

## 6. Maternity Insurance

### a. The Benefits

Maternity insurance came into effect on April 1, 1954, and was one of the first five divisions to be covered by National Insurance Law. Maternity insurance grants the following benefits to new mothers:

- **Hospitalization grant** – Intended to finance birth and hospitalization expenses for the mother and newborn, it is paid directly to the hospital. As of December 1993, a higher rate is paid for premature births. During the first two years after the National Health Law came into effect (in January 1995), the hospitalization of mothers and newborns, including premature newborns, was included in the basket of health services mandated by law, and was financed by the NII from funds collected for the maternity division. Since January 1997, the hospitalization grant has once again been paid directly to hospitals. When a birth takes place abroad, the grant is paid directly to the mother following submission of a claim.

The grant amount varies in accordance with a government's decision within the framework of the Economic Arrangements Law, as follows:

- In January of each year the amount is updated based on a formula defined by law, according to which the total payment for regular births and addition for premature ones, shall be equal to the total that would have been paid if there were no difference in the amount between regular and premature births.
- Whenever the Ministry of Health changes the price of a general hospitalization day, the grant amount changes at the same rate.
- **Ambulance expenses to hospital** – Every woman giving birth is entitled to an ambulance-ride to the hospital closest to her place of residence.
- **Birth grant** – Intended for the initial purchase of supplies for the newborn. It is paid directly to the mother.
- **Maternity allowance** – This is designed to compensate the mother for the loss of her salary during the maternity leave that she must take in accordance with the Women's Employment Law. Working mothers – whether salaried, self-employed, or undergoing professional training – for whom insurance fees were paid for the time periods defined by law (**qualifying period**), preceding the birth, are entitled to a maternity allowance. The maternity allowance is paid for 7 or 14 weeks, depending on the qualifying period accrued by the mother.

It is possible to begin receiving the maternity allowance prior to the estimated date of birth, but not for more than half the entitled period. Under certain circumstances, it is possible to extend maternity leave by a maximum of four weeks. Since 1998, men who share the leave with their spouses are also entitled to a maternity al-

lowance, on condition that the spouse has returned to work. Income tax and national and health insurance fees are withheld from the maternity allowance.

Foreign workers are also entitled to a maternity allowance. However, in the Economic Arrangements Law, 2003, it was mandated that foreign workers without a legal permit are not entitled to a maternity allowance or maternity grant.

- **Childbirth allowance** – Paid for 20 months to a mother who has given birth to three or more live children at the same time, all of whom survived the time period mandated by law. The level of allowance is derived from the basic amount, and it is gradually reduced throughout the period of entitlement.
- **Pregnancy bed rest benefit** – paid to a working woman who for medical reasons related to her pregnancy is forced to stop working for at least 30 days, during which she does not receive payment from her employer or any other party. The qualifying period that entitles a woman to this benefit is identical to the qualifying period for a maternity allowance, and the benefit amount may reach the full basic amount.
- **Special allowance and special benefit** – Paid if the mother died during the birth or within one year of the birth date: a special allowance is paid for 24 months for each baby born in that birth, at a rate of 30% of the average wage. If the child is paid a survivor's or dependent's pension, the allowance is only for 12 months. A special allowance is paid to the spouse of the deceased mother, if he stopped working to care for the child, at the rate of an injury benefit, for up to 12 weeks. This allowance is paid in approximately 10 cases per year.

## b. Legislative Changes

- **Hospitalization grant** – In the last few years, the government has changed the amount of this grant in the framework of the Economic Arrangement Laws: in April 2005, it was raised by approximately 50% for premature births; in January 2007 – raised by 12.1% for all births; in August 2009 it was raised again by approximately 10%; in April 2012 raised by 0.2%; in August 2013 by 10%; in November 2013 by an additional 3.87%. The involvement of the government in determining the amount of this grant is essentially a means to transfer budgets to hospitals by way of the NII.
- **Cost of ambulance to hospital** – As of 16.3.2008, any woman giving birth is entitled to an ambulance-ride to the hospital nearest her place of residence. Prior to this, a woman giving birth was entitled to an ambulance-ride only if she lived at a great distance from the hospital.
- **Birth grant** – Until July 2002, the grant amount was uniform and independent of the number of previous births – 20% of the average wage by law. In August 2003, the amount from the second child and on was changed, becoming 6% of the average wage. In January 2004, the amount for a second child only was raised to 9% of the average wage. When two or more children are born in the same birth, the grant is

higher: for twins – the amount is equal to the average wage, and for each additional child – an additional 50% of the average wage. As of January 2006, the birth grant amount is calculated based on the basic amount.

