2002	134,187	1.6	71,317	-0.8	53.2
2003	142,363	6.1	73,948	2.7	51.9
2004	143,387	0.7	77,505	3.8	54.1
2005	142,890	-0.3	77,025	-1.6	53.9
2006	143,599	0.5	83,285	7.1	57.6
2007	147,245	2.5	88,285	5.0	58.4
2008	152,319	3.5	93,630	5.1	61.5
2009	157,702	3.5	97,715	4.4	62.0

Table 2
Distribution of Live Births by Order of Births (percentages), 2000-2009

Year	Total	1	2	3	4+
2000	100.0	30.1	25.8	18.0	26.0
2001	100.0	29.7	26.2	18.1	26.0
2002	100.0	29.5	26.2	18.1	26.3
2003	100.0	29.6	26.6	18.2	25.6
2004	100.0	29.9	26.8	18.4	25.0
2005	100.0	29.5	27.1	18.6	24.9
2006	100.0	29.2	27.4	19.0	24.4
2007	100.0	28.6	27.3	19.6	24.6
2008	100.0	29.9	27.8	19.8	22.5
2009	100.0	29.8	27.1	20.0	23.1

The hospitalization grant was modified three times during 2009: in January, it was updated by 4.6%, on the basis of the formula stipulated in the law, which required a day of hospitalization to be updated; in August, it was increased by approximately 10% in

accordance with the government decision in the 2009-2010 Economy Arrangements Law; and in September, it declined by 2.9% in keeping with the cost of a day in the hospital. All in all, it rose by 11.8% between December 2008 and December 2009, and at the end of 2009, stood at NIS 9,262.

In comparison with 2008, there was a nominal increase of 10% on the average in the hospitalization grants for a normal birth during 2009, and of 6% for a premature birth in real terms. The maternity allowance rose by approximately 4.5% in nominal terms, and by approximately 3% in real terms.

Table 3 shows that fewer than half the women received a daily maternity allowance in an amount not exceeding half of the average wage in the economy, and that one quarter of them received a maternity allowance that was higher than the average wage in the economy. The proportion of women receiving a maternity allowance that exceeded the average wage rose steadily from 19.6% of the women in 2006 to 24.6% in 2009, and at the same time, the proportion of women earning up to half of the average wage decreased from approximately 37% in 2006 to 31% in 2009.

Table 3
Women Receiving Birth Grants, by Rate of Birth Grant per Day, as Percentage of Average Daily Wage (absolute numbers and percentages), 2000-2009

Year	Total recipients (numbers)	Up to 1/4 of average wage	1/4- 1/2 of average wage	1/2-3/4 of average wage	3/4 to 100% average wage	Above average wage
2000	70,641	7.4	29.9	28.5	16.1	18.1
2001	71,176	7.1	28.4	28.4	16.4	19.7
2002	71,377	6.9	26.5	28.6	17.1	21.0
2003	73,948	6.8	25.1	29.6	17.2	21.3
2004	77,505	7.9	26.6	29.0	16.6	19.8
2005	77,025	7.8	26.2	28.3	17.0	20.7
2006	83,285	8.7	28.2	28.1	15.4	19.6
2007	88,285	8.5	27.3	28.4	15.9	20.0
2008	93,630	7.5	25.5	27.4	16.8	22.8
2009	97,715	7.1	23.8	27.3	19.2	24.6

Since 1995, the daily maternity allowance has risen from 75% of the mother's salary to her full salary. Therefore, the amount of the maternity allowance represents the salary earned by working women of childbearing age, and the distribution of maternity leave as a percentage of the average wage in the economy is equivalent to the distribution of salaries of women of those ages. This is despite the fact that the daily calculation of the

maternity allowance is carried out for a 30-day month, while the monthly wage is based on the number of possible work days, which ranges between 25 and 27 days a month.

The amount of the maternity allowance, like salaries, differs according to demographic and employment characteristics:

The amount of the maternity allowance increases as the woman's age increases. The average maternity allowance in 2009 was NIS 220 per day, which is 83% of the average wage. Women under 24 received a maternity allowance of approximately 46% of the average daily wage in the economy, while those who were 35 or over received slightly more than the average wage (107% of the average wage in the economy).

The maternity allowance paid in the areas in the center of the country were higher than those paid in the periphery. In the Tel Aviv and Kfar Saba branches, the amount of the maternity allowances paid daily was, on the average, the highest, while in the Bnei Braq and Nazareth branches, it was the lowest.

In 2009, 285 men received the maternity allowance, compared to 281 in 2008 and 246 in 2007. Fewer than 3 men received the maternity allowance for approximately every 1,000 women who received it.

C. Scope of payments

Table 4 shows the scope of benefits paid by the Maternity branch under the National Insurance Law, by type of benefit. The data shows that in 2009 as well, there was an increase in payments by this branch, mainly hospitalization grants and maternity allowances, which constituted approximately 93% of all payments by the branch. This increase stems from an increase in the number of births and an increase in the amount of the hospitalization grant, as stipulated in the 2009-2010 Economy Arrangements Law.

The proportion of payments by the Maternity branch from all National Insurance payments rose steadily and gradually from 6.3% in 2006 to approximately 8.5% in 2009.

Table 4
Maternity Benefit Payments, at 2009 Prices (NII thousand), 2000-2009

Year	Total benefit payments	Hospitalization	Layette for newborn	Birth grant	Risk pregnancy benefit
2000	2,548,407	1,067,845	226,418	1,185,488	58,171
2001	2,771,814	1,146,869	276,297	1,275,141	63,885
2002	2,736,970	1,112,748	267,776	1,284,302	62,319
2003	2,711,010	1,168,538	199,110	1,273,365	60,214
2004	2,722,666	1,185,081	141,046	1,325,813	60,217
2005	2,847,439	1,317,144	136,109	1,316,632	64,934
2006	3,060,630	1,384,034	148,348	1,435,500	80,023
2007	3,586,352	1,626,100	148,235	1,706,728	91,759
2008	3,977,126	1,609,212	155,765	2,084,363	117,136
2009	4,151,700	1,749,406	158,174	2,098,399	131,480

funding, it states that: **“When inclusive health insurance will be introduced in the law, the situation will change and the Commission is certain that there will no longer be any particular reason to take the hospitalization of mothers out of its natural context – all of the health and hospitalization services. It is therefore proposed that hospitalization support, on the one hand, and the insurance benefit required to finance it on the other, then be transferred from the National Insurance Law to the Health Insurance Law. This arrangement will avoid the need of arbitrary accounting between the two systems, where there is no clear and stable mathematical basis for it”** (Report of the Commission, page 16).

Financing Hospitalization of Women in Confinement in Selected Countries

Country	Financing hospitalization of women in confinement
Belgium	Included in the global rate of the National Social Security Office
Denmark	Included in payment to tax system
France	Financed by the National Sickness Insurance Fund
Germany	Financed by the sick funds
Greece	Financed by the Social Insurance Institute
Iceland	Financed by the Social Insurance Administration
Ireland	Financed by the Dept. of Health and Children through the Health Services Executive
Italy	Financed by the National Health Service
Luxembourg	Financed by the sick funds
Holland	Included in the health insurance
Norway	Included in the global rate to the National Insurance Administration
Spain	Included in the global rate of the National Institute of Social Security

Source: Social Security Programs throughout the World: Europe, 2008

The findings from a comparison between countries are not unequivocal:

In half of the countries, the hospitalization of mothers giving birth is financed by the health funds and in half of them, by the social security system.

In many developed countries, the “maternity” branch is part of the “health, sickness and maternity” branch and they cannot be separated.

The differentiation between “sick funds” and “the social insurance system” is not always clear.

2 Data published by the Kanev Commission show that the rate of infant death rose from 29.2 per 100 live births in 1947 to 35.2 in 1948 and to 51.9 in 1949. For comparison's sake, the rate of infant death in 2007 in Israel was 4.6 per 1000 births.

3 Members of the sub-committee were representatives from the National Insurance Institute, the Ministry of Health and the Clalit Health Fund.

6. General Disability Insurance

A. Benefits

In accordance with the law, the following benefits are paid in the framework of General Disability insurance: a disability pension, intended to guarantee a minimum income for subsistence to persons with disabilities; an attendance allowance, intended to help the person with disabilities to function in his home; a benefit for a disabled child, intended to help the family care for their disabled child at home; and a mobility allowance, to help persons with limited mobility outside the home.

In addition to these benefits, the law grants eligibility for the rehabilitation of disabled individuals where there is a potential for rehabilitation in order to help them to integrate into the labor market. Since 1994, Disability branch benefits are paid also under the Law for the Compensation of Radiation-affected Persons, and since 2007, compensation to polio victims is also paid.

1. Disability pension

In the framework of Disability insurance, a distinction is made between two major groups: “disabled wage-earners” (men and women) and “disabled housewives”. The eligibility test for the pension is different for each category.

Disabled “wage-earner”: an insured individual who, as a result of a physical, cognitive or emotional impairment resulting from an illness, accident or congenital defect, meets one of the following conditions: (a) his ability to earn a living from work or an occupation is limited by at least 50%, (b) he do not earn an amount exceeding 45% or 60% (depending on the condition of the person’s health) of the average wage, as defined in the National Insurance Law.

Housewife: a married woman who has not worked outside her household for the periods defined by law, and who, as a result of a physical, cognitive or emotional impairment resulting from an illness, accident or congenital defect, is incapable of functioning and performing the chores customary in a normal household, or whose ability to perform them has been reduced by at least 50%.

The process of determining a wage-earner or a housewife’s eligibility for a disability pension consists of two stages. During the first stage, an NII-appointed doctor determines whether the threshold of degree of medical disability has been met: for a disabled wage-earner – at least 60%, 40% in cases where the degree of medical degree of impairment is at least 25%, and for housewives – 50%. If it has been determined that the medical disability of an individual is lower than the above threshold, his claim is rejected

out of hand and the person's ability to earn a living/function in the household is not examined.

Once the degree of medical disability has been determined, the claims officer determines the degree of inability to earn a living/function, after having consulted the authorized physician and the rehabilitation officer. In determining the degree of inability, the rehabilitation officer might also be influenced by additional factors such as the rate of unemployment in the region in which the disabled person resides. The size of the pension paid to a disabled individual with 100% disability is determined by law to be 26.75% of the basic amount.

A disabled individual who is at least 75% incapacitated who is not hospitalized and whose medical disability is at least 50% is entitled also to an additional monthly pension. This amount of this pension is dependent on the degree of medical disability, and in 2009, it was NIS 224-331 per month.

In August 2009, Amendment 109 to the NII Law (application of the recommendations of the Laron Commission) went into effect, and its purpose is to encourage people with disabilities to integrate into the labor market while continuing to receive a partial pension.

2. Attendance Allowance

Under the regulations for the Attendance Allowance for the Disabled, a special allowance is paid to recipients of the disability pension who have at least 60% medical disability, and who are, to a large extent, dependent on the assistance of others in order to perform daily activities. In addition, the attendance allowance is paid to disabled individuals who, due to their age or income level, do not receive a disability pension and have at least 75% medical disability. The allowance is paid at three levels, depending on the extent of dependence on others: 50%, 105% and 175%¹ of the full disability pension for a single individual, which is 25% of the basic amount.

In addition, a special benefit is paid to individuals eligible for an attendance allowance who suffer from a serious physical handicap. The size of this benefit depends on the extent of need to rely on others and in 2009, it was NIS 272-827.

3. Benefit for disabled child

This benefit is intended to assist a family caring for its disabled child to carry the difficult burden of nursing or long-term care, or any other treatment aimed at improving the child's ability to function, as well as to encourage the family to care for the child in the framework of the home and the community.

¹ These are rates being paid since January 2009; until then, the rates were 50%, 100% and 150%.

A child is eligible for the benefit for a disabled child if the following conditions are met:

He is dependent on the assistance of others, requires constant supervision, suffers from a particular impairment (i.e. hearing loss, decrease in vision, Down's Syndrome, etc.), or requires medical treatment as specified in the regulations (listed below).

He is the child of an insured resident of Israel (or of an insured individual who passed away while a resident) or a new immigrant who arrived without his parents.

He is residing in Israel.

He has not been placed with a foster family or in an institution.

Five groups of children are eligible for the benefit for a disabled child:

A child between the age of 91 days and 3 suffering from severe developmental delay: he is unable to perform most head, limbs and back movements which children of his age are capable of doing.

A child between the age of 91 days and 18 years who is in constant need of supervision in order to prevent a life-threatening situation to himself and others.

A child between the age of 91 days and 18 years who is more dependent on the assistance of others than his peers in order to be able to perform daily functions (dressing, eating, washing, mobility in the home, continence), or requires the permanent presence of others due to an impairment or an illness, or impaired comprehension of the significance of an immediate risk factor.

A child up to the age of 18 who suffers from one of the following impairments: hearing impairment (since birth); visual impairment (since the age of 90 days); psychosis, autism or similar psychiatric conditions (since the age of 90 days); Down 's syndrome (since birth).

A child between the age of 91 days and 18 years requiring medical treatments for a severed chronic illness, at the frequency set out in the Regulations.

The size of the benefit is calculated as a percentage of the full disability pension for an individual regardless of the impairment. The benefit includes an allowance for special arrangements and for assistance in studies and developmental treatment, varying on the basis of the child's age and the type of treatment or supervision he receives.

A family with two or more disabled children is eligible for an increase of 50% for each disabled child. This payment continues even if one of the children no longer receives the benefit because he has reached the age of 18. A disabled child with limited mobility of at

least 80%, or who requires and uses a wheelchair, is entitled to receive both the benefit for disabled child and the mobility allowance.

In addition, a disabled child receiving at least 100% of the benefit is entitled also to an additional monthly benefit. In 2009, the additional benefit was NIS 331.

Box 9

Modifications in the Disabled Child Regulations – Or Noy Regulations

In 1999, a committee was appointed, headed by Prof. Asher Or Noy (hereinafter, the committee), whose task it was to examine the conditions for eligibility for a disabled child benefit and to propose relevant modifications. The committee recommended two stages of action: in the first stage, children with severe developmental disorders and children requiring special medical treatment – approximately 4,500 additional children – should be added to the list of beneficiaries of this benefit. For the second stage, it was proposed that two standards be set for eligibility: (a) a child requiring special medical treatment (as it exists today); (b) a child requiring special rehabilitation treatment (at this time, this is in the process of being defined). Since then, despite repeated attempts, the regulations have not yet been approved.

The new regulations for eligibility for a benefit for disabled child were published on 14 February 2010, in accordance with the recommendations of the committee.

1) New grounds for eligibility and additions to existing criteria:

Severe physical impairment, an uncontrollable urge to eat, a lack of full function of two limbs, blood tests at least twice a day and immunosuppressive treatment for at least three years from the date of transplant in the case of a child requiring special medical treatment.

Hearing loss of at least 40 decibels, less than 6/60 vision in each eye, requiring a permanent presence and assistance in order to communicate (for a child with special impairment – see the table below).

- 2) Changes in the rates of the benefit for some of the criteria.
- 3) A supplement for living expenses and to help with studies at a uniform rate of 20% of the full benefit.

Rates of Benefit for Disabled Child as per 2010 Regulations, by Age

		0-90 days	90 days to 3 years old	3-18 years old	Additional benefit	
Child dependent on help of others	1. Very much			30%		
	2. Completely			80%	17%	
Child requiring special medical care	1. Requires a transfusion		100%	100%	17%	
	2. Receives dialysis or catheterization twice a day		100%	100%	17%	
	3. Receives immunosuppressive care after transplant		100%	100%	17%	
	4. Long and serious illness resulting from the immunosuppressive care		100%	100%	17%	
	5. Treated with cytotoxic instruments		100%	100%	17%	
	6. Arthroscopy, gastrostomy, genostomy, colostomy or cystostomy		100%	100%	17%	
	7. Uncontrollable urge to eat		100%	100%	17%	
	8. Intravenous feeding		100%	100%	17%	
	9. Treatment with tracheostomic oxygen		100%	100%	17%	
	10. Regular treatments for six months, treatment with blood pressure regulators, bedridden at home or hospitalization for 45 days		100%	100%	17%	
	11. Broken bones, chronic infections		100%	100%	17%	
	12. Lack of full control over two limbs		100%	100%	17%	
	13. Blood tests outside of home		100%	100%	17%	
	14. Blood tests twice a day, at home (by doctor's orders)			50%	50%	
	15. Rare and serious syndrome			100%	100%	17%
Child with unique impairment	1. Down's Syndrome	30%	30%	30%	17%	
	2. Hearing impairment	80%	80%	80%	17%	
	3. Hearing loss of at least 40 decibels in the good ear	30%	30%	30%		
	4. Visual impairment		80%	80%	17%	
	5. Developmental delay		80%		17%	
	6. Autism		80%	80%	17%	
	7. Permanent presence		80%	80%	17%	
	8. Assistance in communicating			80%	17%	

4. Allowance for persons with limited mobility

The following payments are made in the framework of assistance to disabled individuals with limited mobility: (a) a mobility allowance to both car owners and those without cars, provided in the form of participation in travel expenses; (b) a standing loan for financing the taxes on a car purchased by a disabled individual. Additional assistance is granted to a first-time purchaser – a loan or a grant to help with the purchase of the car, subject to a means test.

The mobility allowance is calculated on the basis of a “vehicle maintenance basket”, which consists of insurance, gasoline, car servicing and repair costs, security devices and repairs for special accessories. The mobility allowance is updated on the basis of the price increases of the components of the basket as reflected in the relevant price indexes of the Central Bureau of Statistics. The dates for the update are every January and every time the price increase reaches 4% or higher.

5. Compensation for individuals affected by radiation

In 1994, the Knesset approved the law for compensating individuals affected by radiation, intended to compensate those who contracted *tinea capitis* – ringworm of the scalp – and who, between 1.1.1946 and 31.12.1960, were treated with radiation by the State, the Jewish Agency, the health funds or the Hadassah Medical Histadrut, or themselves.

Under the law, individuals eligible for benefits through the NII are those who were determined by a committee of experts to have been treated by radiation treatments, and where the medical committee or the appellate medical board determined that they had become ill as a result. The illnesses specified in the addendum to this law are: various types of cancer in area of the head and the neck, benign tumors in the brain, leukemia, and lack of hair in scarred areas on the scalp.

Following are the payments to which individuals affected by radiation as well as the survivors of whoever died as a result of the illness, are entitled:

Payments to affected individuals:

A lump-sum compensation: the sum of NIS 171,625 (December 2009) paid to those with 75-100% disability, and NIS 85,813 to those with 40-74% disability.

Monthly pension: in addition to the lump-sum compensation, any individual certified with at least 40% disability is also entitled to a monthly pension. Under the law, if an individual is certified with 100% disability, the amount of the benefit is 25% of the average wage (NIS 1,982, December 2009).

A grant in lieu of a pension: any individual certified with 5-40% disability receives a lump-sum grant, calculated on the basis of the percentage of the monthly benefit (based on his degree of disability) multiplied by 70.

Grants to survivors:

A spouse with children – 36 allowance payments at a rate of 25% of the average rate under the law (NIS 71,352, December 2009).

A spouse without children or a child without a spouse is entitled to 60% of 36 allowance payments at a rate of 25% of the average wage under the law (NIS 42,811, December 2009).

6. Compensation for victims of polio

The Knesset passed the Polio Victims Compensation Law in March 2007. This law is intended to compensate individuals who contracted polio in Israel, as an expression of the State's feeling of responsibility towards them.

The law defines a victim of polio as a resident of Israel who contracted poliomyelitis in Israel and where an authorized doctor or medical appellate committee determined that he incurred a disability as a result of that disease. Polio also includes subsequent deterioration – post-poliomyelitis. The disease broke out in the beginning of the 1950's but some isolated cases are known to have surfaced in later years.

The compensation granted to polio victims under the law will not derogate from their rights to receive any other benefit from the National Insurance Institute.

Payments:

A lump-sum compensation in the following amounts (for 2009): NIS 53,713 to those with degrees of disability lower than 75%; NIS 107,426 to those with degrees of medical disability ranging from 75% to 94%; NIS 128,911 to those with degrees of medical disability of 95% or more.

A monthly pension or a grant in lieu of a pension: in addition to the lump-sum compensation, any individual for whom at least 20% medical disability has been determined is entitled to a monthly pension. An individual whose disability has been determined to be less than 20% is entitled to a grant in lieu of a pension.

The full sum of the pension in December 2009 was NIS 3,964 (50% of the average wage under the law). The amount of the pension for anyone whose medical disability is lower than 100% but higher than 20% is calculated as a percentage of the full pension. The

amount of the lump sum grant is calculated as a percentage of the monthly pension (based on the degree of medical disability determined for him), multiplied by 70.

In addition to these payments, the State participates in financing medical treatment, medical accessories and medical accessories required by polio victims because of their illness which are not included in the health basket. The Ministry of Finance pays for these expenditures (by virtue of the law) and the NII makes the payments.

B. Pension recipients

In 2009, an average of 200,000 individuals received general disability pensions, estimated to be 4.7% of the population of the population eligible to the pension, by age (18 to retirement age). That year, the number of recipients of the disability pension rose to 2.6%. This increase is significantly lower than the growth during the previous year, but still slightly higher than the increase of the general relevant population, which is estimated at being 2.4%. One should remember that the increase in the number of recipients stems, *inter alia*, from the rise in retirement age, which was 67 for men and 62 for women in 2009. At the end of 2009, about 7,600 women who were 60 and over and more than 7,200 men aged 65 and over received a disability pension (a total of 7.4% of all pension recipients at that time). As a result of the changes in the retirement age, new recipients in 2009 constituted 7% of among all disabled over the age of 60/65.

Table 1
Recipients of General Disability Pension, Attendance Allowance, Benefit for Disabled Child and Mobility Allowance(monthly average), 2003-2009

Year	Disability pension	Attendance allowance	Benefit for disabled child	Mobility allowance
Absolute numbers				
2003	157,287	21,660	18,360	22,310
2004	162,382	22,701	19,540	23,524
2005	170,861	24,044	20,955	24,903
2006	178,263	25,648	22,208	26,078
2007	187,525	27,424	23,810	27,306
2008	194,988	29,390	25,255	28,915
2009	200,072	31,196	26,527	30,364
Rate of change				
2003	4.5	5.1	4.9	6.7
2004	3.2	4.8	6.4	5.4
2005	5.2	5.9	7.2	5.9
2006	4.3	6.7	6.0	4.7
2007	5.2	6.9	7.2	4.7
2008	4.0	7.2	6.1	5.9
2009	2.6	6.1	4.8	5.1

Among recipients of the benefit for disabled child as well, the rate of increase became more moderate in 2009 but remained in the growth range of the 2000's. The number of recipients in 2009 rose 5.1% compared to 2008 and came to 27,000. A similar trend characterizes also the increase in recipients of the attendance allowance, as well as an increase in the number of recipients of the mobility allowance: the number of recipients of the attendance allowance reached approximately 31,000 (an increase of approximately 6.1% compared to 2008) and the number of recipients of the mobility allowance reached approximately 30,000 (an increase of 5.1%).

Since November 1999, a disabled individual who fulfills all statutory and regulatory conditions required can receive more than one benefit for the same period. In December 2009, 35,626 disabled adults (approximately 16% of all disabled adults), received two or more benefits simultaneously, and 3,753 children (approximately 14% of all disabled children) received two benefits (the possible combinations are presented in Table 2).

Table 2
Recipients of Benefits, by Type of Benefit, December 2009

Number of benefits	Type of benefit	Number of recipients
	Adults	
Total	General disability	203,042
	Attendance*	31,775
	Mobility	28,876
	Radiation	3,689
	Polio	3,182
Only one benefit		188,634
	General disability	169,970
	Attendance	5,546
	Mobility	9,669
	Radiation	2,818
	Polio	631
Two benefits		27,455
	General disability + attendance	17,303
	General disability + mobility	6,837
	General disability + radiation	577
	General disability + polio	314
	Attendance + mobility	1,304
	Attendance + radiation	65
	Attendance + polio	7
	Mobility + radiation	38
	Mobility + polio	1,010
	Polio + radiation	0
Three benefits		7,717
	General disability + attendance + mobility	6,762
	General disability + attendance + radiation	100
	General disability + attendance + polio	53
	General disability + mobility + radiation	32
	General disability + mobility + polio	588
	General disability + radiation + polio	0
	Attendance + mobility + radiation	15
	Attendance + mobility + polio	166
	Attendance + radiation + polio	0
	Mobility + radiation + polio	1
Four benefits		453
	General disability + attendance + mobility + radiation	42
	General disability + attendance + mobility + polio	411
	General disability + attendance + radiation + polio	0
	General disability + mobility + radiation + polio	0

Five benefits	Attendance + mobility + radiation + polio	0
		1
	General disability + attendance + mobility + radiation + polio	1
	Children	
Total	Disabled child	26,773
	Mobility	4,053
Only one benefit		23,320
	Disabled child	23,020
	Mobility	300
Two benefits		3,753
	Disabled child + mobility	3,753

*Special medical needs.

1. General disability pension

In December 2009, 203,042 individuals received a disability pension – an increase of approximately 2.9% compared to December 2008. This was a lower than average increase than during recent years, although slightly higher than the growth of the general population of the relevant age. The rate of recipients of the general disability pension reached 4.7% of the population.

Table 3, which presents the distribution of recipients by gender and marital status, shows that approximately 48% of the recipients of a disability pension are married, and that the rate of married individuals is higher among men than among women (approximately 51% compared to 46% respectively). It is important to note that over 20% of the women receiving the pension are housewives; that is, their eligibility is contingent on their being married.

Table 3
Recipients of General Disability Pension, by Gender and Marital Status, December 2009

	Total		Percentage of married people
	Absolute numbers	Percentages	
Total	203,042	100.0	48.3
Men	116,822	57.5	51.2
Women	86,220	42.5	45.9
Thereof: Wage-earning women	69,079	34.0	32.1
Housewives	17,141	8.5	100.0

Table 4 shows all recipients of disability pensions by type of primary impairment. At the time that the degree of medical disability is determined, all of the disabled individual's impairments are taken into consideration. The impairment that is assigned the highest percentage of disability is defined as the primary impairment. When relating to the primary impairment in a disabled individual, it turns out that emotional impairments are the most common. It is possible to divide emotional impairments into two groups, according to existing impairment categories: clause 33 – psychotic disorders, and clause 34 – psychoneurotic impairments. In general, it is possible to say that psychotic disorders are usually severe disorders from the aspect of functioning, and range from a protracted to chronic nature. This is the largest group from among those suffering from emotional impairments. After emotional impairments, most common are internal impairments.

Distribution of the impairments by gender shows that the rate of mental retardation among housewives is lower than average (2.9% compared to 13.3% among wage-earning women and 10.1% among men). The rate of married women suffering from internal impairments is higher, in relation to all recipients of the pension – 28.0% compared to

24.5%, respectively. Locomotor impairments are also more common among housewives (14.5% compared to 6.4% among men and compared to 9.4% among wage-earning women).

Table 5 shows the distribution of recipients of the disability pension by degree of incapacity, primary impairment, and severity of their condition (under the Laron Law, individuals eligible for the general disability pension are divided into two groups, on the basis of the severity of their medical condition, and the criteria for eligibility for the work disability pension are determined in accordance with the group to which they belong).

Group A consists of individuals who are **one** of the following: individuals with 70% medical disability; individuals with 40% disability, if they have an emotional impairment and/or are mentally retarded; individuals who received a pension for five years out of the seven that preceded the application of the law. Group B consists of all other pension recipients.

Table 4
Recipients of Disability Pension, by Gender and Main Impairment (numbers and percentages), December 2009

Main impairment	Total		Gender		
			Men	Wage-earning women	Housewives
Absolute numbers	203,042		116,822	66,079	17,141
Percentages		100.0	100.0	100.0	100.0
	Absolute numbers		Percentages		
Mental	65,409	32.2	33.0	32.4	26.7
Psychotic disorder	40,834	20.1	21.3	18.8	17.7
Psycho-neurotic disorder	24,575	12.1	11.7	13.6	9.1
Internal	49,678	24.5	26.8	19.6	28.0
Mental retardation	21,522	10.6	10.1	13.3	2.9
Neurological	25,795	12.7	12.7	12.6	13.4
Visual	10,700	5.3	5.1	5.1	7.1
Locomotoric	16,460	8.1	6.4	9.4	14.5
Urogenital	6,635	3.3	2.8	3.7	4.9
Hearing	4,122	2.0	1.9	2.4	1.4
Other	2,721	1.3	1.3	1.5	0.9

These numbers reflect the ability of individuals with different disabilities to become part of the labor force. Most of the disabled (82%) are fully incapacitated and approximately 12% are 60% incapacitated.

An analysis by group shows that among the recipients in Group A, 89% are fully incapacitated while 7% are 60% incapacitated. In comparison, in Group B, the proportion of those fully incapacitated decreases to 55% and that of those less incapacitated is 27%.

An examination of impairments by degree of incapacity indicates that among those with 100% incapacity, 36% had emotional impairments while among those with a lower degree of incapacity, these amounted to 12% (up to 60% degree of capacity) and 20% (to a capacity degree of 65%). In comparison, individuals with locomotor impairments make up only 6% of all disabled individuals with full incapacity, and 16% of those with lower degrees of incapacity. One should note disabled individuals with internal impairments: only 21% are fully incapacitated and 44% have 60% degree of incapacity.

The average 2009 monthly disability pension was NIS 2,567 – a real increase of 1.1% compared to 2008 (Table 6). In terms of the average wage, the pension increased from 31.0% of the average wage to 32.3% of same, thereby returning to its 2006 level.

2. Attendance allowance

31,775 individuals received an attendance allowance in December 2009 –5.4% more than the equivalent number in December 2008. 78% of them were also eligible for a disability pension, 4% of them were not eligible for a disability benefit because of their incomes (special attendance allowance), and another 18% did not receive the disability pension because they were beyond the eligible age (62 for women, 67 for men) (attendance allowance for the elderly). In addition to the disability pension and the attendance allowance, 7,216 disabled individuals also received a mobility allowance.

From data regarding the distribution of recipients of attendance allowances by type of recipient, as shown in Table 7, it seems that there are great similarities between the three groups in the table. However, recipients of the special attendance allowance, that is, those who are not eligible for the allowance because of their level of income from work, carry a greater weight in the group with the lower level of eligibility, that of 50% of the allowance.

Table 5
Recipients of Disability Pension by Degree of Disability, by Main Impairment and
by Belonging to Group A or B, December 2009

Impairment	Total	Degree of disability			
		60%	65%	74%	100%
Absolute numbers – total	203,042	23,471	11,367	2,555	165,649
Percentages - total	100.0	100.0	100.0	100.0	100.0
Mental – psychotic disorders	20.1	3.6	9.6	13.8	23.3
Mental – psycho-neurotic disorders	12.1	8.1	10.4	10.5	12.8
Internal	24.5	44.4	38.5	30.5	20.6
Mental retardation	10.6	1.3	1.8	2.7	12.7
Neurological	12.7	9.4	10.5	14.2	13.3
Visual	5.3	5.2	5.1	6.8	5.3
Locomotoric	8.1	16.1	15.9	14.8	6.3
Urogenital	3.3	5.8	4.5	4.0	2.8
Hearing	2.0	4.6	2.4	1.7	1.6
Other	1.3	1.4	1.2	1.1	1.3
Group A					
Absolute numbers – total	159,707	11,920	4,708	1,065	142,014
Percentages - total	100.0	100.0	100.0	100.0	100.0
Mental – psychotic disorders	23.5	3.2	6.2	12.6	25.8
Mental – psycho-neurotic disorders	10.2	6.4	9.1	10.5	10.6
Internal	22.3	46.0	45.0	36.2	19.4
Mental retardation	13.1	1.4	1.8	3.1	14.5
Neurological	12.6	9.6	10.2	13.1	12.9
Visual	5.5	4.9	4.7	6.0	5.6
Locomotoric	6.3	15.5	12.8	8.7	5.3
Urogenital	3.1	5.7	5.3	5.5	2.8
Hearing	2.0	5.8	3.4	3.1	1.7
Other	1.4	1.5	1.5	1.2	1.4
Group B					
Absolute numbers – total	43,321	11,539	6,659	1,490	23,633
Percentages – total	100.0	100.0	100.0	100.0	100.0
Mental – psychotic disorders	7.8	4.0	12.0	14.6	8.0
Mental – psycho-neurotic disorders	19.1	9.9	11.4	10.5	26.3
Internal	32.6	42.7	33.9	26.4	27.6
Mental retardation	1.4	1.1	1.7	0.7	1.5
Neurological	13.1	9.3	10.8	15.0	15.5
Visual	4.5	5.7	5.4	7.4	3.5
Locomotoric	14.7	16.7	18.1	19.1	12.5
Urogenital	4.0	6.0	4.0	2.9	3.1
Hearing	2.0	3.4	1.7	0.7	1.5
Other	0.9	1.3	1.1	1.0	0.7

Table 6
Average Monthly Disability Pension* at Current Prices, at Fixed Prices and as a Percentage of the Average Wage, 2003-2009

Year	Absolute numbers	2009 prices	Percentage of average wage
2003	2,325.0	2,601.9	33.9
2004	2,352.0	2,642.6	33.4
2005	2,340.0	2,595.4	32.4
2006	2,398.0	2,605.0	32.1
2007	2,394.0	2,586.7	31.4
2008	2,457.0	2,538.6	31.0
2009	2,567.0	2,567.0	32.3

* Payments also include the amounts paid for additional monthly benefit

Table 7
Recipients of Attendance Allowance, by Type of Recipient and Level of Entitlement, December 2009

	Total		Level of entitlement		
	Absolute numbers	Percentages	50%	105%	175%
Total recipients of attendance allowance	31,775	100.0	51.7	27.4	20.9
Recipients of attendance allowance and general disability pension	24,672	100.0	51.5	26.9	21.6
Recipients of special attendance allowance	1,310	100.0	57.2	26.8	16.0
Recipients of attendance allowance for the elderly	5,793	100.0	51.6	29.7	18.7

Table 8 shows the distribution of recipients of disability pension and attendance allowance, and out of these, recipients of attendance allowance along with a mobility allowance, by type of primary impairment. An examination of this distribution clearly shows the difference in impairments between the different groups. Thus, for example, recipients with neurological impairments make up 13% of those receiving the disability pension, 36% of the recipients of attendance and 71% of recipients of mobility and attendance allowances. Individuals with internal impairments, who comprise approximately one quarter of the recipients of disability pension and 22% of those receiving attendance allowance, make up only 9% of those receiving attendance and mobility allowances. A similar trend, albeit a sharper one, was seen between those with emotional impairments – 32% among recipients of the disability pension compared to 1.5% among recipients of the attendance and mobility allowances.

Table 8

Recipients of Disability Pension, Attendance Allowance, and Attendance + Mobility Allowance, by Main Impairment, December 2009

Main impairment	Total recipients of disability pension	Recipients of attendance allowance	Recipients of attendance and mobility allowance
Total – in absolute numbers	203,042	31,775	8,701
– in percentages	100.0	100.0	100.0
Internal	24.5	21.6	9.4
Urogenital	3.3	8.1	1.6
Neurological	12.7	36.0	71.3
Mental	32.2	7.7	1.6
Locomotoric	8.1	8.4	9.8
Visual	5.3	8.3	1.7
Mental retardation	10.6	9.5	4.5
Hearing	2.0	0.3	0.1
Other	1.3	0.3	0.1

Table 9
Attendance Allowance (monthly average) at Current Prices, at 2009 Prices and as Percentage of Average Wage, 2003-2009

Year	Current prices	2009 prices	Percentage of average wage
2003	1,853.0	2,013.7	27.0
2004	1,855.7	2,018.5	26.4
2005	1,869.1	2,072.8	25.9
2006	1,932.7	2,099.6	25.9
2007	1,947.0	2,103.8	25.5
2008	2,010.0	2,076.7	25.4
2009	2,236.0	2,236.0	28.1

In 2009, the average monthly attendance allowance (including the special benefit for those suffering from especially severe disabilities) was NIS 2,236, and rising in real terms by 7.7% compared to 2008. This growth stems from the increase in the level of the allowance for the more seriously disabled, that is, an increase of 5% of the highest level of eligibility (from 150% to 175%). In addition, the proportion of the average wage rose to 28.1% compared to 25.4% in 2008.

3. Benefit for disabled child

In 2009, an average of 26,527 benefits were received for disabled children every month – an increase of 4.8% compared to 2008. This increase is much higher than the increase in the children’s population – estimated as being 1.6%. Table 10 shows that most of the children (69%) are older than 8 and that 7% of them are less than 3 years old. Approximately 72% of the recipients received 100% of the benefit (a benefit equivalent to the full disability pension for a single individual) or more, and that 19% received a benefit equal to 50%. From among all the children who received the benefit in 2009, 4,030 received an increased benefit because their families have more than one disabled child.

Table 10
Recipients of Benefit for Disabled Child (monthly average), by Age, 2003-2009

Year	Total	Up to age 3	Age 3-8	Age 8-18
2003	18,360	1,465	4,576	12,672
2004	19,540	1,584	4,863	13,093
2005	20,955	1,708	5,202	14,045
2006	22,208	1,812	5,478	14,918
2007	23,810	1,898	5,847	16,065
2008	25,555	1,970	6,174	17,111
2009	26,527	1,972	6,359	18,196

Entitlement to benefit for disabled child, unlike for disability pension and mobility allowance, is not determined on the basis of impairment clauses but rather on the basis of all of the child’s functional capabilities. Table 4F in the Appendix of Tables provides data regarding the recipients of the disabled child benefit for December 2009, on the basis of grounds for eligibility and the child’s age, differentiating between children who study and those who do not. This table shows that 41% of the children eligible for the benefit are entitled because of their dependence on others, 22% suffer from pervasive development disorders (PPD) and 18% are entitled to the pension because of a sensory disability (hearing or sight).

The benefit for disabled child is calculated as a percentage of the full disability pension for a single individual. In 2009, the average benefit was NIS 1,973.10 per month, and just as with the average general disability pension, it also increased by 1.1% in real terms compared to 2008.

Table 11
Monthly* Average for Benefit for Disabled Child, at Current Prices, at 2009 Prices and as Percentage of Average Wage

Year	Current prices	2009 prices	% of average wage
2003	1,912.7	1924.4	26.2
2004	1,929.2	2140.5	25.7
2005	1,925.8	2167.6	25.6
2006	1,973.3	2136.1	24.6
2007	1,974.5	2134.1	24.1
2008	1887.7	1950.4	25.6
2009	1973.1	1973.1	25.6

- Including the “additional monthly benefit”.

4. Mobility Allowance

The average number of recipients of the monthly mobility allowance rose from 28,915 in 2008 to 30,364 in 2009 – an increase of 5.0%. Table 12 shows the distribution of recipients of the mobility allowance in December 2009 by age and by earnings. An individual whose mobility is limited is defined as a “wage-earner” if he earns a sum that exceeds 25% of the average wage in the economy. 17% of them are adults who are over 65 (most of them do not earn a salary) and 13% are children under 18. The rate of wage-earners declined from 20% in 2008 to 19% in 2009, and the proportion of those who are not wage-earners was 81% in 2009.

Table 12
Recipients of Mobility Allowance, by Earnings and by Age, December 2009

Age	Total		Earning		Not earning	
	Absolute numbers	Percentages	Absolute numbers	Percentages	Absolute numbers	Percentages
Total	30,843	100.0	5,968	100.0	24,875	100.0
3-18	4,044	13.1	0	0	4,044	16.3
19-34	4,359	14.1	481	8.1	3,878	15.6
35-44	3,248	10.5	792	13.3	2,456	9.9
45-54	5,027	16.3	1,554	26.0	3,473	14.0
55-64	8,966	29.1	2,515	42.0	6,451	25.9
65+	5,199	16.9	626	10.5	4,573	18.4

Table 13 shows the distribution of recipients of the mobility allowance by age, by whether or not they drive a car, and by car ownership. In addition, recipients receiving the allowances and have no car are also shown. The table shows that 36% of recipients without a car and 30% of the recipients who are not drivers are children under the age of 18. Among the drivers themselves, the weight of the 45-65 age group is very high. 17% of all recipients are adults who are 65 and over is (22% among drivers and approximately

10% among non-drivers). In this context, it should be pointed out that in 2002, eligibility for continued assistance for those who reached the age of 65 is no longer dependent on having a valid driver's license, so that the sector of those without a vehicle and the non-drivers who are 65 and over is rather new.

Table 13
Recipients of Mobility Allowance, by Driving Status and by Age, December 2009

Age group	All recipients		Driver		Non-driver		No car	
	Absolute numbers	Percentages	Absolute numbers	Percentages	Absolute numbers	Percentages	Absolute numbers	Percentages
Total	30,843	100.0	18,616	100.0	6,587	100.0	5,640	100.0
3-18	4,044	13.1	3	0.0	2,024	30.7	2,017	35.8
19-34	4,359	14.1	1,787	9.6	1,556	23.6	1,016	18.0
35-44	3,248	10.5	2,175	11.7	507	7.7	566	10.0
45-54	5,027	16.3	3,755	20.2	604	9.2	668	11.8
55-64	8,966	29.1	6,718	36.1	1,221	18.5	1,027	18.2
65+	5,199	16.9	4,178	22.4	675	10.2	346	6.1

Table 14 shows the distribution of recipients of mobility allowance from 2004 to 2009 by their driving characteristics. This table shows us that the non-driving group, including those who do not have a car, constitutes 39% of all recipients of the mobility allowance, and the group of drivers constitutes 61%. This distribution between drivers and non-drivers remained as it had been in 2008. The weight of those without cars also remained unchanged, after the rapid increase that characterized this group in the early 2000's.

51% of the drivers own a medium-size car (1,300 to 1,799 cc), 40% own a smaller vehicle and the rest own a large care. It should be noted that there has been a significant increase in the number of owners of cars whose volume exceeds 2,000 cc, particularly due to the extensive use of van-type vehicles. 219 recipients of the allowance had a van-type vehicle in 1999; the number rose to 640 in 2001, and in December 2009, there were 4,424 such recipients.

Table 14
Recipients of Mobility Allowance, by Driving Status (absolute numbers) 2004-2009

	2004	2005	2006	2007	2008	2009
Total	23,523	24,901	26,080	27,311	28,915	30,364
Driver	15,435	15,851	16,319	16,858	17,668	18,395
Does not drive	8,089	9,501	9,759	10,449	11,248	11,967
Thereof: do not own vehicle	4,284	4,610	4,892	5,109	5,448	5,619

The average monthly mobility allowance in 2009 was NIS 1,755.50, an increase of 3.1% in real terms than in 2008.

Table 15
Number of Recipients of Mobility Allowance (monthly average), 2003-2009

Year	Current prices	2009 prices
2003	1,440.9	1612.3
2004	1,461.0	1,641.5
2005	1,481.0	1,642.7
2006	1,513.3	1,644.0
2007	1,533.6	1,657.0
2008	1,648.6	1,703.3
2009	1,755.5	1,755.5

5. Benefits for radiation-affected persons

In December 2009, 3,689 individuals received a benefit for radiation-affected treatment – 4.1% more than the number of recipients of this benefit in December 2008. Table 16 shows that all recipients of the benefit were at least 45 years old. The majority of the recipients (61%) are women. Male recipients are slightly older than the women.