- **Maternity allowance** - Until May 2007 maternity allowances were paid for 6 or 12 weeks, depending on the qualifying period accrued by the mother. In June 2007, the law was amended, and the maternity allowance is now paid for 7 or 14 weeks. As of 1998, men who share the leave with their spouses are entitled to a maternity allowance, on condition that the woman has returned to work. As of November 1994, the maternity allowance per day replaces the full average wage or income per day that the mother earned in the three months prior to stopping work (upon birth or beforehand), and not more than the maximum amount mandated by law.
- **Pregnancy bed rest benefit** – Since the beginning of 1995, the benefit amount is equal to the woman's average wage in the three months preceding cessation of work, and not more than 70% of the average wage. In 2000, the law was amended and the maximum amount for payment was changed to the full average wage (as of 1996, it is the full basic amount).

### c. Main Trends

In 2014, birth grants were paid to approximately 173,000 mothers (table 2) - a rise of 2.1% versus 2013. The number of women of fertile age (15-44) rose by 1.4%, such that the number of births per thousand women of fertile age rose slightly from 92 in 2013 to 93 in 2014.

Approximately 52,000 births in 2014 were first births, 47,000 were second, and 74,000 were third or more births (table 1). Approximately 4,100 were twin births, and about 90 were births of triplets or more.

Among the hospitalization grants paid in 2014, 2,731 were paid for premature births. This was 74 more than in 2013.

In 2014, approximately 120,000 women received a maternity allowance, versus 114,000 in 2013 – a rise of 5.2%. The rate of women receiving a maternity allowance

**Table 1**  
**Live Births by Birth Order (Percentages), 2010-2014**

Year	Total	First births	Second birth	Third birth	Fourth or more birth
2010	100.0	29.0	27.4	19.9	23.7
2011	100.0	29.6	27.4	19.7	23.3
2012	100.0	29.5	27.1	19.8	23.6
2013	100.0	29.7	27.4	19.7	23.2
2014	100.0	30.1	27.2	19.5	23.2

out of all mothers rose between 2013 and 2014 – from 67% to 70%; but their average age did not change – 31.6 versus 31.5 years. Approximately 95% of the women receiving a maternity allowance were salaried workers, while the rest – 5% – were self-employed, kibbutz or cooperative settlement members.

**Table 2**  
**Women Who Received Birth Grants and Maternity Allowances (Monthly Average, Absolute Numbers, and Percentages), 2010-2014**

Year	Received birth grant		Received maternity allowance		
	Absolute numbers	Percent change from previous year	Total	Percent change from previous year	Percentage of all women receiving birth grant
2010	166,694	5.7	103,318	5.7	62.1
2011	163,402	-1.8	105,740	2.3	64.7
2012	169,166	3.5	112,014	5.9	66.2
2013	169,711	0.3	114,383	2.1	67.4
2014	173,211	2.1	120,353	5.2	69.5

The distribution of women by maternity allowance amount per day indicates that in 2014 approximately a third received a maternity allowance that did not exceed half of the average wage, and approximately a quarter received an allowance exceeding the average wage. The rate of women receiving more than the average wage decreased, from 23.8% in 2013 to 23.4% in 2014, and the share of women receiving up to half of the average wage rose between the two years – from 33.2% to 33.7%. The distribution of women by amount of maternity allowance in comparison to average salary has remained similar over time.

Since the maternity allowance is the same as the mother's salary prior to birth, distribution by maternity allowance amount represents the salary distribution for these

**Table 3**  
**Women Who Received Maternity Allowance by Amount of Maternity Allowance per Day, As a Percentage of Average Daily Salary (Absolute Numbers and Percentages), 2010-2013**

Year	Total of all recipients (numbers)	Up to ¼ average salary	¼ -½ average salary	½- ¾ average salary	¾ to full average salary	More than average salary
2010	103,318	7.7	24.7	26.6	16.9	24.1
2011	105,740	7.4	24.8	26.4	16.9	24.5
2012	112,014	7.4	24.5	26.1	17.1	24.9
2013	114,383	8.2	25.0	26.0	17.0	23.8
2014	120,353	8.5	25.2	26.0	16.9	23.4

women. In 2014, the average salary among new mothers was NIS 7,301 per month, which is approximately 80% of the average wage – similar to the rate in 2013 (when mothers' average salary was NIS 7,193).

As with salary, the amount of maternity allowance changes in accordance with demographic and employment characteristics:

- The total rises with the woman's age. In 2014, the average maternity allowance was NIS 243 per day, which is approximately 80% of the average wage. Women up to age 24 received maternity allowances at a rate of approximately 45% of the average daily wage, while those aged 35 and up received allowances at a rate exceeding the average wage (105%).
- Maternity allowances paid in central Israeli cities were higher than those paid in the periphery. In the Tel Aviv, Kfar Saba, and Ramat Gan branches, the average amount per day was the highest (112%, 111%, and 109% respectively of the average wage) while in Bnei Brak and Nazareth it was the lowest (60% and 59%, respectively).