Table 16
Recipients of Benefit for Radiation-affected Persons, by Gender and Age, December 2009

Gender	Total	Age		
		45-54	55-60	60+
Absolute numbers – total	3,689	109	830	2,750
Thereof: women (percentages)	61.2	67.0	66.0	59.5

Table 17

Recipients of Benefits for Radiation-affected Persons by Main Impairment and Degree of Medical Disability, December 2009

Main impairment	Total	Degree of medical disability					
		40-49	50-59	60-69	70-79	80-89	90-100
Absolute numbers – total	3,689	1,587	759	523	332	229	259
Percentages	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Internal	13.7	3.8	10.8	22.0	23.2	24.0	44.8
Neurological	10.7	2.8	8.0	15.3	18.4	30.6	29.7
Mental	27.8	30.9	34.4	24.9	24.1	19.7	8.1
Skin diseases and injuries	31.6	41.2	34.8	28.9	18.1	13.5	1.9
Other*	16.2	21.3	12.0	8.9	16.2	12.2	15.5

* Including locomotoric, visual and hearing impairments, mental retardation, etc.

Table 17 shows that 43% of the recipients of this benefit have a 40-49% medical disability and that another 21% have a 50-59% medical disability. 32% suffer from dermatological problems and 28%, from emotional problems. Among the more severely disabled individuals (90-100% medical disability), 75% suffer from internal or neurological problems. 24% of the recipients of the benefit for radiation-affected problems receive at least one additional benefit, as Table 2 shows us.

In December 2009, the average benefit was NIS 1,147 – a decline of 3.1% in real terms compared to 2008 – stemming from the fact that the medical condition of the new recipients was better (a lower level of severity) than that of the existing recipients, and therefore their benefit was lower. The total payments to victims of radiation-affected illnesses in 2009 totaled approximately NIS 110 million.

6. Benefit for polio victims

In December 2009, there were 3,182 recipients of the polio victims benefit. Table 18 shows that most of the recipients (70%) are 55 or over. A medical disability level of 80% or over was determined for about 60% of them.

Table 18
Recipients of Benefit for Polio Victims, by Age and Degree of Medical Disability,
December 2008

Age	Total	Degree of medical disability					
		20-49	50-59	60-69	70-79	80-89	90-100
Absolute numbers – total	3,182	618	353	198	115	1,066	832
percentages	100.0	100.0	100.0	100.0	100.0	100.0	100.0
18-34	2.6	2.1	2.5	4.0	3.5	3.0	1.9
35-54	27.9	25.1	27.8	29.3	24.3	31.1	26.2
55+	69.5	72.8	69.7	66.7	72.2	65.9	71.9

Some 80% of the recipients of this benefit receive at least one additional benefit, and the most common of these is the mobility allowance (received by 68%), as can be seen in Table 2). The average benefit in December 2009 was NIS 2,842 and came to 35.7% of the average wage in the economy. In 2009, the total payments to polio victims came to about NIS 160 million.

C. Scope of Payments

In 2009, approximately NIS 10 billion were paid by the Disability branch, a sum which, in real terms, was 3.6% higher than that paid in 2008.

Table 19 shows that the percentage of benefit payments by the Disability branch, out of all the benefit payments made, declined to 18.6% in 2009, as opposed to a steady increase since 2003. In part, the reason for this decline can be found in the higher rates in other benefit branches, due to the high unemployment in that year, as well as the coalition agreements signed with regard to the Old-age and Children branches that improved the conditions of those populations.

An assessment of the distribution of the branch's expenditures by subject shows that payments of disability and rehabilitation benefits declined in 2009 compared to 2008 and reached approximately 71.3% of the branch's expenditure. The downward trend that began many years ago continued in 2009 as well. At the same time, the proportion of the attendance and mobility allowances are gradually rising.

Table 19
Total Payments in Disability Branch and Percentages of Total National Insurance Benefits, 2003-2009

Year	NIS millions (2009 prices)	Rate of real annual growth (percentages)	Percentage of benefit payments of the branch out of all benefit payments
2003	7,911.1	3.1	16.4
2004	8,058.1	0.9	17.2
2005	8,317.8	4.2	18.0
2006	8,800.1	5.8	18.3
2007	9,471.2	7.6	19.2
2008	9,638.7	1.8	19.2
2009	9,987.7	3.6	18.6

Table 20
Disability Branch Payments, by Type of Payment (Percentages), 2003-2009

Year	Total	Disability and rehabilitation payments	Mobility allowance	Attendance allowance	Benefit for disabled child	Fund for the development of services
2003	100.0	75.0	9.1	7.3	7.3	1.3
2004	100.0	74.2	9.5	7.5	7.4	1.4
2005	100.0	73.9	9.5	7.6	7.6	1.4
2006	100.0	72.8	10.5	7.9	7.6	1.2
2007	100.0	73.4	10.2	8.0	7.5	0.9
2008	100.0	72.4	10.9	8.3	7.6	0.8
2009	100.0	71.3	11.0	9.1	7.7	0.9

7. Work Injury Insurance

A. General

Work injury insurance grants an insured individual who has been injured at work the right to a benefit or other defined assistance, on the basis of the nature of the injury.

1. **Injury allowance** – paid to a salaried employee or an individual who is self-employed, who, as a result of a work accident, is unable to engage in his occupation or other suitable work. The employee – salaried or self-employed – is entitled to an injury allowance per injury, for a period not exceeding 91 days (13 weeks). Until January 31, 2002, anyone who was injured was entitled to the payment of an injury allowance for a period of up to 26 weeks, to an amount equivalent to 75% of his income during the 3 months prior to the injury.

In 2005, the law was amended and the eligibility period for an injury allowance paid by the employers was extended from 9 to 12 days. Any individual who does not have an employer, such as self-employed, is not entitled to payment for the first 12 days.

In 2002-2007, the injury allowance was reduced by 4%. The order regarding this reduction expired on December 31, 2007.

2. **Disability pension** – paid to individuals injured at work, when due to the injury, they became disabled for a defined period of time or forever. The disability pensions paid are: **temporary disability pension**, paid to individuals injured at work who are defined as having a temporary disability of at least 9%; **permanent disability pension**, paid to individuals injured at work for whom a permanent degree of disability of at least 20% has been defined; **disability grant**, paid to individuals for whom a permanent degree disability of 9-19% has been defined; **and a special benefit and grant for one-time arrangements**, paid to individuals injured at work (in addition to their monthly pension) where the degree of their disability has been defined as 75% or more. The amount of the temporary or permanent disability pension is determined on the basis of the injured individual's income during the three months preceding the injury: the amount of the full disability pension paid to an injured person whose disability is 100% comes to 75% of his salary during the determining period; the benefit for an injured individual whose disability is below 100% is calculated at a pro rata basis, depending on his disability.

Payments of **disability grants** to individuals injured at work underwent far-reaching changes in recent years. Until 2003, the grant equaled 70 pension payments. Anyone injured on or after July 1, 2003 received a grant equal to 43 pension payments (special application rules were established with regard to occupation-related illnesses). In 2005, the law was amended, and work disability

and temporary disability grants began to be paid to individuals with a disability degree of 9% instead of 5% for work-related accidents and occupation-related illnesses.

In May 2008, the list of tests was amended and impairment clauses for acquired immuno-deficiency (AIDS), low blood pressure, being overweight and obesity, pancreas defects and impotence were added.

3. **Dependents' benefit** – paid to the family of an insured individual who was killed in a work-related accident or whose subsequent death was a direct result of the accident, if the family was dependent on him for its subsistence. The full amount of the dependents' benefit is 75% of the deceased's wage during the determined period. The amount of a partial benefit is determined on the basis of the degree of eligibility. The degree of eligibility for a dependents' benefit is determined on the basis of the number of dependents (for example, a widow with no children is entitled to 60% of the full disability pension, while a widow with three children – to 100% of this pension).
4. **Medical expenses (including hospitalization and medical rehabilitation)** – health funds provide medical treatment for injured individuals. Based on an agreement, the NII pays the health fund for this treatment. Should it be necessary, the treatment also includes medical rehabilitation, convalescence, long-term care, etc.
5. **Vocational rehabilitation** – provided to a disabled individual whose degree of permanent disability is 10% and over, and who is unable to return to his previous work or another occupation due to a work-related injury.

On 1 January 2006, the method for updating work-related injury allowances was updated and since then, it has been updated every 1st of January.

A new value, the *basic amount*, was added to the definitions, replacing the average wage as the basis for calculating the benefits. The original basic amount was the average wage, which served as the basis for calculating the various benefits before they were frozen at NIS 7,050 in 2002-2003. On 1 January of every year, the basic amount is updated according to the rate of the rise in the index. In January 2009, the basic amounts were increased by 4.5%, which is the rate of the increase of the consumer price index during the period of November 2007 to November 2008. As of January 2009, the basic amount has stood at NIS 7,778.

The maximum ceiling for daily injury allowances is calculated on the basis of 75% of the basic amount, multiplied by five and divided by 30.

B. Recipients of injury allowance

The number of recipients of an injury allowance decreased in 2009 to 65,814 – a decline of 5.6% compared to 2008 (Table 1).

It should be noted that out of the 59,899 **salaried employees** who were recipients of injury allowances in 2009, 17,962 were employed by “authorized employers” as defined by Regulation 22, so that the NII did not reimburse the employers for injury payments made for the first 12 days of eligibility. According to this regulation, the NII is entitled to permit the employer to pay the injury allowance on behalf of the NII, and he must pay it on the dates on which he would normally pay the salary. The employer must submit a claim to the NII for the work-related accident in which the employee was injured, and the NII reimburses him the sum paid (as of the 13th day), adding a commission that amounts to 2.5% of the injury allowance. If the NII rejects the claim, the employer is not reimbursed for any payments to the employee.

In 2000, recipients of the injury allowance constituted approximately 3% of all persons employed, while in 2005-2008, it was 2.3%. The gradual decline which began in 1996 and continued up to 2009 (Table 2) occurred simultaneously with legislative changes – requiring that payment for the first days be paid by the employer, and abolishing this eligibility for anyone without an employer (in 1997 and 2005). In other words, the proportion of recipients of the injury allowance, from among all individuals employed, declined with the decrease in the number of recipients of the injury allowance and the increase in the number of individuals employed. The average number of days of inability to work per injured individual reached a peak in 2001 (40 days). Since then, there has been a sharp decrease (Table 1) which stemmed, *inter alia*, from legislative changes (a reduction in the maximum period for payment of injury allowance from 26 to 13 weeks, as of 1 February 2002). The decrease in the average number of incapacity days halted in 2003, and since then, until 2007, the average was 34 days, after which the average rose to 34.5 in 2008 and to 35 days in 2009.

Table 1
Employed, Recipients of Injury Allowance and Days of Work Disability, 2000-2009

Year	Employed	Recipients of injury allowance*	Days of work disability	Average days of work disability
2000	2,519,800	76,185	2,863,296	37.6
2001	2,559,000	69,087	2,765,654	40.0
2002	2,569,200	70,025	2,594,111	37.0
2003	2,589,600	61,539	2,084,364	33.9
2004	2,634,000	65,776	2,204,345	33.5
2005	2,722,600	63,856	2,109,993	33.0
2006	**2,801,000	64,296	2,170,751	33.8
2007	**2,925,100	67,657	2,291,149	33.9
2008	**3,041,000	69,734	2,408,514	34.5
2009	**3,037,000	65,814	2,306,267	35.0

* As of 1997, includes injured workers who did not actually receive payment from the NII due to legislative changes that year, but were approved and would have been entitled to payment if not for that law (the number of actual recipients of payment from the NII in 2009 was 57,193).

** National accounting, according the 2009 CBS data. The “employed” include Israelis, foreign workers (reported and not-reported) and residents of Judea & Samaria and Gaza.

Table 2
Rate of Change in Recipients of Injury Allowance and Days of Work Disability, 2000-2009

Year	Recipients of injury allowance as % of all individuals employed	Rate of average annual change		
		Employed	Recipients of injury allowance	Average days of work disability
2000	3.0	2.1	3.39	0.80
2001	2.7	1.6	-9.32	6.38
2002	2.7	0.4	1.36	-7.50
2003	2.4	0.8	-12.12	-19.65
2004	2.5	1.7	6.90	-0.10
2005	2.3	3.4	-2.90	-1.40
2006	2.3	2.9	0.70	2.40
2007	2.3	4.4	5.20	0.30
2008	2.3	4.0	3.07	1.77
2009	2.2	-0.13	-5.62	1.45

Over the years, the number of “severe” injuries for which claims were submitted to the NII increased (Table 3): back in 1996, 13.4% of all recipients of the injury allowance had 61 or more days of work incapacity, while from 2001 to 2009, this applied to 20-23% of the recipients, with a steady upward trend. Throughout these years, the proportion of injured with 15-45 days of work incapacity has been surprising stable. Injured individuals with 1-14 days of work incapacity constituted 49% of total recipients of injury allowances in 1996 and only 35% in 2009, demonstrating a steady decline.

Table 4 presents data about employees and recipients of injury allowances among Israeli residents, residents of the territories (Judea and Samaria) and foreign workers for 2000-2009. The proportion of recipients of injury allowance among foreign workers and residents of the territories was lower during all those years. It would be reasonable to expect that the proportion of recipients of the injury allowance among those groups, particularly taking into account the relatively risky economic branches in which they work (agriculture and construction), would be at least equal to that of residents of Israel. Apparently, the low rate reflects under-reporting by this population with regard to work-related injuries, probably stemming from ignorance as to their rights, the fear of losing their jobs if they fail to come to work following an accident, their illegal status and their apprehension regarding their fate if it becomes known that they are in Israel without a permit. When there are serious work-related accidents, these employees have no choice but to seek medical care and submit a claim for injury and disability pensions. The NII pays for a one-time emergency room treatment for foreign workers, and as of April 2008, also for workers from the territories who were injured in work-related accidents and did not submit claims for an injury allowance. This is the only source that provides information regarding the number of foreign workers who were treated in hospital emergency rooms – three times the number of foreign workers who received an injury allowance in 2009. It should be noted that the ratio of Israeli residents seeking medical treatment without submitting a claim to the NII to those who submit claims is approximately 1:1.

Table 3
Recipients of Injury Allowance by Period of Work Disability, 1996, 2000-2009

Year	Total employed**	Total days of work disability	Total recipients of injury allowance	Number of days of work disability								
				0	1-14	15-30	31-45	46-60	61-75	76-90	91	92+
1996	2,133,800	2,990,363	92,274	72	45,401	21,862	8,228	4,643	2,941	1,889		7,528
2000	2,388,800	2,863,296	76,185	52	31,683	17,964	7,691	4,677	3,050	2,136		8,932
2001	2,398,000	2,765,654	69,087	50	26,546	16,371	7,677	4,518	3,005	2,013		8,907
2002	2,402,200	2,594,111	70,025	48	26,634	16,733	7,746	4,587	3,158	3,081	3,281	*4,757
2003	2,435,600	2,084,364	61,539	30	22,677	14,897	6,965	4,236	3,019	4,159	5,094	*462
2004	2,496,000	2,204,345	65,776	38	24,536	15,841	7,293	4,405	3,259	4,750	5,456	* 198
2005	2,600,600	2,109,993	63,856	36	23,892	15,480	7,210	4,366	3,069	4,919	4,768	*116
2006	2,685,000	2,170,751	64,296	37	23,432	15,469	7,245	4,547	3,218	5,182	5,101	*65
2007	2,807,100	2,291,149	67,657	42	24,582	16,298	7,695	4,673	3,432	5,424	5,476	*35
2008	3,041,000	2,408,514	69,734	35	24,831	16,606	7,981	4,931	3,569	5,837	5,933	*11
2009	3,037,000	2,306,267	65,814	40	23,159	15,447	7,456	4,786	3,499	5,947	5,468	*12
				Percentage								
1996			100.0	0.1	49.0	23.6	8.9	5.0	3.2	2.0		8.1
2000			100.0	0.1	41.6	23.6	10.1	6.1	4.0	2.8		11.7

2001			100.0	0.1	38.4	23.7	11.1	6.5	4.3	2.9		12.9
2002			100.0	0.1	38.0	23.9	11.1	6.6	4.5	4.4	4.7	6.8
2003			100.0	0.0	36.8	24.2	11.3	6.9	4.9	6.8	8.3	0.8
2004			100.0	0.1	37.3	24.1	11.1	6.7	5.0	7.2	8.3	0.3
2005			100.0	0.1	37.4	24.2	11.3	6.8	4.8	7.7	7.5	0.2
2006			100.0	0.1	36.4	24.1	11.3	7.1	5.0	8.1	7.9	0.1
2007			100.0	0.1	36.3	24.1	11.3	6.9	5.1	8.0	8.1	0.1
2008			100.0	0.1	35.6	23.8	11.4	7.1	5.1	8.4	8.5	0
2009			100.0	0.1	35.2	23.5	11.3	7.3	5.3	9.0	8.3	0

* The reference is to those injured prior to 31.1.2002 who received injury payments after that date.

** From CBS, National Accounting.

Since April 1, 2008, the same rules for medical treatment of victims of work-related injuries apply to both workers from the territories and to foreign workers; treatment is provided by the Clalit Health Fund.

A foreign worker is covered by work injury insurance even if he resides in Israel illegally. Until February 28, 2003, foreign workers and residents of the territories who were injured at work were eligible for all the benefits accorded to any persons injured at work, regardless of whether or not they had work permits. Since March 1, 2003, unreported foreign workers were denied the benefit: upon his departure from the country, the benefit to which he has been found to be eligible is paid from the time of his day of departure, and the payment does not include the period during which the benefit was denied. In view of the amendments and the activities of the Immigration Police, a gradual decrease was anticipated in the number of foreign workers 2002-2006. In 2007, an increase was once again noted, continuing until the end of 2009. In January 2010, the Prime Minister announced a new and more rigid immigration policy with regard to the conditions for employing foreign workers, which is intended to reduce their numbers by approximately 30-50,000.

There was a gradual increase in the number of workers from the territories from 2002 to 2008, and this number declined in 2009.

A clause was added to the National Insurance Law in 2005, which declared that work accident insurance applies to foreign workers and residents of the territories who are employed by an Israeli employer in Judea and Samaria (until the law was amended, a foreign worker or resident of the territories employed by an Israeli in that area were not covered by the work accident insurance.)

In 2009, the average number of days of work incapacity among foreign workers in all branches of their employment was lower than that of Israeli residents, despite expectations that it would be higher. The average number of work incapacity days of workers who are residents of the territories remained relatively high, although they work in occupations that are similar to those of foreign workers.

Table 4
Employed, Recipients of Injury Allowance and Days of Work Disability, by
Category of Residency, 2000-2009

	Total	Israeli residents	Residents of the territories	Foreign workers
2000				
Employed*	2,519,800	2,217,900	95,900	206,000
Recipients of injury allowance	76,185	73,680	1,552	953
Percentage of recipients of injury allowance out of total employed	3.0	3.3	1.6	0.5
Average days of work disability	37.6	37.4	46.5	33.7
2002				
Employed*	2,569,200	2,284,400	30,300	254,500
Recipients of injury allowance	70,025	68,900	146	979
Percentage of recipients of injury allowance out of total employed	2.7	3.0	0.5	0.4
Average days of work disability	37.0	37.0	63.4	36.8
2004				
Employed*	2,634,000	2,400,800	37,400	195,800
Recipients of injury allowance	65,776	65,142	262	372
Percentage of recipients of injury allowance out of total employed	2.5	2.7	0.7	0.2
Average days of work disability	33.5	33.4	53.1	34.5
2006				
Employed*	2,801,000	2,573,600	47,100	180,300
Recipients of injury allowance	64,296	63,522	175	599
Percentage of recipients of injury allowance out of total employed	2.3	2.5	0.4	0.3
Average days of work disability	33.8	33.8	44.8	28.4
2007				
Employed*	2,925,700	2,682,000	50,500	193,200
Recipients of injury allowance	67,657	66,868	246	543
Percentage of recipients of injury allowance out of total employed	2.3	2.5	0.5	0.3
Average days of work disability	33.9	33.9	42.5	27.8

2008				
Employed*	3,041,000	2,777,100	62,600	201,300
Recipients of injury allowance	69,734	68,709	354	671
Percentage of recipients of injury allowance out of total employed	2.3	2.5	0.6	0.3
Average days of work disability	34.5	34.5	50.7	27.6
2009				
Employed*	3,037,000	2,771,900	56,000	209,100
Recipients of injury allowance	65,814	64,682	440	692
Percentage of recipients of injury allowance out of total employed	2.2	2.3	0.8	0.3
Average days of work disability	35.0	35.1	43.9	29.1

* Source: CBS, National Accounting.

Another population group for which it is difficult to obtain data regarding safety at work is the group of employees hired through manpower agencies and manpower contractors. In manpower surveys by the CBS, these employees are identified by the question of “who pays your salary”. Within the work injury scheme of the National Insurance Institute, manpower agencies are not identified by a special code (economic branch or legal status of the employer) and therefore it is not possible to check if these employees are exposed to dangers, as can be done for employees who receive their wages directly from their workplace, or whether the fact that they are considered “exceptions” by their employer reduces the employer’s responsibility regarding conditions for their safety.

The data received from the CBS¹ shows that 51,700 people received wages through manpower companies in 2008. This refers to individuals who were placed in a workplace and receive their wages from the manpower agency or manpower contractor, while the workplace was responsible for the performance of their work and for their safety. Approximately one quarter of the employees hired through manpower agencies work in construction.

There are also problems with contracting companies which do not provide workers but rather provide services, and the obligations that apply to the manpower agencies, particularly licensing obligations, do not apply to them. The condition for obtaining a license and its renewal is compliance with the laws relating to employment and safety at work.

The definition of individuals receiving their wages through manpower agencies does not include employees of sub-contractors, who are responsible for their work performance as well as for their safety. These are salaried employees who are mainly employed in secondary economic branches – security, protection and cleaning, as well as home-care services.

Since December 2009, every security, protection and cleaning company must be licensed. The condition for a license are: the owners must not have a criminal record and there must be a financial guarantee to ensure the employees’ rights. This legislative amendment was initiated by the Histadrut in the framework of a package deal that was signed with the government and private employers. It would be worthwhile to check, in the next few years, if there has been a change in the number of injuries in this secondary branch. During 2007-2009, there were approximately 2,200 claims and the average number of work incapacity days rose from 34.3 to 36.

Table 5 differentiates between recipients of injury allowances who are salaried employees and those who are self-employed. The number of self-employed receiving an injury allowance has declined since 1997 from 9,483 to 5,915 in 2009, and their weight

¹ From Table 2.50, **Annual Civilian Work Force**, 2009 Manpower Surveys, Central Bureau of Statistics.

among the total recipients of the injury allowance dropped from 11.3% to 9%. This decline apparently stemmed from the changes in the National Insurance Law with regard to the first nine days and to the first 12 days, as well as a wave of closures of small businesses during the period of the economic recession. The average days of work incapacity among the self-employed was approximately 47% higher than that of salaried employees (50 days compared to 34, respectively). This difference also apparently stems from the fact that the self-employed tend not to submit claims to the NII for short absences (less than 12 days.).

Table 5
Recipients of Injury Allowance, by Work Status and Days of Work Disability, 2009

Type of insured	Recipients of injury allowance		Average days of work disability
	Absolute numbers	%	
All recipients	65,814	100.0	35.0
Salaried employees	59,899	91.0	33.6
Self-employed	5,915	9.0	49.5

The breakdown of salaried employees with work-related injuries by economic sector has been steady over the years: approximately 21% work in industry, 14% in commerce and workshops, 12% in business services (which include recruiting workers and providing manpower services, as well as activities in security, protection and cleaning) and 10% in construction. From the aspect of severity of the injury (measured here by the number of work incapacity days), construction is in first place (46 days), followed by transport and storage (approximately 37 days), public services which include professional sports activities (37 days), commerce and workshops (35 days), business services (34 days) and agriculture (32 days).

Table 6
Recipients of Injury Allowance, by Work Status and Economic Sector,
December 2009

Economic branch	Recipients		Days of work disability		
	Numbers	Percentages	Numbers	Percentages	Average work disability days per injured person
Total					
Total salaried employees	59,899	100.0%	2,013,215	100.0%	33.6
Agriculture	2,101	3.5	66,996	3.3	31.9
Industry	12,568	21.0	377,479	18.8	30.0
Electricity and water	576	1.0	16,925	0.8	29.4
Constructions	6,103	10.2	279,331	13.9	45.8
Commerce, vehicle repair	8,438	14.1	295,223	14.7	35.0
Hospitality and food	3,466	5.8	106,119	5.3	30.6
Transportation, storage	4,333	7.2	161,455	8.0	37.3
Banking, insurance	1,050	1.8	27,466	1.4	26.2
Realty, business services	7,195	12.0	241,183	12.0	33.5
Public services	5,830	9.7	168,302	8.4	28.9
Education	2,109	3.5	68,764	3.4	32.6
Community services	1,763	2.9	65,026	3.2	36.9
Health, welfare	4,005	6.7	124,190	6.2	31.0
Other, unknown	362	0.6	14,756	0.7	40.8
Self-employed	5,915		293,052		49.5

With the increase in the number of women participating in the civilian work force which characterized the last two decades (from 40% in 1988 to 51.3% in 2008), the proportion of women among recipients of injury allowance increased as well. The data for the

second half of the 1990's and the beginning of the 2000's show that the number of women out of all recipients rose gradually and steadily from 19.8% to 30% in 2000 (Table 2/G in the Tables Appendix). The median age of women receiving injury allowance is 45 while the median age of men is 39. An examination of the distribution of men and women by age groups shows that men account for 70% of recipients in the younger groups (up to age 34), and approximately 66% in the older groups (45-59) (Table 7). The average number of incapacity days for women is lower than that for men – 31 compared to 37.

In 1996, traffic accidents (during work, on the way to and from work) accounted for 14.8% of all work-related injuries, while in 2009, they accounted for 23.3%. Between 1996 and 2009, the number of traffic accidents **on the way to work** increased from 9% of all work-related injuries to 16.1% (Table 8). On the other hand, the number of traffic accidents **in the course of work** rose slightly in 2008-2009, after a long period of stability (7%). In general, traffic accidents cause injuries that are more severe, which results in longer period of work incapacity than other accidents. In addition, the number of incapacity days resulting from traffic accidents **at work** is significantly higher than for other traffic accidents (39.5 days compared to 33 days for road accidents.) This gap apparently stems from the difference in the severity of inter-city traffic accidents compared to accidents on urban roads (as of 2009, data on traffic accidents on the way to and from work can be received from the Research and Planning Administration of the NII, including details regarding the type of vehicle [employer's, private], and whether the accident occurred when the victim was a pedestrian or riding a bus.)

The breakdown of recipients of injury allowance by cause and result of the accident (“nature”) has changed very little over the years. The most common factors of work accident are falling (from scaffolding, ladder or crane; from a building or structure; slipping or stumbling on stairs; slipping or tripping on a surface – 25% of the recipients), traffic accidents (Table 8) (23%) and bodies (falling, crushed, hit – 19%). From the aspect of severity of the injury (measured by the number of incapacity days) the severe injuries were caused by falls (40 days); traffic accidents (36 days) and over-exertion (36 days). Falls resulted mostly in bruises and being crushed as well as broken arms and/or legs, strains or sprains. Injuries resulting from “illnesses” and “explosives” placed highest with regard to severity of injury (more than 40 incapacity days). The list of occupational illnesses is a closed one, but if an illness does not appear on the list and based on professional opinions, there is clear-cut causation between it and working conditions – the illness is acknowledged as a work-related injury. Most of the claims for injury allowances due to an occupation illness are submitted in order to determine the extent of the work-related disability.

Table 7
Recipients of Injury Allowance and Employed Individuals by Age and Gender, 2009

Age	Recipients of injury allowance – numbers			Israeli employees* - numbers			Recipients of injury allowance as percentage of those employed		
	Total	Men	Women	Total	Men	Women	Total	Men	Women
Total	65,814	45,906	19,908	2,681,992	1,441,886	1,240,106	2.5	3.2	1.6
Up to 17	172	146	26	24,073	13,682	10,390	1.7	1.1	0.3
18-24	6,641	5,193	1,448	289,169	139,751	149,418	2.3	3.7	1.0
25-34	16,199	12,133	4,066	762,223	411,827	350,396	2.1	2.9	1.2
35-44	15,094	10,956	4,138	642,615	345,162	297,453	2.3	3.2	1.4
45-54	14,432	9,062	5,370	553,239	291,233	262,006	2.6	3.1	2.0
55-59	6,858	4,071	2,787	224,769	121,227	103,542	3.1	3.4	2.7
60-64	4,375	2,781	1,594	119,030	71,742	47,288	3.7	3.9	3.4
65+	2,043	1,564	479	66,874	47,261	19,613	3.1	3.3	2.4

Table 8
Recipients of Injury Allowance, by Location of Injury and Days of Work Disability,
1996, 2002-2009

Year	Accidents at work			Accidents on the way to and from work		Other
	Total	During work*	Traffic accident at work	Traffic accident on the way	On the way without a vehicle	
1996						
Numbers	92,274	75,341	5,361	8,310	2,880	382
Percentage	100.0	81.7	5.8	9.0	3.1	0.4
2002						
Numbers	70,025	50,529	4,327	10,645	3,671	853
Percentage	100.0	72.2	6.2	15.2	5.2	1.2
Average days of work disability	37.0	35.9	47.1	38.5	36.0	39.3
2004						
Numbers	65,776	46,888	4,638	9,655	3,455	1,140
Percentage	100.0	71.3	7.0	14.7	5.3	1.7
Average days of work disability	33.5	32.8	40.6	33.3	33.9	36.7
2006						
Numbers	64,296	45,374	3,833	9,339	3,575	2,175
Percentage	100.0	70.6	6.0	14.4	5.6	3.4
Average days of work disability	33.8	33.4	39.1	32.3	33.9	37.5
2007						
Numbers	67,657	47,757	4,092	9,571	3,991	2,246
Percentage	100.0	70.6	6.0	14.2	5.9	3.3
Average days of work disability	33.9	33.4	38.9	32.9	35.4	37.0
2008						
Numbers	69,734	48,472	4,627	10,170	4,180	2,285
Percentage	100.0	69.5	6.6	14.6	6.0	3.3
Average days of work disability	34.5	34.3	39.1	32.2	36.1	37.7
2009						
Numbers	65,814	45,412	4,747	10,594	4,191	870
Percentage	100.0	69.0	7.2	16.1	6.4	1.3
Average days of work disability	35.0	35.0	39.5	33.0	35.7	35.4

* Injuries at work that are not traffic accidents

Table 9
Recipients of Injury Allowance, by Cause of Injury and Days of Work Disability, 2007

Cause of injury	Recipients		Average days of work disability per injured individual	Total days of work disability
	Numbers	percentages		
Total	67,512	100.0	34.8	2,347,457
Cause of injury				
Fall	17,131	25.4	39.6	678,226
Traffic accident	15,284	22.6	36.0	550,435
Item falling, blow, pressure from item	12,959	19.2	32.0	414,829
Machines, tools	9,182	13.6	29.8	273,920
Strain	5,983	8.9	35.8	214,126
Fire, hot material, steam, acid	1,068	1.6	21.7	23,197
Foreign object in eye	867	1.3	14.2	12,287
Quarrel	688	1.0	30.5	20,989
Poisoning	587	0.9	21.0	12,324
Environmental factor	226	0.3	27.6	6,236
Illness resulting from profession	168	0.2	45.7	7,676
Explosives	116	0.2	41.8	4,845
Other, and unknown	3,253	4.8	••	••

The breakdown of recipients of injury allowance by nature of the injury has not changed either over the years. The most common results of injury are being crushed (23% recipients), bruises (22%), strain or sprain (17%) and cuts in an upper limb (9%). From the aspect of severity of the injury (measured by the number of incapacity days), the most severe injuries were: lower limb fracture (63 days), upper limb fracture (58 days), back fracture or damage to spine (56 days) and dislocation without fracture (55 days). An injury to the circulatory system is the most common injury (68 incapacity days).

The upper limbs are the limbs which are most injured in a work-related accident: fractures and cuts (only) in the upper limbs were the reason for 14% of all absences from work by recipients of injury allowances.

The average daily injury allowances for the self-employed rose significantly in 2009 in real terms and as a percentage of the average wage, and the gap compared to salaried employees continue to widen after having been steady in 2005-2007. Injury allowances to salaried employees declined slightly in 2009 in real terms and as a percentage of the average wage.

Table 10
Recipients of Injury Allowance, by Nature of Injury and Days of Work Disability, 2007

Nature of injury	Number of recipients	Percentage of recipients	Average days of work disability per injured individual	Total days of work disability
Total	67,512	100.0	34.8	2,347,457
Being crushed	15,354	22.7	33.3	510,908
Hard blow [no sign of injury]	14,755	21.9	33.7	496,461
Pulled [muscle], sprain	11,680	17.3	32.2	376,126
Wound in upper limb	6,355	9.4	27.7	176,124
Skeleton and muscles	4,619	6.8	35.0	161,827
Break in upper limb	3,030	4.5	57.7	174,816
Break in lower limb	2,107	3.1	63.3	133,442
Burn	1,164	1.7	22.7	26,395
Cut in head, neck, upper back	959	1.4	24.8	23,808
Cut in lower limb	873	1.3	26.1	22,748
Penetration by foreign object	782	1.2	14.0	10,980
Cracked skull, upper back, spine	721	1.1	55.8	40,214
Poisoning	652	1.0	20.4	13,286
Symptoms	465	0.7	30.6	14,212
Dislocation without break	285	0.4	55.2	15,721
Circulatory system	150	0.2	67.9	10,184
Scrape	124	0.2	26.2	3,242
Other, and unknown	3,437	5.1	**	**

Table 11
Average Injury Allowances per Day, by Work Status, 2000-2009

Year	Salaried employees			Self-employed		
	Current prices (NIS)	2009 prices (NIS)	% of the average wage	Current prices (NIS)	2009 prices (NIS)	% of the average wage
2000	147.4	177.6	67.0	161.6	194.8	73.5
2001	155.8	185.6	70.0	165.0	196.5	74.1
2002	157.7	177.8	67.1	170.5	192.1	72.5
2003	153.0	171.3	64.6	167.6	187.6	70.8
2004	151.6	170.3	64.2	174.2	195.8	73.9
2005	152.6	169.2	63.8	159.7	177.2	66.8
2006	153.5	166.8	62.9	161.5	175.4	66.2
2007	159.9	172.8	65.2	167.9	181.4	68.4
2008	174.6	180.4	68.0	199.2	205.8	77.6
2009	179.2	179.2	67.6	240.6	240.6	90.8

C. Recipients of work disability pension

The number of recipients of a permanent disability pension has been rising steadily every year by more than 1,000 individuals, and reached 30,899 in 2009. Most recipients of a permanent disability pension have a low degree of disability, and this is particularly noticeable among women: 64% of them have a 20-39% degree of disability compared to 58% of the men, and only 9% of the men and 7% of the women have a level of disability that is higher than 80%. 21% of the men receiving a permanent disability pension are aged 65 or over and 28% of the women are aged 60 and over (Table 4/G in the Tables appendix). Recipients of a work-related disability pension can – when they reach the age entitling them to an old-age pension – choose whether to continue receiving the work-related disability pension or to receive the old-age pension. By law, if the old-age pension is higher than the work-related disability pension it is possible to capitalize on the disability pension and receive the old-age pension, or continue receiving the work-related disability pension at a level equal to the old-age benefit. In 2009, 39% of the work injury victims capitalized their disability pension and began receiving the old-age pension.

Table 12
Recipients of Permanent Disability Pension, by Work Status, 2000-2009

Year	Total		Salaried employees	Self-employed
	Numbers	Percentage of annual change		
2000	19,813	6.5	17,445	2,371
2001	20,810	5.0	18,309	2,501
2002	21,772	4.6	19,140	2,633
2003	22,960	5.5	20,176	2,784
2004	24,003	4.5	21,083	2,920
2005	25,179	4.9	22,120	3,059
2006	26,442	5.0	23,216	3,227
2007	27,799	5.1	24,406	3,393
2008	29,249	5.2	25,665	3,584
2009	30,899	5.6	27,068	3,831

In 2009, the average permanent disability pension was NIS 3,156 for salaried employees and NIS 3,288 for self-employed. The level of the pension, in real terms and as a percentage of the average wage, rose for salaried employees and decreased slightly for the self-employed. During 2009, as in previous years, the pensions for the self-employed were higher than those of the salaried employees.

Table 13
Amount of Permanent Disability Pension by Work Status (monthly average), 2000-2009

Year	Salaried employees			Self-employed		
	Current prices	2009 prices (NIS)	Percentage of the average wage	Current prices	2009 prices (NIS)	Percentage of the average wage
2000	2,416.7	2,910.5	36.6	2,715.1	3,269.8	41.1
2001	2,667.1	3,176.9	39.9	3,019.3	3,596.4	45.2
2002	2,686.5	3,027.4	38.1	3,028.6	3,413.1	42.9
2003	2,743.0	3,069.6	38.6	3,074.7	3,440.8	43.3
2004	2,752.3	3,092.6	38.9	3,086.0	3,467.4	43.6
2005	2,740.6	3,039.8	38.2	3,086.4	3,423.3	43.0
2006	2,817.4	3,060.6	38.5	3,144.4	3,416.0	43.0
2007	2,823.0	3,050.3	38.4	3,131.1	3,093.4	38.9
2008	2,894.8	2,990.9	37.6	3,204.1	3,310.5	41.6
2009	3,156.2	3,156.2	39.7	3,287.7	3,287.7	41.3

D. Recipients of disability grant

The disability grant is paid to an individual who is disabled as a result of a work accident, where the degree of his disability is stable and less than 20%, but not less than 9%. The amount of the grants for these disabled individuals and their eligibility underwent far-reaching changes in recent years. Until the legislation of the Economic Recovery Program Law in June 2003, the grant consisted of 70 monthly pension payments. This Law determined that whosoever was injured after 1.7.2003 would receive a grant equal to 43 monthly pension payments. As a result of the legislative changes, there was a steep decline in the amount of average disability grants. In 2009, 8,706 grants were awarded for various injuries – 7,648 to salaried employees and 1,058 to the self-employed. In 2009, the disability grant paid to salaried employees was NIS 31,526 compared to NIS 31,000 in 2008, and to the self employed, NIS 28,464 compared to NIS 28,825 in 2008.

An amendment to the 2005 Economy Arrangements Law was passed and the disability grant for a work-related injury was to be paid starting with a degree of 9% disability instead of 5%. The primary disability for most of the disabled with a degree of 5-9% disability is a locomotive disability – 83% – while 3% have an internal injury, 11% hearing or sight impairment and 3% skin and scarring defects. The amendment came into effect for work-related accidents occurring after 1 April 2006, and in the case of occupational illnesses – for claims submitted on or after that date.

E. Recipients of special disability pension

Victims of work accidents with a 75% degree of disability or more and disabled individuals with difficulties walking, whose degree of disability is 65-74% are eligible, in addition to any other benefit they might be receiving, to financial aid for personal assistance and travel, as well as being eligible to a grant for one-time arrangements in the form of assistance when purchasing a vehicle, solving housing problems and purchasing special equipment related to their disability.

In December 2009, 2,924 individuals who were disabled due to a work-related accident received a special pension, paid through rehabilitation, in the average sum of NIS 3,237, in addition to a monthly pension from work. In 2009, 166 rehabilitation grants were paid, averaging NIS 33,350.

F. Recipients of dependents' pension

The number of recipients of the dependents' pension gradually increased from 3,286 in 1985 to 4,573 in 2009. The growth rate ranges from 0.8% to 1.5% per year (Table 14).

Table 14
Recipients of Dependents' Pension by Work Status, 2000-2009

Year	Total		Salaried employees	Self-employed
	Numbers	Percentage of annual change		
2000	4,158	1.4	3,564	594
2001	4,199	1.0	3,601	598
2002	4,253	1.3	3,647	606
2003	4,306	1.2	3,698	608
2004	4,349	1.0	3,740	609
2005	4,399	1.1	3,792	607
2006	4,446	1.1	3,834	613
2007	4,482	0.8	3,868	614
2008	4,518	0.8	3,907	611
2009	4,573	1.2	3,954	619

In 2009, the average amount of the dependents' monthly pension was NIS 5,992 for salaried employees and NIS 5,812 for the self-employed. In 2009, the dependents' pension rose significantly in real terms as well as in percentage of the salaried employee's average wage, and at a lower rate for the self-employed.

Table 15
Average Monthly Dependents' Pension by Work Status

Year	Salaried employees			Self-employed		
	Current prices (NIS)	2009 prices (NIS)	Percentage of the average wage	Current prices (NIS)	2009 prices (NIS)	Percentage of the average wage
2000	4,446.6	5,355.0	67.3	4,826.6	5,812.5	73.1
2001	4,889.8	5,836.4	73.4	5,269.3	6,276.6	78.9
2002	4,976.5	5,608.0	70.5	5,359.0	6,039.2	75.9
2003	4,964.4	5,555.6	69.9	5,362.4	6,001.0	75.5
2004	4,955.7	5,568.1	70.0	5,353.1	6,012.4	75.6
2005	5,007.5	5,551.2	69.8	5,395.5	5,984.5	75.2
2006	5,126.7	5,569.5	70.0	5,449.8	5,920.3	74.4
2007	5,185.3	5,602.8	70.4	5,451.1	5,890.1	74.1
2008	5,342.4	5,519.8	69.4	5,585.2	5,770.6	72.6
2009	5,992.2	5,992.2	75.3	5,812.3	5,812.3	73.1

G. Scope of payments

In 2009, the total amount of payments by the Work Injury branch was NIS 3.18 billion. Table 14 shows that this sum constitutes an increase of 6.38% in real terms when compared to 2008. The rise stems from increased payment of disability pensions and therapy costs.

Table 16
Total Payments* in Work Injury Branch (NIS thousand), 2000-2009

Year	Current prices	2009 prices	Rate of real change (percentages)
2000	2,212,449	2,664,552	17.60
2001	2,457,869	2,927,330	9.90
2002	2,572,500	2,899,021	-1.00
2003	2,590,000	2,898,452	-0.02
2004	2,639,114	2,965,277	2.30
2005	2,649,630	2,938,887	-0.90
2006	2,742,931	2,979,798	1.40
2007	2,753,714	2,975,444	-0.15
2008	2,889,942	2,985,888	0.35
2009	3,176,542	3,176,542	6.38

* Excludes payments for accident prevention activities, safety at the workplace activities, studies, special projects, legal assistance, medical committees and opinions.

Table 17 shows the distribution of all payments made by the Work Injury branch according to their main components: injury allowances, disability pensions, dependents' benefits, therapy and rehabilitation expenses. Disability pensions constitute the main segment of the branch's payments – 61.8% in 2009, a slight decrease compared to 2008. Payments of dependents' benefits also declined slightly (in percentages) in 2009. Disability and dependents' benefits are the component that is paid over long term (until old age and at times, even after that, as explained in section 2 above). There has been a continuous decline in some of the payments for injury allowances between 1996 (21.9%) and 2009 (9.6%), probably because of the legislative changes mentioned in this chapter. Treatment expenses rose gradually between 2001 and 2005, decreased between 2006 and 2008, and began climbing once again in 2009. In 2009, rehabilitation expenses came to 5.2% of all of the expenditures of the branch, compared to less than 1% in 1985.

Table 17
Total Payments* in the Work Injury Branch, by Type of Benefit (percentages),
2000-2009

Year	Total	Injury allowance	Disability pension	Dependents' benefit	Medical expenses	Rehabilitation expenses
2000	100.0	17.7	53.9	11.2	13.1	4.1
2001	100.0	15.6	57.0	11.0	11.9	4.5
2002	100.0	14.4	57.5	10.9	12.4	4.8
2003	100.0	10.8	61.0	11.1	12.4	4.7
2004	100.0	10.2	62.0	10.9	12.6	4.2
2005	100.0	9.5	60.3	11.6	14.2	4.4
2006	100.0	9.1	61.6	11.2	13.4	4.7
2007	100.0	9.6	62.4	11.2	11.6	5.2
2008	100.0	10.6	62.6	11.1	10.6	5.1
2009	100.0	9.6	61.8	10.6	12.8	5.2

* Excludes payments for accident prevention activities, safety at the workplace activities, studies, special projects, legal assistance, medical committees and opinions.

Box 10

Models for predicting the submission of a claim for work disability benefit based on the nature of the injury and those insured for injury allowances

The objective of this study is to examine the possibility of creating a model that will make it possible to identify injured persons submitting a claim for an injury allowance who might very well also submit a claim for a work disability benefit at a later stage.

In 2009, the average time to handle a claim for a work disability benefit was 106 days, and it took 153 days to completely handle 80% of the cases. One of the reasons for this drawn-out process is the need for medical tests and completed medical documents. If it were possible to detect those injured who will probably submit a claim for this benefit earlier, it might be possible to shorten the period of time required for decision-making.

The model was based on the study and characterization of recipients of injury allowance who submitted a request for a work disability benefit, compared to those who did not; on the identification of the variables that most affect the submission or non-submission of a claim; and on the evaluation, early on, of the probabilities that a claim will be submitted. It should be noted that the tests relate only to the submission of the claim, without any connection to the determination of the percentage of disability at the end of the procedure.

Figures for developing the model

The analysis was carried out with regard to employees injured at work from February 2002 to January 2005. A total of 190,680 injured individuals were checked, 22% of whom had submitted a request for a work injury allowance.

Two types of explanatory variables were taken into consideration: the first, demographic data: gender, age at time of injury, type of residential community, type of employment community, position at work (salaried or self-employed), branch, residency. The second type are data on the injury: incapacity days, cause of injury, nature of injury, place of injury, economic branch of employer, size of employer, the time that passes between the injury and claim for injury allowance.

The explanatory variable: submission of claim for work injury allowance.

There are two acceptable models for estimating the function of the explanatory variable – a decision-making tree model and a regression logistics model.

A decision-making tree model

The data showed that the likelihood that an individual whose period of incapacity does not exceed 70 days will submit a claim for work disability is significantly lower than that of an individual whose incapacity period is longer than that. In this study, we attempted to identify additional characteristics that could help to identify the potential group that might submit a claim for this benefit.

A system of 20 situations was created in the model, where each has a different assessment of individuals submitting claims for work disability benefits (it should be noted that of all the injured, 22% submitted claims for this benefit).

Below are scenarios with the highest probability that a claim for work-related benefit will be submitted:

If the number of incapacity days exceeds 86 days and the time that passes between the injury and the date on which a claim is submitted for the injury allowance does not exceed 60 days, there is a likelihood of 80% that a claim for the benefit will be submitted (8,556 cases).

If the number of incapacity days exceeds 86 days and the time that passes between the injury and the date on which the claim for injury allowance submitted is 60-90 days, the likelihood is 77% (4,402 cases).

If the number of incapacity days exceeds 86 days and the time that passes between the injury and the date on which the claim for injury allowance is submitted is 90-120 days, the likelihood is 68% (2,470 cases).

These three groups cover approximately 30% of those submitting claims for work disability benefits.

If the number of incapacity days stands at 1-15, the likelihood is 5.4% (52,704 cases)

If the number of incapacity days stands at 21-40, the likelihood is 13% (39,255 cases)

If the number of incapacity days stands at 41-55, the likelihood is 24.5% (10,118 cases)

According to this model, the variables that most affect the prediction of probability that a claim for a work disability benefit will be submitted are the incapacity days, the time that passes between the injury and the submission of the claim, the cause of the injury, the branch, the type of insured person (salaried or self-employed), and the recipient of the injury allowance (the insured individual, the employers, etc.).

When acting according to this model, we have been able to identify 20% of the recipients of an injury allowance where the likelihood that they will submit a claim for a work disability benefit is 66%, that is, three times than in population as a whole.

A logistical regression model (in steps)

The data pointed to a dominant positive connection between the number of incapacity days and the submission of a claim for a work disability pension. In view of the fact that normally, when a claim for injury allowance is first received, there is no way of knowing how many days the injured will be incapacitated, we attempted to estimate the probability that a disability claim will be submitted without taking this variable into consideration, but rather only based on other variables. If the number of incapacity days is not taken into consideration for the model, this significantly reduces the level of explanation provided. While in the previous model, 20% of the recipients of injury allowance included 60% of the submitters of benefit claims, in this model, only 37% of those submitting claims for work disability benefit are included among the 20% recipients of the injury allowance. This group includes 7.5% of all recipients of the injury allowance who submitted a disability claim, and 14.5% of the recipients of the claim are part of the supplementary group.

Following are the variables that we found to have the most influence (in descending order):

Nature of injury (break, bruise, etc.); cause of injury (fall, traffic accident, blow, etc.); size of employer; age at time of injury; national insurance branch; gender; type of injury (bruising, heart, back, hearing, etc.); type of recipient of injury allowance (claimant, employer by special agreement); location of injury (workplace, traffic accident during work, traffic accident on the way, etc.); type of community of the injured individual; economic branch (construction, agriculture, industry, etc.); type of community of the employer; time that passed between the injury and claim for injury allowance; health fund; residency (resident of Israel, foreign worker, resident of the territories).

If, despite the above, we prefer to take into account incapacity days, we examined the regression (without incapacity days) with regard to injured individuals who have been missed work over 71 days due to the injury. The decision to cut the population off at this point was based on data that showed that the likelihood that they would submit a claim for a disability benefit was 42% or more, while when it is less than 71 days, the likelihood does not exceed 36%.

When examining without incapacity days as an explanatory variable – the explanatory variables, in descending order of their impact, are: nature of injury, cause of injury; size of employer, age at time of injury, NII local branch handling case; gender, location of injury; recipient of injury allowance; type of community of injured; economic branch of employer; type of community of employer; time that passed between date of injury and claim for injury allowance; type of injury.

We carried out a **logistical regression using the most influential variables from the decision-making tree model**, with the following main results:

Incapacity: The more incapacity days, the higher the likelihood that a claim for work disability benefit will be submitted.

Time that passes between the injury and the claim for injury allowance: The shorter the time, the higher the probability that a claim for the allowance will be submitted.

Recipient of injury allowance: When , according to Clause 343 in the Reduced Insurance Payments Law, employees are injured while working for employers who employ less than 500 employees, the likelihood of a claim for an allowance is higher, while in a kibbutz and in a collective moshav, it is less likely.

Status of the injured individual: The probability that a claim will be submitted rises noticeably when the injured is a salaried employee, and the opposite is true when the injured is self-employed.

NII branch handling case: The probability that a claim will be submitted in the Nahariya, Carmiel, Krayot and Haifa local branches, is unmistakably higher than in the rest of the country.

In the decision-making tree model for the group of injured individuals **with 71 or more incapacity days**, the most influential variables (in descending order) are: incapacity days; time that passes between injury and claim for injury allowance; and economic branch of the employer.

When, at the time that a claim is submitted for injury allowance, one wants to **predict** the probability of a claim for a work disability benefit, the number of incapacity days have to be removed from the equation since this variable is still an unknown, and one must depend on other variables, thus limiting the ability to predict. When one wishes

for work disability, one can use models that include the number of incapacity days.

In light of the above, one could say that when a claim for injury allowance is being handled, the probability with regard to the submission or non-submission of a claim is almost impossible as long as the final number of incapacity days is unknown. In order to make the handling of a case more efficient, we recommend that submitters of claims for injury allowance be checked once again after 71 days, thereby enlarging even more the group that is identified at an even earlier stage.

8. Insurance for Victims of Hostile Actions

A. General

The Benefits for Victims of Hostile Actions Law was enacted by the Israeli government in order to ensure that victims of hostile actions and their families receive social benefits. Under this law (and its regulations), the benefits are paid by the National Insurance Institute and financed by the Ministry of Finance. The law is intended to bring the rights of victims of hostile acts from among the civilian population in line with the rights and services allocated to IDF soldiers and their bereaved families, who are cared for by the Ministry of Defense. The law underwent several changes before reaching its present format.¹ The innovations introduced by the law are the definition of a hostile act, the establishment of an Approval Authority which determines what incident is considered to be a hostile action, the definition of the principal rights in the law, full state funding for these benefits, the inclusion of past victims of hostile acts in the law and the transfer of the treatment to the NII.

One of the following constitutes a **hostile action injury**:

Injury resulting from a hostile act by enemy forces hostile to Israel, including actions occurring outside of Israel whose objective was to harm Jewish people;

Unintentional injury by a person, as a result of hostile action by enemy forces, and unintentional injury under circumstances where there were reasonable grounds to fear a hostile act;

Injury caused by a weapon intended for use in a hostile act by enemy forces, or injury caused by a weapon intended to combat such an action, even if not activated, with the exception of an injury to an individual aged 18 or over who perpetrates a crime or other offence involving malice or criminal negligence;

Injury resulting from violence where the main goal was to harm an individual because of his ethno-national origin, providing it stems from the Israeli-Arab conflict.

Injury resulting from violence where the main goal was to harm an individual because of his ethno-national origin, carried out by a terrorist organization which was declared as such by the Israeli government, pursuant to Section 8 of the

¹ The Benefits for Victims of Hostile Actions Law was approved by the Knesset in 1970 retroactive to 1967, for anyone injured by hostile actions after 25 February 1959. In March 1977, the law was expanded and applied also to anyone injured between 14 May 1948 and 24 February 1949. Since March 1982, individuals injured between 29 November 1947 and 13 May 1948 have also become eligible.

Prevention of Terror Orders 5708-1948, unless the organization is an enemy force or the violence is carried out on the order of or on behalf of such an organization.

A person injured in a hostile action who is one of the following is eligible for the benefit:

An Israeli national injured in Israel or in Judea and Samaria or the Gaza Strip, or outside of Israel, if less than a year has elapsed since he ceased to be a resident;

Anyone who entered Israel legally;

A foreign resident working for an approved Israeli employer abroad and is injured by a hostile act abroad during the normal course of his work;

A resident of the territories who has an Israeli I.D. card and who was injured in the boundaries of the Green Line.

A resident of the territories who has a valid entry visa issued by the commander of the military forces in the territories and who is injured within the boundaries of the Green Line.

B. Amendments to Benefits for Victims of Hostile Actions Law

The amendments to the Benefits for Victims of Hostile Actions Law-1970 since its enactment point to a trend towards the extension of the rights to a benefit and to additional and supplementary services, aimed at recognizing the eligibility of other family members, as well as towards expanding the definition of hostile acts covered by the law. Unlike the injured individuals affected by the Disability Law and the Families of Soldiers Killed in Battle Law, children, elderly and mothers with children are included in the definition of victims of hostile actions, and at times, hostile acts cause injuries to several members of the same family. Therefore, the solutions proposed in the framework of the Disabled Law and the Families of Soldiers Killed in Battle Law do not always fulfill the needs of families of victims of hostile acts. In 2004, the Minister of Labor and Social Affairs appointed a committee to examine the rights of victims of hostile acts and their families, in order to propose solutions for the unique problems of this population. In the deliberations of this committee, it was pointed out that the primary areas that had not been properly addressed by the existing law were the unique problems faced by children who had lost both parents (minors and adult children), as well as family members who took on the burden of caring for these orphans. In 2005, two amendments on the subject were passed and in November 2008, the Knesset approved amendment no. 25 to section 7 of the Benefit for Victims of Hostile Actions Law, which details and expands the eligibility of orphans who have lost both parents as a result of a hostile act. The law went

into effect on December 1, 2008. An organization grant was also granted to children orphaned prior to October 1, 2000 and who turned 18 between October 1, 2000 and December 1, 2008.

Following are the main points of the amendment:

1. A new clause sets out in the law the amount of the benefit paid to an individual who lost both parents, payment for which, until now, had depended on an internal administrative decision of the NII. Today, the benefit is NIS 3,905, as for a married widow with a child.
2. An individual who lost both parents and who is over 21: until the age of 27, at the rate mentioned above (instead of until 21); ages 27-37 – 80% of the above-mentioned benefit (there was no eligibility before this).
3. An individual who lost both parents and who is entitled to benefits until the age of 37 is not entitled to the subsistence benefit for an orphan while undergoing vocational training or higher education studies. He will have to choose between them.
4. An organization grant of NIS 89,844 at this time, with eligibility until the age of 37, as well as a mobility grant of NIS 26,000, if under the age of 21.
5. A marriage grant for each parent separately, depending on which comes first: marriage, acquisition of apartment, age of 30 or until age of 37. Today, the amount of the grant is NIS 112,307.
6. Monthly payments and mobility grant for the physical guardian (who actually raises the orphan) of an orphan who lost both parents as a result of a hostile act (not the property guardian).
7. A physical guardian is entitled to a monthly payment to cover loss of income during the period that the orphan is with him and he is caring for the orphan. A parent adopting an individual who lost both parents receives guardianship rights.

On November 23, 2009, an amendment was approved in the Knesset which resolves that a widow of a hostile act who has married shall continue receiving the monthly benefit as has been the custom until now. The amendment will go into effect in 2010 and the regulations with regard to the deduction of the marriage grant paid to widows who married during the previous five years will be amended.

In 2006, the definition of an injury resulting from a hostile act was extended to include an injury resulting from an act where the primary objective was to harm the Jewish people (section 18a of the NII Law). The extension applies to residents of Israel only.

The definition of an injury resulting from a hostile act was also extended to include an injury resulting from an act of violence where the main objective was to harm a person because of his ethno-national origin, if this stems from the Israeli-Arab conflict (section 4 of the definition) or if the violent act was perpetrated by a terrorist organization (section 5 of the definition).

C. Initial treatment of victims and other family members

Unlike other benefits paid by the National Insurance Institute, where the handling process begins when the insured individual submits a claim, the NII initiates the process in the case of mass hostile incidents. Upon receiving the report of the terror incident, the NII contacts the Police Headquarters and the Approval Authority in the Ministry of Defense to receive confirmation that this was a hostile act. Hospitals and the Red Magen David immediately transfer the names of the injured to the NII, and the Benefit and Rehabilitation departments of the NII prepare themselves for rapid intervention in order to be able to deal with the injured and their families.

Preliminary assistance to the injured: The first contact with the injured includes visits in the hospitals and contacts with the injured and their families, assembling the claims, identifying urgent needs and paying the hospitals, including covering the expenses of the families of the injured.

Medical treatment for the injured is deemed to be a benefit in kind, and includes hospitalization, operations, tests, therapy, psychiatric and psychological therapy, medications, recuperation, medical rehabilitation, instruments and accessories.

Treatment of trauma victims: During the Second Lebanon War, an innovative procedure was introduced for treating trauma victims, where the goal was to provide initial treatment for trauma victims even before they are acknowledged to be victims of hostile acts who are eligible for benefits and treatments by under law. The NII initiated this procedure, formulated in cooperation with the Ministry of Health (for the procedure of treatment of trauma victims, see the chapter on Victims of Hostile Acts in the 2007 Annual Survey). The procedure was implemented for trauma victims in four care centers in the Western Negev – Sderot, Eshkol, Sha’ar Ha-Negev and Sdot Ha-Negev – as well as in the trauma centers of the hospitals in Ashkelon and in Beersheba. In Jerusalem, the procedure was also introduced in mental health clinics after the tractor attacks.

Initial assistance for families of fatalities: The first contact with bereaved families centers upon funeral arrangements, transport for accompanying family members, visits to homes of mourners and providing emotional support. Representatives of the Rehabilitation and Benefit Departments from the NII local branches provide the families with information regarding their basic rights under the law. A widow is also entitled to a

special grant at the time she is widowed, in order to provide for her immediate needs during the initial period of her widowhood, until her rights to benefits can be exercised.

The NII local branches **contact essential service-providers in the community**, such as the emergency centers of the local authorities, social services in hospitals, mental health clinics, trauma centers and psychological-educational counseling centers, for coordinated action.

D. Types of benefits

1. **Medical treatment payment** – Anyone who is unable to work or to function because he is receiving medical treatment (supported by a medical certificate) and with the approval of the NII doctor, is entitled to a special allowance for the period of treatment, on condition that he is not receiving a salary or any compensation during that period, and if he is self-employed, on condition that he is not engaging in that profession. This compensation is, in fact, a short-term payment granted for a limited period, until the degree of disability is determined by a medical committee.
2. **Disability benefits** – Anyone who has been assigned a degree of disability of at least 20% by the medical committee is eligible for a monthly disability benefit. The amount of the benefit or the allowance is determined on the basis of the degree of disability, and they are equivalent to benefits paid to a disabled IDF veteran under the Invalids Law (Compensation and Rehabilitation). An individual whose disability is the result of a hostile act and who is subsequently injured in another hostile incident, must have his degree of disability reassessed, and all the injuries are to be considered as having been caused by a single hostile act (combining disabilities). When necessary, additional benefits and grants are added in order to pay for assistance from others, mobility allowances, monthly and annual benefits and grants.

Lump-sum disability grant – paid to an individual for whom the medical committee determined a permanent disability of 10-19%. The amount of the grant is calculated by multiplying the sum derived from the degree of disability by the number of months. The grant calculation table shows the number of months used for calculating each degree of disability. For example, for an individual whose degree of disability is 10%, the grant is calculated for 108 months, and an individual whose degree of disability is 19% - the grant is calculated on the basis of 215 months.

In addition to the standard benefits, **special increments** are paid to **certain sectors**, such as the additional benefit for the severely disabled and the age

increment, as well as special benefits at increased rates, for which eligibility and the amounts are determined on the basis of the degree of disability, the disabled individual's earning ability and potential for rehabilitation. Special benefits are:

Benefit for the needy disabled – paid to an individual whose degree of disability is determined to be 50% or more and who meets the criteria with regard to income and ability to earn a living. The benefit for the needy disabled is paid in place of the disability benefit, and eligibility is determined by a committee for a maximum period of one year.

Benefit for the disabled with no income – paid to an individual whose temporary or permanent degree of disability is 10% or more, and who meets specific criteria with regard to income and seeking a job. Eligibility is determined by a special committee. It is paid in place of the disability benefit (based on the degree of disability) and is limited to one year.

Benefit for a disabled victim of a hostile act who has passed away – entitles a family member, as instructed by the disabled individual, to receive the benefit for a three-year period.

3. **Medical treatment** – Medical treatment includes hospitalization, treatment in a clinic, including dental treatment for damage caused by the hostile incident, medication, auxiliary medical equipment, recuperation and medical rehabilitation. Treatment is provided on the basis of authorization from the NII that the injury has been acknowledged as a hostile act injury and based on receipt of a monetary obligation from the NII.

Treatment is provided by medical services authorized by the State, which are State health services and the Health Funds recognized as authorized medical services. First aid treatment is provided to the injured individual by a Red Magen David medic, any doctor or nearby medical facility adjacent to the location in which the hostile incident took place. Medical treatment given to disabled individuals whose degree of disability is up to 19% is provided by the Health Funds in accordance with the National Health Insurance Law.

4. **Vocational and economic rehabilitation** – intended to assist in the rehabilitation of a disabled individual who has no profession or who needs vocational retraining due to his disability or due to cutbacks in his workplace. Anyone with a degree of disability of 20% or more, and who has not received funding for studies from the NII, can receive assistance from the NII to establish a business or upgrade an existing business. The business must be economically viable and be suited to the individual's abilities, knowledge and physical limitation.

5. **Dependents' allowance** – paid to the survivors of any individual killed in a hostile incident:

A widower, a widow and orphans are eligible for a permanent monthly allowance. The amount of the benefit is calculated as a percentage of salaries of state employees, to which are added social benefits as a monthly grossed-up payment. The rate for a widow/widower is determined on the basis of his age and if whether or not there are children – as well as the ages of the children. The supplement for children continues to be paid as long as the child is serving his national army service, even if he has already turned 21. After the army service, the widow/widower receives the same benefit that is paid to those whose children are adult. In special cases, orphans receive increased rates.

Bereaved parents are also eligible for a permanent monthly benefit. The rate is calculated as a percentage of salaries of state employees and determined on the basis of the family composition. The means test for calculating benefits for bereaved parents was cancelled in January 1, 2008 (amendment no. 28 to the Families of Fallen Soldiers Law).

In addition to monthly payments, dependent families are entitled **to additional rehabilitation, grants and bonuses** such as payment for assistance in daily tasks due to health limitations, help in purchasing a vehicle, loans and grants for a residence, assistance in mobility, help with housing and a marriage grant for orphans, as well as other grants and bonuses.

Grants for covering mourning expenses – paid to a widow/widower and to bereaved parents, and should there not be any, other relatives are entitled to this grant, in order to assist in the expenses involved in mourning.

The data presented in this section only relate to citizens who were injured during hostile acts and who are not soldiers or police officers. Tables that present benefit recipients do not show the injured who received a benefit in the past and who stopped being entitled to such, or the injured who did not receive a benefit from the start.

E. Hostile actions

Hostile acts have been occurring throughout the years of the existence of the State of Israel. The NII began collecting data only in recent years, and therefore, data regarding the State's early years is incomplete. With the exception of the period of the War of Independence (1948), during which many civilians were killed or injured, 1946-1966, the first years of the State, were characterized by a relatively small number of hostile actions.

With the end of the Six Days' War, there was a significant rise in the number of hostile acts and then a relative decline until the eruption of the first Intifada (1988).

1994-1998 were marked with a large number of hostile incidents and injured individuals; however, until September 2000 during which there was the outbreak of the second Intifada, the number of these incidents declined. At the end of 2000, and particularly in 2001-2002, the number of hostile incidents and their severity peaked. The ratio between the number of injured individuals approved and the number of incidents was 1:9 in 2002. In 2003-2005, the number of hostile acts decreased (Table 1).

In 2006, there was a sharp increase in the number of casualties, dead and wounded, as a result of the Second Lebanon War. Casualties included the slightly wounded who only received medical treatment, the wounded who recovered after a fairly short period of time and the severely wounded who became disabled. 37% of the 4,500 casualties of the Lebanon War suffered some sort of emotional trauma without any physical injury.

In 2008, there were approximately 190 confirmed hostile incidents (from November 19, 2008, each day of rocket attack on the region surrounding Gaza counted as an incident). Incidents in Jerusalem increased, during which residents of East Jerusalem were involved, where incidents involving a lone attacker were prominent.

In 2009, the incidence of hostile terrorist incidents decreased: 77 incidents were acknowledged, during which 258 people were injured, of which 2 died. It is to be hoped that the development of the "iron dome" missile will improve our ability to protect the country against rocket attacks.

Table 1
Number of Hostile Acts Confirmed by Approving Authority and Victims of Hostile Acts by Years, 1947-2009

Year of attack*	Number of incidents	Total casualties approved	Wounded		Killed	
			Total	Thereof: approved	Total	Thereof: approved
Total	3,517	12,045	19,954	10,364	1,755	1,681
1947-1957	157	193	157	143	56	50
1958-1976	364	652	491	461	212	191
1977-1993	694	1,112	896	776	354	336
1994-1998	612	1,819	1,846	1,629	194	190
1999	53	120	137	114	7	6
2000	191	396	468	371	25	25
2001	309	1,302	1,929	1,122	180	180
2002	186	1,710	2,923	1,405	305	305
2003	128	733	1,194	576	157	157
2004	136	593	876	506	87	87
2005	94	386	624	342	49	44
2006	**195	1,994	5,897	1,925	87	69
2007	132	222	340	214	9	8
2008	** 189	555	1,227	524	31	31
2009	77	258	949	256	2	2

* The distribution of years as presented here is based on the data presented in the study entitled "Victims of Hostilities in Israel: Injuries, Needs, Legislation and Provision of Treatment and Assistance (2005), by A. Yanai, R. Prior and S. Baer, published by the National Insurance Institute, where the attacks were divided into periods according to the type of act.

** Each day on which missiles are fired into the region around the Gaza Strip and during the Second Lebanon War is defined as a separate incident.

F. Benefit recipients

1. Recipients of the medical treatment benefit

Immediately after an attack, casualties are entitled to receive an allowance for medical treatment, paid as compensation for their loss of fitness. 33% of the victims of hostile acts who received the medical treatment benefit in 2009 were unable to work or function for more than three months as a result of the injury. An additional 28% were unable to work or to function for one to three months. The average period of incapacity (to work or function fully) in 2009 was 93 days. In certain cases, as in the case of government employers, the employer pays the injured individual his full salary and the NII refunds the payment. Table 2 shows recipients of the benefit for medical treatment and the number of employers by the length of the incapacity period. The average benefit paid for the entire period of eligibility is NIS 21,200 (NIS 228 per day).

The amount of the medical treatment benefit is determined on the basis of the injured person's occupational status before the incident:

Anyone who worked before the incident is entitled to a benefit equal to the average wage during the three months preceding the incident (after tax deductions) up to the maximum benefit paid to an individual serving his reserve army duty (five times the average wage).

Anyone not working before the injury is entitled to a benefit calculated on the basis of his family status and the number of children. The benefit is calculated as a percentage of the salary of a State employee.

Children under the age of 14 are not entitled to a medical treatment benefit under any circumstances. Those who are 14-18 are only entitled to a benefit if they were working.

A disabled individual who returns to work part-time and whose rehabilitation ability has yet to be determined (however he is in a job framework and he has an income, but was unable to return to full capacity at work because of his acknowledged disability) – a partial payment of the medical treatment benefit can be considered during the disability period.

Table 2

Recipients of Medical Care Benefit, by Number of Days of Work Disability, 2009

Disability days	Total	Injured	Employers
Total	265	224	41
1-30 days	103	86	17
31-90 days	75	68	7
91 days and more*	87	70	17

* Out of 87 injured, 23 had 181-270 disability days and 21 had 271-540 days of disability days

2. Disabled recipients of benefits

On the average, 3,860 individuals who had been injured in hostile incidents received monthly benefits in 2009. Table 3 shows the number of disabled veterans who were injured in hostile incidents and who received monthly benefits during 2000-2009. 1,205 disabled individuals whose degree of disability was 10-19% and who received a lump-sum grant were included among the disabled receiving benefits in December 2009. Until the beginning of 1996, disabled individuals with a degree of disability of 10-19% received a monthly benefit, and as of 1996, they only received lump-sum grants.

Table 3

Victims of Hostile Acts Receiving Monthly Disability Benefit (annual average) by Degree of Disability, 2001-2009

Degree of disability	2001	2002	2003	2004	2005	2006	2007	2008	2009
Total	1,720	1,807	2,195	2,500	2,753	3,022	3,274	3,564	3,860
Up to 39	1,176	1,207	1,539	1,799	1,986	2,185	2,376	2,625	2,879
40-49	126	139	152	168	196	203	209	219	234
50-59	163	170	185	198	213	238	256	272	284
60-79	153	153	168	181	192	216	234	247	259
80-99	41	51	56	66	76	89	101	102	104
100	61	87	95	88	90	91	98	99	100

Table 4
Disabled Victims of Hostile Acts Who Received Benefits in December 2009, by Gender and by Age at Time of Attack

Age at time of attack	Total	Men	Women
Total - numbers	4,031	2,159	1,872
Percentages	100.0	100.0	100.0
Up to 19	23.2	24.9	21.2
20-29	20.0	20.9	18.9
30-44	26.6	27.3	25.8
45-64	24.5	22.1	27.2
65+	5.8	4.8	6.9

Tables 4 and 5 show the demographic and economic characteristics of disabled individuals who receive a monthly benefit. 54% of the recipients are men. The disabled individuals are also differentiated from each other according to their economic situation after the injury. Most of them (63%) are classified as regular, the minority as needy (3.7%) or without income (2.6%). Eligibility for a benefit as a needy person or because of lack of income is only for a limited period and requires occasional re-evaluation. The number of disabled individual by their status, as well as the average benefits for the various types of disabled individuals, are presented in Table 5.

Table 5
Disabled Victims of Terrorist Act who Received Benefits in 2009, by Status (Regular, Needy, Without Income) and the Benefit Paid to Them (2009 prices)

Status	Recipients (annual average)	Actual average monthly payment*
Total	3,862	2,721
Regular	2,480	2,752
Needy	143	13,097
Without income	96	7,775
Benefit for a deceased disabled victim (36 months)	30	2,968
Disabled with 10-19% disability	1,113	**

* Includes monthly benefits and does not include annual benefits.

** Receive a lump-sum rather than monthly payment.

3. Recipients of dependents' benefits

A widower, a widow, children and parents of an individual who died as a result of a hostile act are entitled to a dependents' benefit. Table 1 showed the number of hostile actions every year and the number of fatalities as a result to those actions. Tables 6 and 7 show the number of fatalities for which the dependents' benefit is paid to their dependents, according to different distributions.

Table 6
Fatalities of Hostile Acts For Whom Benefits were Paid in December 2009, by Year of Death

Year of death	Fatalities
Total	1,493
Up to 1957	21
1958-1966	6
1967-1976	167
1977-1986	122
1987-1999	386
2000	22
2001	164
2002	243
2003	139
2004	72
2005	44
2006	62
2007	11
2008	29
2009	5

Table 7
Fatalities of Hostile Acts for whom Benefits were Paid in December 2009, by Gender and Age at Time of Attack

Age at time of attack	Total	Men	Women
Total - numbers	1,493	1,020	473
Percentages	100.0	100.0	100.0
Up to 18	19.3	15.5	27.9
19-29	21.2	19.5	25.0
30-49	35.3	39.4	26.0
50-64	17.0	17.8	15.2
65+	7.1	7.8	5.5

In December 2009, 1,945 benefits were paid to family units for 1,493 fatalities – approximately 50% were paid to bereaved parents and approximately 41% were paid to widows/widowers with and without children. The highest benefit rate was paid to a widower or a widow with children under the age of 21.

Table 8 shows the average monthly allowance by family composition. Table 9 presents the scope of payments in the branch over time.

Table 8
Families of Fatalities who Received Benefits in December 2009, by Family Composition and Monthly Benefit (current prices)

Family composition	Numbers	Monthly benefit** (average)
Total	1,945	6,780
Widow/er without children	23	6,677
Widow/er whose children are grown	456	7,618
Widow/er with children	318	8,760
Independent orphans	76	3,755
Bereaved parents	980	6,613
Other	92	-

* Including balance, embodiment, health insurance and age increment.

Table 9
Scope of Benefits in Victims of Hostile Acts Branch, 2000-2009 (NIS thousand)

Year	Current prices	2009 prices	Real growth from year to year
2000	151,824	182,871	-
2001	202,567	241,290	31.9%
2002	302,000	340,332	41.0%
2003	348,536	390,044	14.6%
2004	339,000	380,896	-2.3%
2005	350,000	382,663	0.5%
2006	360,000	391,088	2.2%
2007	356,000	384,666	-1.64%
2008	399,500	412,763	7.3%
2009	441,335	441,335	6.9

After the outbreak of the second Intifada in 2001, there was a sharp increase – of 32% – in the scope of payments made by the Victims of Hostile Acts branch. In 2002, the payments increased by an even higher rate (41%), and in 2003, they rose once again, by 15%. From 2004 to 2007, payments remained stable at NIS 380-390 million. 2008 saw a real increase of 7.3% over 2007, and in 2009, victims of hostile acts received a total of approximately NIS 441 million as a variety of benefits, in money or in kind – an increase of 6.9% compared to 2008.

9. Rehabilitation of People with Disabilities and Widows/Widowers

A. General

People with disabilities who were injured at work or in hostile actions or under other circumstances (“general disabled individual”) and widows/widowers (with the exception of IDF disabled individuals and widows), are entitled to vocational rehabilitation – a therapeutic process intended to guide and prepare them for entering the labor market in work that is suitable to their professional skills and functional abilities. The services provided in the framework of the rehabilitation are generally in kind: vocational evaluation and guidance, advice for selecting a profession, vocational training or studies. In addition, they are entitled to funding to cover the basic expenses accompanying the rehabilitation process, such as money for studies and for the evaluation process. Some of them are also eligible for a rehabilitation allowance and for housing, food and travel expenses associated with studies.

The following are eligible for vocational rehabilitation:

General disabled individuals – anyone with a physical, mental and/or emotional impairment, provided that he is a resident and meets the following criteria: he has been defined as having at least 20% medical disability on the basis of the appropriate tests; he is unable to engage in his previous occupation or any other suitable work; the evaluation of a rehabilitation instructor indicates that as a result of the impairment, he requires vocational training and other rehabilitation services that will enable him to return to his previous occupation or other suitable work.

Work-injured individual – anyone who was injured at work and has been assessed as having at least 10% medical disability and who, as a result of this injury, is unable to engage in his previous occupation or any other suitable work and requires, and is suited for, vocational rehabilitation. A work injury means a work accident which occurred during or because of work, including an accident occurring on the way to and from work, or a disease resulting from the occupation, based on the list of diseases as specified in the Work Injury regulations.

Victim of hostile action – anyone who was injured in a hostile incident and whose degree of medical disability is at least 10%. A victim of a hostile act is someone who has been injured by military or para-military forces, as well as someone who has been injured by the irregular forces of a country or an organization hostile to Israel, or under circumstances in which there was reasonable fear that a hostile act had taken place. In addition, anyone who has been injured as a result of actions carried out in order to assist military forces or the organization, or at their instigation.

Widow/widower – a widow/widower receiving a pension who meets one of the following conditions: he has no profession; he does not earn enough to live on; he requires vocational retraining as a result of being widowed; if a rehabilitation instructor considers him suitable for vocational training.

B. Characteristics of applicants for rehabilitation

The number of applicants for rehabilitation increased, especially after 2007. In the preceding years (2004-2006), the number of applicants for rehabilitation had remained stable (Figure 1).

Figure 1
Applicants for Rehabilitation, 2000-2009 (absolute numbers)

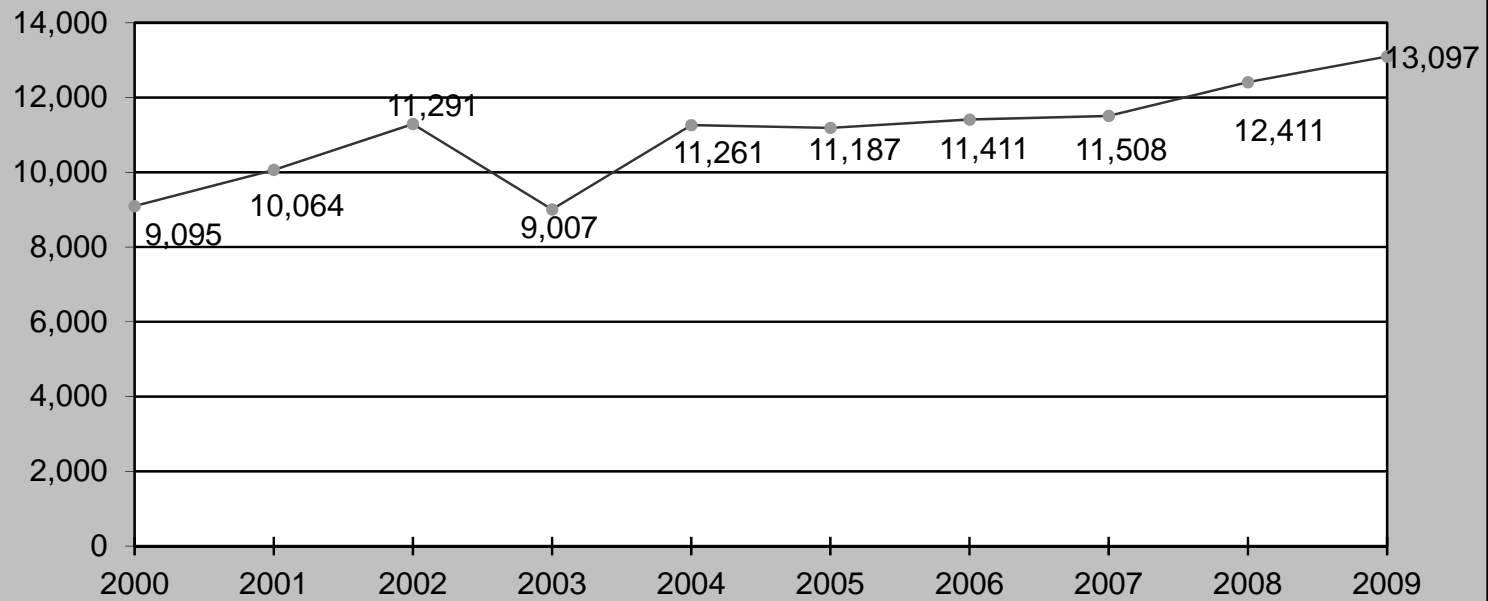


Table 1 shows that most of the applicants for rehabilitation in each of the years reviewed were general disabled individuals, that is, disabled individuals who had some sort of physical, mental and/or emotional impairment as a result of either a birth defect or an illness contracted during or after childhood.

2009 was characterized by an increase in the number of general disabled individuals compared to the previous year. This can be attributed to a decline in the number of victims of hostile actions, stemming from a decrease in the scope of terrorist activity.

Not unlike the proportion of men and women among recipients of the work disability pension, 57% of the applicants for rehabilitation in 2009 were men. They constituted the majority (87%) of the work injured group (Figure 2), since the proportion of men in the workforce is still higher than the proportion of women, and because men are more exposed to risks at work due to the nature of their occupations. The small proportion of widowers (9%) should also be noted, and this is because men are not entitled to survivors' benefits or the consequent right to rehabilitation if their wives were housewives. Even if men do not work, their wives are entitled to those benefits. In addition, the eligibility of a childless widower is dependent on the means test.

Table 1
Applicants for Rehabilitation, by Branch (absolute numbers and percentages), 2000-2009

Year	Total		General disability	Injured at work	Casualties of hostile acts	Widow/widower
	Numbers	Percentages				
2000	9,095	100.0	70.1	16.8	4.9	8.2
2001	10,064	100.0	61.7	14.6	16.1	7.7
2002	11,291	100.0	61.2	13.3	18.9	6.9
2003	9,007	100.0	68.0	13.3	12.3	6.4
2004	11,261	100.0	67.8	16.2	7.4	8.6
2005	11,187	100.0	70.6	14.5	6.0	9.3
2006	11,411	100.0	68.1	13.9	10.1	7.9
2007	11,508	100.0	69.4	17.2	5.0	8.4
2008	12,411	100.0	71.3	16.1	5.5	7.0
2009	13,097	100.0	74.1	15.3	3.9	6.7

Figure 2
Applications for Rehabilitation, by Gender and Branch



Table 2 shows that most of the applicants for rehabilitation were of working age (26-64), and this is not surprising, since a reference for rehabilitation is mainly intended to help the applicant become part of the work force. In addition, eligibility for a disability pension stops at retirement age, as does eligibility for rehabilitation. The general disabled individuals were much younger (on the average, 36), since these include, as stated above, individuals with a congenital or childhood impairment, and they apply for rehabilitation in order to exercise their rights when they reach the age of 18. The widows/widowers, on the other hand, were the oldest since their eligibility is not dependent on age, as is eligibility of the general disabled individuals.

Table 2
Applicants for Rehabilitation by Age and by Branch, 2009

Age	Total	General disability	Injured at work	Casualties of hostile act	Survivors
Total	13,097	74.1	15.3	3.9	6.7
Up to 17	0.5	-	-	11.8	-
18-25	18.5	23.0	5.7	14.3	1.6
26-35	22.4	24.1	21.5	14.7	10.1
36-45	22.4	22.1	25.5	13.2	24.7
46-64	34.5	30.3	42.5	31.5	63.4
65 +	1.7	0.5	4.8	14.5	0.1
Average age (years)	36	36	43	39	43

C. Individuals completing rehabilitation treatment

The number of individuals who completed their rehabilitation treatment increased by almost two-thirds during 2000-2009 (from 8,207 to 14,572 respectively) (Table 3). The rate of those completing rehabilitation treatment in 2009 is akin to that of 2008, while the rate of applicants for rehabilitation was larger. It should be noted that in comparison, the composition of those completing rehabilitation treatment, broken down by type of disability (branch), remained relatively steady over the years.

Table 3
Those Completing Rehabilitation, by Branch (absolute numbers and percentages),
2000-2009

Year	Numbers	Total			Injured at work	Casualties of hostile acts	Survivors
		Percentages	Rate of growth	General disability			
2000	8,207	100.0	11.0	71.0	16.8	3.3	8.9
2001	8,135	100.0	-1.0	67.8	16.2	7.1	8.9
2002	9,462	100.0	16.3	68.1	14.9	9.4	7.6
2003	9,937	100.0	5.0	67.8	13.8	10.5	7.8
2004	9,857	100.0	-1.0	70.2	14.3	7.8	7.7
2005	10,525	100.0	6.8	69.2	14.5	7.9	8.4
2006	11,530	100.0	9.5	68.3	13.5	9.5	8.7
2007	12,396	100.0	7.5	69.5	15.5	6.9	8.1
2008	14,461	100.0	14.3	70.3	15.5	7.3	7.0
2009	14,572	100.0	Less than 1%	72.9	14.1	7.0	6.0

According to the law on the basis of which NII rehabilitation operates, the main rehabilitation program helps the participants in the program to find work on the open market. 72% of the participants were trained for working in the open market or in a sheltered framework, through one or more of the following rehabilitation programs (Table 4):

Pre-vocational training, including completing one's education or acquiring work habits in rehabilitation centers with a view to vocational training. The participants in this program are individuals who are suited for work in the open market. In 2009, 15% of the rehabilitation participants took part in this program.

Vocational training, including studies in courses, individual training or studies in the framework of institutions of higher education. This is provided for disabled individuals who already have work habits, who are motivated and who are able and desire to study and to change. In 2009, 15% of the participants in rehabilitation programs participated in various kinds of vocational training. The professions studied focused mainly on clerical work, computer programming and book-keeping.

Assistance in work placement through an application to the Employment Service or to special placement services, providing support and following-up on their progress.

Evaluation – intended to find the specific rehabilitation program suitable for each individual, given to approximately one quarter of the applicants to rehabilitation programs in 2009.

Table 4
Those Completing Rehabilitation, by Treatment Plan and by Branch (absolute numbers and percentages), 2009

Treatment plan	Total	General disability	Injured at work	Casualties of hostile acts	Survivors
Total persons who completed treatment	14,572	10,617	2,054	971	930
Pre-vocational training	14.7	16.3	10.0	3.1	18.1
Vocational training	14.9	15.6	12.8	6.8	18.8
Short-term advice only	16.1	15.2	18.1	7.6	30.7
Evaluation	27.8	31.3	22.7	3.5	30.7

The success of the rehabilitation treatment is measured mainly by the number of participants integrated into the work force. Figure 3 shows that in 2009, the proportion of persons working in the open market after having completed treatment for work-related injury individuals was higher than for general disabled individuals (50% compared to 29%, respectively). However, the difference in proportions is not only explained by rehabilitation since, after all, the former come from work environments.

Figure 3
Integration into Work of People who Complete
Rehabilitation, by Branch (percentages), 2009



D. Payments associated with rehabilitation treatment

In many cases, rehabilitation treatment involves funding payments associated with the rehabilitation process: funding studies and vocational training; covering vocational evaluation expenses; granting a rehabilitation allowance that covers living expenses for full-time studies programs; as well as housing, food and travel expenses associated with studies. Tables 5 and 6 present the scope of payments by branch and by type of payment associated with rehabilitation. In 2009, total payments came to approximately NIS 208 million – a real increase of 7% compared to 2008.

Tuition and rehabilitation payments were the highest. Tuition covers costs of all kinds of vocational training. Rehabilitation payments are intended to cover living expenses while studying or during the period that the patient is being evaluated. Tuition was the payment which contributed most to the increase in total payments in 2009 compared to 2008.

Table 5
Rehabilitation Payments, by Branch, 2009 prices (NIS thousand), 2001-2009

Year	Total	Rate of real change – total	General disability	Injured at work	Casualties of hostile acts	Survivors
2001	145,214	5.2	87,825	28,606	12,982	10,134
2002	173,557	19.5	101,981	30,601	24,387	10,938
2003	163,831	-5.7	98,277	27,039	23,276	9,871
2004	197,268	20.0	113,635	24,610	44,089	8,561
2005	214,877	8.9	122,221	27,196	47,573	10,880
2006	195,976	9.1	121,195	24,460	32,080	11,587
2007	194,924	-1.0	120,544	24,329	31,908	11,525
2008	193,364	-0.8	122,182	23,639	30,439	10,840
2009	208,018	7.0	136,461	28,803	29,249	13,408

All in all, the average cost of rehabilitation expenses for individuals with work-related injuries in 2009 was approximately 50% higher than the cost for individuals with general disabilities, as can be seen in Table 7 (NIS 19,000 compared to NIS 13,000, respectively). The costs differ in the significant weight of rehabilitation payments out of the total payments paid to victims of work-related injuries (on the average, NIS 23,000). These are higher than for those with general disabilities, where the allowance which is the basis for the rehabilitation allowance for a victim of work-related injury is higher than

that of an individual with general disability. The table also shows that payments for rent to victims of hostile acts were, on the average, higher than for the other groups.

Table 6
Total Rehabilitation Payments, by Main Type of Payment* (%)

Year	Total (NIS)	Tuition	Rehab. Costs	Travel	Devices	Rent	Other expenses
2001	140,548	85,280	35,680	12,000	6,912	2,669	9,140
2002	167,979	93,921	39,871	11,830	6,535	3,322	16,293
2003	158,567	96,429	41,361	11,670	6,516	2,922	16,217
2004	190,929	89,816	37,750	10,920	5,629	2,966	15,364
2005	207,972	99,256	43,153	10,940	5,613	2,994	14,915
2006	189,689	103,167	45,590	11,230	6,752	3,737	17,709
2007	188,660	96,791	41,100	10,920	6,621	4,072	20,547
2008	187,151	96,743	44,646	12,100	6,272	4,681	16,506
2009	208,018	102,909	54,036	13,560	8,382	5,656	16,127

* Refers to main payments, and therefore, the total exceeds the sum of the payments.

Table 7
Average Payments *to Individual in Rehabilitation Being Treated in 2009, by Branch and Main Type of Payment

Main type of payment	Total average payment	General disability	Injured at work	Casualties of hostile acts	Survivors
Total	13,559	12,538	18,974	13,738	16,760
Tuition	7,492	7,459	7,642	7,518	7,607
Rehabilitation fees/living costs	11,435	11,435	22,895	17,822	12,253
Travel	1,337	1,337	1,555	1,524	1,449
Devices	2,452	2,748	1,405	1,653	960
Rent	7,317	7,276	7,021	10,182	11,400
Other expenses**	11,619	946	737	12,986	3,060

* The averages were calculated on the basis of payments made to person in rehabilitation in 2009

** The same is true for expenses for help around the house, medication, etc.

10. Unemployment Insurance

A. General

The objective of Unemployment Insurance is to guarantee employees an income during periods of unemployment and to prevent a sharp decline in their standard of living. As in every insurance system, an unemployment benefit constitutes an essential safety net, and it is supposed to help the unemployed maximize their earning potential by seeking work that matches their skills. As a result of the strict legislation implemented in 2002-2003 in the Unemployment Insurance scheme, the unemployment benefit and grants are paid on the basis of the criteria presented below.

Unemployment benefit is paid to unemployed who, prior to being unemployed, worked for a period required to qualify for an unemployment benefit, as specified by law – 12 months out of the 18 months preceding unemployment.¹ Eligibility for an unemployment benefit is granted immediately (after five days' wait) to anyone who was dismissed from his job and shows a willingness to accept alternate employment from the Employment Bureau. The work offered to unemployed individuals who are over 35 must be “work that is suitable” from the aspect of profession, salary and distance from work. Any work offered to all other unemployed by the Employment Service is work that is deemed suitable from the aspect of salary and profession.

An unemployment benefit is paid for a maximum period of 50-175 days, depending on the age and family status of the unemployed individual.² Unemployed individuals participating in vocational training who have at least 12 years' education are entitled to an unemployment benefit for the maximum period as are the rest of the unemployed. Unemployed individuals participating in vocational training who have fewer than 12 years education are entitled to unemployment benefit for a maximum period of 138 days, even if, without the vocational training, they would have been eligible for 50-100 days.

¹ In the case of a daily worker, the qualifying period is 300 work days out of 540 days preceding unemployment.

² The maximum period for payment is calculated on the basis of the following criteria:

- 50 days: for claimant aged 25 or less, with less than three dependents
- 67 days: for claimant over 25 but under 28 with less than three dependents
- 70 days: for discharged soldier (as defined on the next page)
- 100 days: for claimant over 28 but under 35 with less than three dependents
- 138 days: for claimant under 35 with at least three dependents, or claimant over 35 but under 45 with less than three dependents
- 175 days: for claimant over 35 but under 45 with at least three dependents, or claimant over 45.

The unemployment benefit is calculated on the basis of the unemployed³ individual's salary just prior to his becoming unemployed, but its amount is limited: during the first five months of receiving the benefit – does not exceed the average wage, and as of the sixth month – is up to 2/3 of the average wage. Unemployment benefits for an unemployed individual who is undergoing vocational training is 70% of the unemployment benefit he would receive were it not for the vocational training.

Unemployment benefit for discharged soldier:

Until June 2007, a discharged soldier was exempt from the qualifying period and was eligible for an unemployment benefit during the first year following his release from the army. As of July 2007, a discharged soldier must accumulate a qualifying period of six months' work during the first year of his discharge in order to be eligible for an unemployment benefit. The unemployment benefit is 80% of the minimum wage, for a maximum period of 70 days.

Grant for discharged soldier: A soldier who works in a “priority/essential job”, as defined by law, during the first two years after his release from the army is eligible for a grant to the amount of NIS 8,487 (2009 prices). A soldier who has taken advantage of his eligibility for unemployment benefit is not entitled to the grant.

B. Amendments to the Unemployment Insurance Law

Reduced qualifying period – agreement under Section 9 of the law

Following the economic crisis that began at the end of 2008 and which was accompanied by a recession and an increase in unemployment, an agreement was signed with the government at the beginning of 2009, intended to assist unemployed individuals who were not eligible for unemployment benefits under the NII Law, and to pay them special benefits. According to the agreement, any unemployed individual aged 25 or

3

Portion of unemployed individual's wage	Up to 28	Over 28
Portion of wage up to half of average wage	60%	80%
Portion of wage between ½ to ¾ of the average wage	40%	50%
Portion of wage between ¾ and 100% average wage	35%	45%
Portion of wage equal to average wage, up to maximum average wage	25%	30%

over who has been dismissed from his job and worked for 9 out of the 18 months prior to being unemployed will be eligible for a benefit from the NIL. It should be remembered that under normal eligibility criteria, an unemployed individual must have worked 12 out of 18 months in order to be eligible for unemployment benefits. The benefit paid will be the amount of unemployment benefit to which he would have been entitled had he been eligible for unemployment benefit, and for a period which shall not exceed half of the maximum period for payment of unemployment benefit. The condition for the implementation of this agreement was that the rate of unemployment in the economy, as published by the CBS (on a quarterly basis), must be at least 7.5%.

The agreement was implemented in June 2009, because the unemployment rate passed the barrier or 7.5%

The validity of the agreement ended at the end of February 2010, when the rate of employment in the economy, as published, had dropped to 7.4%.

Table 1 shows the number of unemployed individuals who received unemployment benefits under the agreement. In 2009, there was a monthly average of 3,800 such unemployed individuals, and 9,400 various unemployed individuals during June-December 2009.

Table 1
Unemployed Recipients of Unemployment Benefit as per Agreement, 2009

Month	Receiving	First received
June	2,172	2,172
July	4,149	2,110
August	5,087	1,281
September	4,568	1,127
October	3,871	875
November	3,518	844
December	3,256	727

All in all, benefits to the amount of approximately NIS 100 million were paid in the context of the above agreement.

Extension of the maximum period of payment of unemployment benefits

In December 2009, subsequent to the economy's recession, a further agreement was implemented, making it possible to extent the maximum period for paying

unemployment benefits to young unemployed individuals who accumulated rights in Unemployment insurance.

Under the agreement, young unemployed individuals under the age of 25 will be eligible for an additional 15 days, but not exceeding 65 days, of benefit. 25-28 year old unemployed individuals will be eligible for an additional 30 days, not exceeding 97 days. 28-35 year old unemployed individuals will be entitled to a maximum period of 125 days instead of 100 days – an additional 25 days.

55,000 unemployed individuals aged 28-35 will be able to take advantage of this Agreement, despite the fact that on the basis of the data, only 50% take full advantage of their eligibility for unemployment benefits and the others find work before that. The inclusive cost of this agreement is also estimated to be NIS 100 million.

C. Figures and trends

The increase in the dimensions of unemployment which had begun during the second half of 2008 continued to rise during the first six months of 2009: during the first half of 2008, the rate of unemployment was 6% and during the second quarter of 2009, it reached 8%. During the third quarter of 2009, the trend was reversed and began declining, albeit moderately. All in all, during 2009, the unemployment rate stood at an average of 7.6% compared to 6.1% in 2008 – an increase of 24.6%.

The same trend was seen in the number of recipients of unemployment benefits: during the first half of 2008, there were 44,500 recipients of unemployment benefits and in the third quarter of 2009, their number reached approximately 78,000. During the fourth quarter of 2009, the trend was reversed and the numbers declined to approximately 67,000. Between 2008 and 2009, the annual average number of recipients of unemployment benefits soared by 52% and reached 73,000 unemployed.

The rise in the number of recipients of unemployment benefits in 2009 was steeper than the increase in unemployed – the proportion of recipients of unemployment benefits out of all unemployed individuals rose from 26.5% in 2008 to 31.2% in 2009. Table 2 shows the number of recipients of unemployment benefits and their proportion out of all of the unemployed during 2009, and Table 3 shows the same data from 2000 to 2009. The proportion of recipients of unemployment benefits out of the unemployed reached a low of 21% in 2004, steadied at 23% in 2005-2007, rose to 26.5% in 2008 and to 31.2% in 2009, with the increase in the unemployment rate and the implementation of the above agreement.

Table 2
Unemployed and Recipients of Unemployment Benefit (monthly average), 2009

Period	Recipients of unemployment benefit	Rate of unemployment		Unemployed	Percentage of recipients of unemployment benefit out of unemployed
		Original	Adjusted seasonally		
First quarter	70,491	7.2	7.6	216,000	32.6
Second quarter	76,519	7.7	8.0	232,000	33.0
Third quarter	78,354	7.9	7.8	240,000	32.6
Fourth quarter	66,736	7.6	7.4	238,500	28.0

Table 3
Unemployed and Recipients of Unemployment Benefit (monthly average), 2000-2009

Year	Unemployed		Recipients of unemployment benefit			
	Absolute numbers	Percentage of labor force	Total		Job seekers*	
			Absolute numbers	Percentage of labor force	Absolute numbers	Percentage of labor force
2000	213,800	8.8	92,596	43.3	80,650	37.7
2001	233,900	9.4	104,707	44.8	90,623	38.7
2002	262,400	10.3	97,000	37.0	83,130	31.7
2003	279,700	10.7	70,450	25.2	65,683	23.5
2004	277,700	10.4	58,350	21.0	57,572	20.7
2005	246,400	9.0	58,830	23.9	58,176	23.6
2006	236,100	8.4	55,941	23.7	55,294	23.4
2007	211,800	7.3	49,817	23.5	49,348	23.3
2008	180,000	6.1	48,045	26.7	47,647	26.5
2009	232,000	7.6	73,025	31.5	72,490	31.2

* Excluding unemployed undergoing vocational training.

Figure 1
Rates of Unemployment and Recipients of
Unemployment Benefit Over Time

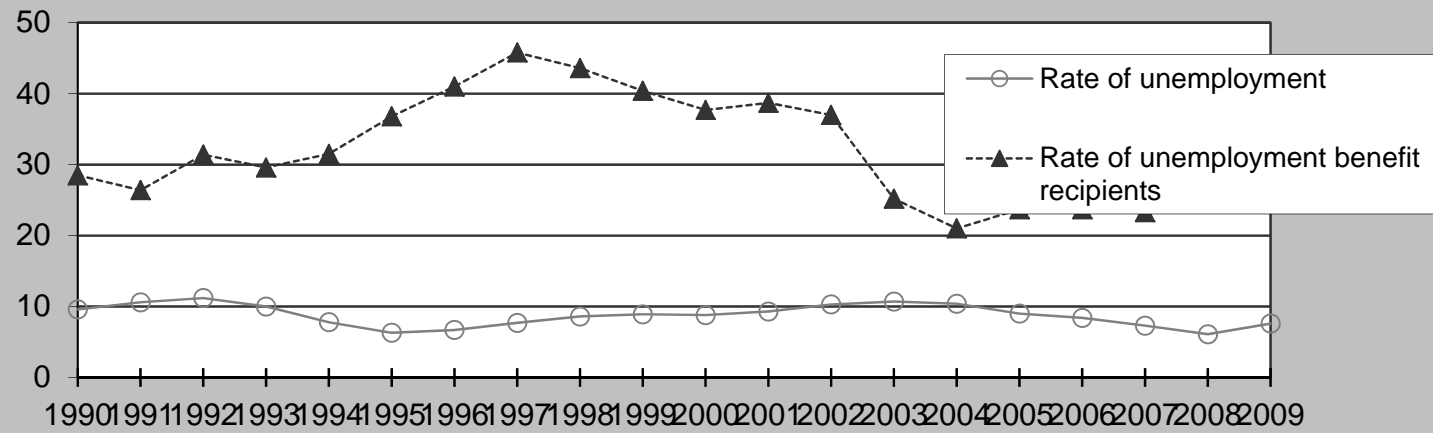


Figure 1 shows the trends from the beginning of the 1990's of the proportion of recipients of unemployment benefit out of all of the unemployed in the economy, compared to the trends in the unemployment rate. There is a sharp plunge in the rate of recipients of unemployment benefits between 2002 and 2004 (compared to the relative stability in the unemployment rate), due to the strict legislation which was introduced regarding employment insurance during this period.

D. The population of recipients of unemployment benefit

It is customary to divide the recipients of unemployment benefits into two main groups: recently discharged soldiers and recipients of unemployment benefits who were working until they became unemployed. The discharged soldiers are divided into two sub-groups: those discharged before July 2007 and those discharged after July 2007. Before July 2007, discharged soldiers were exempt from the qualifying period for the first year after their release from the army and only subject to an employment test.

Subsequent to legislation in 2007,¹ the number of discharged soldiers eligible for unemployment benefits plunged from 6,650 in 2006 to 3,880 in 2007, and almost reached zero in recent years, with fewer than 10 soldiers receiving an unemployment benefit. In the years preceding the change in legislation, the percentage of these from among all of the recipients of an unemployment benefit was 12%.

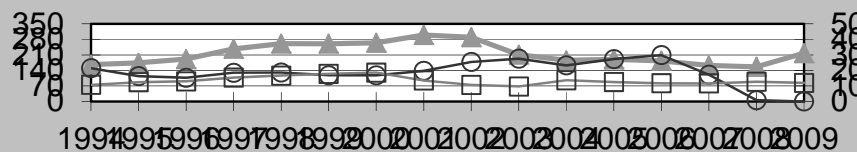
Figure 2 clearly shows the inverse ratio between the change in the number of discharged soldiers who received an unemployment benefit and the change in the number of discharged soldiers who received the grant. In 2007 and 2008, the reason for this inverse ratio was the sharp decline in the number of soldiers who received unemployment benefits due to changes in legislation which, in fact, all but put an end to newly discharged soldiers being eligible for unemployment benefit.

Table 4 shows that there was an average 73,000 unemployed individuals in 2009 who received a monthly unemployment benefit – that is, an increase of 52% compared to 2008.

¹ See 2007 Annual Survey, the chapter on unemployment.

Figure 2
Recipients of Unemployment Benefit (Population as A Whole And Newly Discharged Soldiers) and Recipients of Grant for Newly Discharged Soldiers for Priority Work

Total of unemployment benefit recipients (in thousands)



Soldiers (in thousands)

- ▲ Total of unemployment benefit recipients
- Discharged soldiers who received unemployment benefit
- Discharged soldiers who received a grant

Table 4
Recipients of Unemployment Benefit by Year of Unemployment, 2000-2009

Year	Total		Recipients of unemployment benefit who were employed			Newly discharged soldiers		
	Numbers	Rate of change compared to previous year	Total (numbers)	Percentage of all recipients	% of change compared to previous year	Total	Percentage of all recipients	Rate of change compared to previous year
Total								
2000	264,598	6.1	247,726	93.6	8.1	16,872	6.4	-6.1
2001	299,896	3.31	280,120	93.4	1.31	19,776	6.6	2.71
2002	277,418	-5.7	252,093	90.9	-0.01	25,325	9.1	1.82
2003	210,957	-0.42	183,350	86.9	-3.72	27,607	13.1	0.9
2004	186,246	-7.11	161,940	86.9	-7.11	24,306	13.1	-0.21
2005	189,812	9.1	160,658	84.6	-8.0	29,154	15.4	9.91
2006	183,439	-4.3	153,538	83.7	-4.4	29,901	16.3	6.2
2007	162,759	-3.11	145,506	89.4	-2.5	17,253	10.6	-3.24
2008	156,450	-9.3	155,485	99.4	9.6	965	0.6	-4.49
2009	218,174	5.93	218,124	100.0	3.04	50	-	-8.49
Monthly average								
2000	92,596	-6.3	88,109	95.2	-6.3	4,187	4.8	-8.2
2001	104,707	1.31	99,703	95.2	2.31	5,004	4.8	5.11
2002	97,000	-4.7	90,700	93.5	-0.9	6,300	6.5	9.52
2003	70,450	-4.72	63,450	90.1	-2.03	7,000	9.9	3.31
2004	58,350	-2.71	52,852	90.6	-7.61	5,498	9.4	-5.12
2005	58,830	8.0	52,334	89.0	-0.1	6,496	11.0	2.81
2006	55,941	-9.4	49,294	88.1	-8.5	6,647	11.9	3.2
2007	49,817	-0.11	45,936	92.2	-8.6	3,881	7.8	-6.14
2008	48,045	-4.3	47,871	99.6	2.4	174	0.4	-5.59

2009	73,025	0.25	73,016	99.9	5.25	9	0.1	-8.49
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The figures in Table 5 point to the continuing and steady rise in the number of academicians from among all recipients of an unemployment benefit who had been working prior to their unemployment, from 18% in 2000 to 29% in 2009, and the almost negligible rate of unemployed individuals who were in vocational training courses – less than 1% in 2009. The stricter conditions for eligibility for unemployment benefits in the 2002-2003 economic program in effect did away with vocational training programs for unemployment benefit recipients.

Table 5
Recipients of Unemployment Benefit Who Were Employed, by Category of Unemployed Individual, and Job Seekers by Type of Employment Bureau (percentages), 2000-2009

Year	Recipients of unemployment benefit			Thereof: job seekers		
	Total	Job seekers	Undergoing vocational training	Total	Academicians	Not academicians
2000	100.0	87.1	12.9	100.0	17.7	82.3
2001	100.0	86.7	13.3	100.0	20.7	79.3
2002	100.0	85.7	14.3	100.0	21.8	78.2
2003	100.0	93.3	6.7	100.0	23.4	75.6
2004	100.0	98.7	1.3	100.0	24.8	75.2
2005	100.0	98.9	1.1	100.0	24.9	75.1
2006	100.0	98.8	1.2	100.0	26.1	73.9
2007	100.0	99.1	0.9	100.0	26.8	73.2
2008	100.0	99.2	0.8	100.0	28.3	71.7
2009	100.0	99.3	0.7	100.0	29.1	70.9

E. Duration of unemployment benefit payment

Unemployment benefits are paid to unemployed individuals for 50, 67, 100, 138 and 175 days, depending on their ages and the number of dependents they have.¹ One may take

¹ See note 2 in this chapter.

up one's entitlement to an unemployment benefit only up to of one year from the first day of unemployment.²

Table 6, which shows the take-up rate of entitlement in relation to the possible period of entitlement under the law, indicates that the take-up rates of those who are entitled to 175 days of payment, and those entitled to up to 67 days, are higher than the rest of the groups. These take-up rates reflect the distress of the group of older people, which is less likely to be integrated into the labor market and of the youngest group, who are unable to find work during the period for which they are paid unemployment benefit. It should be emphasized that in 2009, there seemed to be a slight increase in the average number of days of payment as a percentage of the maximum period compared to 2008 – and this applies to all unemployed groups, with the exception of unemployed individuals eligible for the maximum period of 175 days (the older group), where there was a slight decline in the take-up rate of the days at their disposal.

Table 6
Recipients of Unemployment Benefit Seeking Work Whose Entitlement Ended in 2008 and 2009, by Number of Days for which they Received Unemployment Benefits (as percentage of the maximum period of entitlement) and by Maximum Period of Entitlement

Eligibility period	Number of payment days as a percentage of maximum period of entitlement (percentages)					Average number of days as rate of maximum period of entitlement
	Up to 25	25-50	51-75	76-100	100	
2008						
Total	9.6	12.0	12.9	21.0	44.5	77.9
50 days	6.0	10.2	10.9	21.1	51.8	84.1
67 days	6.8	11.9	14.2	19.2	47.9	82.5
70 days	14.2	15.1	15.0	20.4	35.3	69.9
100 days	9.9	13.9	16.1	26.0	34.1	75.1
138 days	11.3	13.5	13.2	19.9	42.3	75.7
175 days	8.4	9.2	10.5	19.2	52.0	80.8
2009						
Total	9.5	11.4	11.2	21.6	46.4	79.2
50 days	7.4	10.8	10.0	21.1	50.8	82.0
67 days	6.1	11.5	12.7	19.6	50.1	84.0
100 days	8.6	12.8	15.2	27.1	36.6	77.7
138 days	10.7	13.2	11.1	21.1	43.9	77.2
175 days	9.9	9.8	9.1	19.8	51.4	80.1

² Until January 2003, this limit did not apply to unemployed individuals participating in vocational training courses.

F. Amount of unemployment benefit and scope of payments

As stated earlier, the basis for calculating the unemployment benefit in Israel is a progressive formula that ensures a reduced replacement rate (the unemployment benefit as a proportion of the salary prior to unemployment), resembling other social insurance programs. This formula combines two considerations: insurance – insurance against unemployment – on the basis of which the compensation granted to maintain the standard of living of the unemployed individual and his family does not fully replace the salary received just prior to the unemployment; and income distribution – higher compensation for low-wage earners than for high-wage earners.

The figures in Table 7 show that the trend has changed directions since 2008. For the first time since 2004, the rate of the average unemployment benefit, as a percentage of the average wage in the economy, rose – from 47% in 2007 to 50% in 2008. This upward trend also continued in 2009, where the average unemployment benefit reached approximately 53% of the economy's average wage. The percentage of unemployed individuals receiving unemployment benefit at more than half the average wage in the economy rose from 38% in 2007 to 50% in 2009, and simultaneously, the percentage of unemployed individuals receiving an unemployment benefit dropped to below half of the average wage – from approximately 62% in 2007 to 50% in 2009.

Table 7

**Recipients of Unemployment Benefit who were Employed, by Daily Payment
Compared to Average Daily Wage in the Economy (percentages), 2000-2009**

Year	Total	Daily unemployment benefit compared with average daily wage					Average unemployment benefit as percentage of average wage in the economy
		Up to 1/4 of average wage	From 1/4 to 1/3 of average wage	From 1/3 to 1/2 of average wage	From 1/2 to 2/3 of average wage	From 2/3 to 100% average wage	
2000	100.0	6.2	8.0	48.8	29.8	7.2	46.5
2001	100.0	5.0	5.8	44.8	32.9	11.5	50.2
2002	100.0	4.9	6.6	43.4	33.1	12.0	50.4
2003	100.0	5.2	6.6	39.0	33.7	15.6	52.0
2004	100.0	6.3	6.1	38.6	32.5	16.5	50.6
2005	100.0	6.5	7.2	43.1	30.1	13.1	49.3
2006	100.0	6.5	8.3	44.2	28.5	12.5	48.7
2007	100.0	7.6	10.6	43.7	25.6	12.5	46.9
2008	100.0	6.7	9.9	40.4	27.3	15.7	49.9
2009	100.0	5.2	7.8	38.0	29.8	19.2	52.9

Table 8

Unemployment Benefit Payments (NIS million), 2000-2009

Year	Current prices (NIS thousands)	Set prices (2009)	Rate of real growth
2000	2,953	3,562	-0.3
2001	3,503	4,182	17.4
2002	3,524	3,981	-5.1
2003	2,410	2,717	-29.9
2004	2,100	2,418	-12.9
2005	1,993	2,210	-6.3
2006	1,957	2,126	-3.8
2007	1,757	1,899	-10.7
2008	1,840	1,901	0.1
2009	3,028	3,028	59.3

In 2009, the inclusive cost for unemployment benefit payments totaled approximately NIS 3 billion compared to NIS 1.9 billion in 2008 – an increase of 59%. This increase is composed of a sharp increase in the number of recipients and a more moderate increase in the size of the payment. At the same time, the proportion of the payments in the Unemployment branch increased and reached 6.7% of all expenditures of pension payments by the NII in 2009 – compared to the much lower rate of 3.8% in 2008.

Box 11

Unemployment Insurance for the Self-employed

General

The Unemployment Insurance Law, which exists in every developed country, is intended to provide a salaried employee who has lost his work with a substitute salary for a short period of time, in order to enable him to find work in his profession, for the economy's benefit as well as his. In Israel, the payment period is relatively short, and after a series of cutbacks in eligibility for unemployment benefits which took effect during the last decade, the benefit period covers only 50-175 days (depending on age and the number of dependents). The replacement rate of a salary is a decreasing function of the salary just prior to the unemployment (25-80%), calculated on the basis of additional marginal income. Therefore, individuals with high salaries in effect receive only about 30% of their previous salary.

International comparison

There are only a few countries which have state unemployment insurance for the self-employed. This is because by its very nature, this law is intended to help individuals who have been dismissed and left without work, not of their own choosing. Self-employed work, by its very nature, is involved in taking responsibility and control over what happens at work. In Israel, a self-employed individual left without income is eligible for income support, just as in every developed country.

In many developed countries, the self-employed receive help when they run into problems, and before their business fails completely. This help is expressed in loans, grants, advice, etc., where the objective is to preserve the business and workplace of the self-employed, for the economy's benefit as well as his. The requirement to ensure unemployment benefits for the self-employed seems to contradict the personal and public interest, since an owner of a business desiring to preserve the hope of strengthening his business would not be eligible to receive a bonus.

Unemployment insurance for the self-employed exists in different modes in different countries: governmental and obligatory only in Iceland and Luxembourg; governmental and voluntary in Sweden, Germany (for a self-employed individual who was previously a salaried employee), Austria, France (not including artists, merchants, industrialists, farmers and the free professions), Ireland (only fishermen) and Norway (only fishermen); and voluntary and implemented via special funds in Finland and Denmark.

Proposal for an Unemployment Insurance Law for the Self-Employed

In 2004, a committee was appointed to consider the issue of unemployment insurance for the self-employed. The committee members consisted of representatives from the NII and from the self-employed sector. The committee completed its work in 2005. The parties agreed on most of the issues with an absolute majority. The only difference of opinion related to one issue – what is the amount of the insurance payment that should be collected from the income of the self-employed, the goal, as stated above, being to maintain a balance between unemployment benefit payments and revenue from insurance payments.

The main measure required for estimating the collection rate is the anticipated rate of unemployment among the self-employed. This measurement is not a part of economic indicators of Israel. The disagreements between the parties focused on estimating the rate of unemployment among the self-employed.

The organizations of the self-employed stipulate that the implementation of an insurance program regarding the rate of insurance payments should be identical with that of the salaried employees (0.25%). However, the Unemployment branch (for salaried employees) is constantly in the red, at a rate of three times the total revenue collected for the branch. In addition, based on the data of the CBS, there were 450,000 active businesses in 2008, of which 38,000 (8.5%) closed during the year. The same year, the unemployment rate in the economy was 6.1%, so that the rate of businesses closing down was approximately 40% higher than the unemployment rate in the economy. However, one can assume that some of the self-employed who closed their business immediately opened another one, so that, in effect, they were not unemployed. There is no way of knowing how many of these there were, but at any rate, the “unemployment” rate among the self-employed is apparently higher than that of the salaried employees.

According to the calculations of the Research and Planning Administration, if one wants to maintain an Unemployment branch for the self-employed whose budget is balanced, insurance payments must be set to at least 1.25%.

11. Workers' Rights Insurance in Bankruptcy and Corporate Liquidation

A. General

The Branch for Worker's Rights in Bankruptcy was established in 1975 when many employees were affected by the collapse of businesses that entered bankruptcy and liquidation procedures. These employees did not only lose their jobs and the balance of their salary, but also the severance pay due them on the basis of the work agreements. Their social benefits were affected as well. This was because, in most cases, their employers were left without the financial resources or realizable assets necessary to be able to finance the balance of the debt owed the employees and the pension funds.

The purpose of the Branch for Workers' Rights Insurance in Bankruptcy and Corporate Liquidation is to pay the employees the debts owed by employers facing bankruptcy for the employees' back pay and severance pay, and to safeguard the continuity of the social rights in the pension funds.

Benefits paid to employees and to pension funds by the branch is financed by the insurance payments made by the employers (in 2009, the rate was 0.02% of the employee's monthly salary, up to a ceiling of income subject to insurance payment), as well as through government participation at a similar rate (in 2009 – 0.02%) in the framework of Treasury indemnification.

The activities of the Branch for Workers' Rights Insurance in Bankruptcy and Corporate Liquidation make it possible to differentiate fully between making payments to employees and pension funds and between realizing the assets of employers in bankruptcy and liquidation proceedings. In addition, payments to employees and pension funds were linked to the modifications in the basic amount, as defined in the National Insurance Law.

B. Some definitions in the law

An employer in bankruptcy or liquidation: any type of corporation against which a bankruptcy or liquidation injunction has been issued, and whose employees or pension funds did not receive their due: self-employed workers, limited companies, partnerships, cooperative societies and associations.

Employee: anyone who worked for an employer at the time the bankruptcy or liquidation injunction was issued, and who has yet to receive the balance of his salary and severance pay. This definition includes residents of Israel, foreign residents and residents of the territories working by virtue of a valid employment agreement.

Pension funds: any entity to which, on the basis of instructions in a collective agreement, an employment contract or any other agreement between the

employee and the employer, and with the consent of that entity, to which the employer must transfer contributions from the employer's money or the employee's wages in order to add to or secure the employee's rights with regard to his work, termination, retirement or social security rights.

C. Benefits paid under law

Benefits to an employee

Salary: amounts which not as yet been paid to the employee for his work – salary, overtime, recuperation allowance, redemption of unused vacation days, payment for holidays and clothing allowances – including an amount deducted from the employee's salary, not under the law and not transferred to its intended destination as yet. If the salary does not exceed the minimum wage (in 2009 – NIS 3,850 per month), the employee is entitled to receive the minimum wage set out in the law.

Severance pay: compensation to which the employee is entitled until his last day of work in keeping with the level of seniority accumulated during his years of work for the employers. Up to the end of July 2009, a maximum ceiling of up to ten times the basic amount (NIS 76,830) had been set for salary and severance pay, and as of August 2009, a legislative amendment changed this ceiling and it was raised to 13 times the basic amount (NIS 99,879).

Payments to pension funds

Intended to ensure the continuity of the employees' rights. Payments are limited to a maximum sum of twice the basic amount (in 2009 – NIS 15,366).

D. Problems in implementing the law

In spite of the significant progress achieved in the domain of protecting employees' salaries and rights, there are still some problems which remain to be solved:

The law requires that a liquidation/bankruptcy injunction be issued. This is a long and drawn out process which often delays payment of debts to employees.

The high legal costs involved in the employer's liquidation process could increase the amount owed the employee by the employer, and therefore, there is no reason for the employee to enter into such proceedings and he is unable to take up his rights in this branch.

In most cases, employees who have accumulated long periods of seniority receive the maximum payment, which is only a small sum compared to the amount owed them by the employer.

E. Employers undergoing bankruptcy or liquidation proceedings

The numbers in Table 1 show the impact of the economic depression in 2005 and the change in direction of activities in 2006 on activities in this branch. The depression which Israel's economy encountered during the second half of 2008 began to have an effect on the activities of the Employees' Rights and Bankruptcy Branch in 2009.

In 2009, there were 450 new cases of employers faced with bankruptcy and liquidation, where their liquidators filed claims to the branch in the name of the employees and the pension funds – an increase of 11% compared to 2008. 7,300 new claims were received – an increase of 21.6% compared to 2008, and 6,800 claims filed by employees were approved – as in the previous year. It should be remembered than in 2007, efforts were made to significantly reduce the backlog of claims that had accumulated that year.

Pension fund claims were approved for 2,630 employees in 2009 – an increase of 63.3% compared to 2008.

Table 1
New Employers Accepted for Handling, undergoing Bankruptcy and Liquidation Proceedings, Number of Employee Claims Received and Approved and Number of Pension Fund Claims Approved, 2005-2009

Year	New employers accepted	New employee claims		New pension fund claims		
		Accepted	Approved*	Accepted	Approved*	New employees for whom funds were paid to pension funds
2005	520	9,000	7,600	330	310	3,220
2006	440	7,500	6,400	330	290	3,470
2007	450	7,000	8,400	180	190	1,060
2008	405	6,000	6,800	155	205	1,610
2009	450	7,300	6,800	215	210	2,630

* Including approvals for claims received in previous years.

From Table 2, one can see that in more than half of the employer files received in the branch during 2006-2009, 1-5 claims were approved per file. However, one should take into consideration that additional claim approvals in the same employer files in the coming year could change the distribution of employers by the number of employee claims in their files.

Table 2
New Employers, by Number of Claims Handled in Each File (excluding pension fund claims), 2005-2009

Year file received	Total employers (absolute numbers)	Number of claims per employer as percentage of total employers		
		1-5	6-25	26+
2005	505	48.8	38.0	13.2
2006	430	52.3	35.6	12.1
2007	440	59.8	32.0	8.2
2008	400	58.6	30.6	10.8
2009	400	54.7	33.3	12.0

In 2009, these employers were concentrated in the following economic sectors: commerce (30.7%), services (27.2%) and construction and infrastructure (14.9%) (Table 3). That year, service employees constituted 36.5% of the total new employees whose claims were approved, and employees in commerce, 22.3% (Table 4).

Table 3
New Employers Undergoing Bankruptcy, Handled by Employees' Rights Branch, According to the Economic Sector (percentages), 2005-2009

Year	Total (absolute numbers)	Textile	Metal and electricity	Other industries	Construction and infra-structures	Commerce	Transport	Services*
2005	520	4.4	6.9	11.5	17.5	29.8	3.9	26.0
2006	440	1.4	7.3	14.8	15.2	31.6	3.2	26.5
2007	450	2.9	5.8	8.7	15.1	34.2	3.3	30.0
2008	405	2.5	6.1	10.3	15.7	32.7	3.9	28.8
2009	450	2.6	7.1	13.3	14.9	30.7	4.2	27.2

* Including commercial, public and personal services.

Table 4
**Approved Employee Claims as a Percentage of the Total, by Economic Sector,
 2005-2009**

Year	Total (absolute numbers)	Textile	Metal and electricity	Other industries	Construction and infra-structures	Commerce	Transport	Services*
2005	7,600	4.0	8.5	13.2	13.7	24.3	2.8	33.5
2006	6,400	4.4	7.1	8.9	12.3	28.9	2.7	35.7
2007	8,400	5.1	5.0	9.9	8.2	24.4	1.7	45.7
2008	6,800	9.2	5.1	11.9	12.2	18.6	1.2	41.8
2009	6,800	5.0	10.5	13.5	11.0	22.3	1.2	36.5

* Incl. commercial, public and personal services.

F. Payments to employees and pension funds

In 2009, NIS 224.9 million were paid to employees and to pension funds – an increase of 14% compared to 2008. 78.6% of the payments were for salary and severance pay, 16.7% for only salary and 4.7% only for severance pay (Table 5).

Table 5
**Payments to Employees and Pension Funds, and Payment by Category of Benefit
 as Percentage of All Payments, 2005-2009**

Year	Total payments (NIS million)			Payment by category of benefit to employee as percentage of total		
	Total	Employees	Pension fund	Salary and severance pay	Salary	Severance pay
2005	227.2	209.8	17.4	76.4	17.3	6.3
2006	152.2	139.6	12.6	73.0	23.7	3.3
2007	218.1	212.7	5.4	79.7	16.9	3.4
2008	197.2	189.0	8.2	79.2	16.8	4.0
2009	224.9	216.2	8.7	78.6	16.7	4.7

In 2009, 205 employees, constituting 3% of all of the new employees whose claims were approved, received the maximum payment owed to them. 8.7% of the employees in whose names claims were filed with the pension funds received the maximum payment. It should be noted that these numbers could rise, due to the payment of benefit differentials in the coming years (Table 6).

Table 6
Employees and Pension Funds that Received Maximum Benefits as Percentage of All Employee and Pension Fund Claims, 2005-2009

Year	Employees who received maximum benefit		Employees for whom maximum benefit was paid in pension fund	
	Total	As percentage of claims approved	Total	As percentage of total
2005	150	2.0	480	14.9
2006	140	2.1	1,170	33.8
2007	105	1.2	290	27.2
2008	170	2.5	250	15.5
2009	205	3.0	230	8.7

G. Collecting debts from employers for the Workers' Rights in Bankruptcy Branch

According to the law, the branch is entitled to demand that the employers' liquidators pay the amounts of benefits to each employee by right of priority¹³ for an amount that is no greater than the amount determined by the Companies' Order – Bankruptcy, Regulations for Collective Societies, etc. Until the end of July 2009, the amount by right of priority for an employee solely for salary was NIS 9,006, and after August 2009 – NIS 21,000. Until July 2009, the amount for salary and severance pay was NIS 13,500 and from August 2009 – NIS 31,509. There are no rights of priority on amounts paid to pension funds. With regard to the balance of the debt, the branch is deemed to be the normal creditor. It should be noted that if the employee receives the maximum amount (NIS 99,879 as of August 2008 due to legislative changes), the amount paid by the liquidators to the branch by right of priority will be transferred to the employee to cover part of the debt owed the employee by the liquidators. In this case, the branch becomes a normal creditor from the first shekel onward.

¹³ Right of priority debts are debts which have priority over other debts, when such priority refers to regular creditors and not towards secured creditors who are entitled to all their money in the bankruptcy/liquidation process. According to existing laws on this issue, there are types of debts which have the right of priority and they are defined according to following priorities: 1) work pay, 2) debts for income tax deductions at source, 3) other debts such as maintenance and rent, 4) municipal taxes.

According to the same law, the branch will not be entitled to collect from the liquidator the linkage differential paid to the eligible employee for the period following the date on which the receivership or liquidation injunctions have been issued, unless the liquidator decides to pay interest, linkage differentials or both for the aforesaid period, to the remaining creditors in bankruptcy or liquidation proceedings. For example, if the employee was paid a salary and compensation in the amount of NIS 35,000, where NIS 2,000 of this is linkage differential for the period following the issue of the receivership or liquidation injunction, the remaining amount – NIS 33,000 is divided into NIS 13,500, as right of priority, and the balance, NIS 19,500, is a normal debt.

The above shows that the law restricts the ability of the branch to collect (if this is possible) partial amounts from liquidators on account for the benefits paid to the employees and the pension funds which were eroded in time. Table 7 presents the amounts of debt as right of priority and their weight in the benefits paid in 2005-2009, as well as the amounts collected from the liquidators and their share of the total debt under the right of priority for those years. This table shows that in 2009, the Branch for Worker's Rights Insurance in Bankruptcy and Corporate Liquidation was entitled to receive, as right of priority, 33% of the benefit payments paid to the employees and pension funds that year.

In 2009, the NII succeeded in collecting NIS 11.1 million on account for benefit payments paid in the past, and this constitutes 15% of the debt by right of priority for that year.

Table 7
Debt Under Law of Priority, as Percentage of All Benefits Paid to Employees and Pension Funds, and Collection from Liquidators as Percentage of Debt Under Law of Priority, 2005-2009

Year	Current debt under Law of Priority		Collection from liquidators on account of the past	
	Amount (NIS million)	As percentage of benefits	Amount (NIS millions)	As percentage of debt under Law of Priority
2005	73.6	32.4	5.0	6.8
2006	56.3	37.0	5.9	10.5
2007	83.0	38.0	6.1	7.4
2008	69.0	35.0	10.0	14.5
2009	74.2	33.0	11.1	15.0