In 2014, the number of men receiving maternity allowances rose slightly – from 447 in 2013 to 473 in 2014, meaning, a ratio of four men per 1,000 women. Between 2010 and 2014 there was a consistent rise in the number of men receiving the allowance, from 364 to 473.

#### d. Sum Total of Payments

In 2014, the sum total of benefit payments in the maternity division rose by 6.2% (at fixed prices) in comparison with 2013 (table 4). The hospitalization grant and maternity allowance represented 93% of payments. The rise in total payments is mainly a result of a growth in number of births, and a rise in hospitalization grant payments to hospitals. The share of the division's payments within all NII benefits rose from 8.7% in 2013 to 8.9% in 2014, and has been trending upwards since 2006 (except for 2011).

**Table 4**  
**Payments for Maternity Benefits**  
**(Thousands of NIS, 2014 Prices), 2010–2014**

Year	Total of all benefit payments	Hospitalization	Birth grant	Maternity allowance	Pregnancy bed rest
2010	5,063,266	2,181,642	189,165	2,514,496	160,539
2011	5,225,461	2,230,855	186,995	2,622,084	165,751
2012	5,591,738	2,394,358	193,510	2,806,061	182,112
2013	5,897,177	2,521,405	194,657	2,972,068	193,901
2014	6,262,519	2,707,809	202,560	3,127,510	207,768

## Extension of Maternity Leave: Has it Impacted Women's Return to Work?

The Women's Employment Law requires new mothers to take maternity leave. In May 2007, paid maternity leave was extended from 12 to 14 weeks, and in March 2010 it was further extended to 26 weeks, 14 paid by the National Insurance Institute and 12 unpaid. A female employee who is not interested in extending maternity leave beyond the paid portion can inform her employer of her intent to curtail the leave such that it will not be less than 14 weeks.

In 2013, a study was performed to examine whether and when women return to work after birth, and whether the legislation extending paid maternity leave impacted their re-entry. The study also examined the effect of different variables on the decision to return to work: the economic sector in which the woman works, salary immediately prior to birth, employment status of spouse, and region of residence. Furthermore, the study explored relationships between various demographic and economic variables and the return to work: income from employment, number of children, age of youngest child, and age of woman.

The study examined salaried women who gave birth in the period between January 2005 and December 2010, and who received a maternity allowance from the National Insurance Institute – in total 422,482 women. Tracking the women lasted for a year after they had fully exercised their rights to maternity allowance, and it was based on a unique data file produced from the Institute's administrative files. Moreover, the data were analysed through an REG regression, with the dependent variable being number of months from end of paid maternity leave until return to work.

### Study Findings

- Approximately 92% of the women who gave birth in the defined years returned to work within a year, and only 8% did not return. This finding shows almost no change over the years, and remains stable even over the socio-demographic and economic variables that were examined.
  - There is a positive correlation between the date of work cessation prior to birth and the length of maternity leave: those who worked up to the birth returned to work faster than those who ceased working six months before birth.
  - The incentive for returning to work is mainly economic: the odds of returning to work immediately after birth were higher the more children there were in the family, and the higher the salary level of the mother immediately prior to birth.
  - As maternal age increases, maternity leave tends to be longer.
- No impact whatsoever was discerned for the extension of paid maternity leave on

the mothers' date of return to work. Thus, the two-week extension of maternity leave paid by the National Insurance Institute (as of May 2007) did not cause a change in the employment behavior of the women following birth.

### Data Compliance Using REG Regression (the Dependent Variable: Number of Months Passed from End of Paid Maternity Leave Until Return to Work)

*Variable	Parameter Estimates				
	DF	Parameter Estimate	Standard Error	t Value	Pr >  t
Intercept	1	53.96826	0.24123	223.72	<.0001
Women who gave birth after the change in law**	1	0.17683	0.10447	1.69	0.0905
Spouse works	1	0.19594	0.10678	1.83	0.0665
Woman worked until the birth	1	-35.75585	0.18329	-195.08	<.0001
Woman's age (vs. ages up to 25)					
25-35	1	5.25816	0.1307	40.23	<.0001
Over 35	1	8.06453	0.17467	46.17	<.0001
No. of children in family not including current birth (vs. no children)					
One child	1	-1.30878	0.11098	-11.79	<.0001
Two children	1	-1.17632	0.12789	-9.2	<.0001
Three children	1	-3.06872	0.17786	-17.25	<.0001
Four and more children	1	-6.0241	0.18126	-33.23	<.0001
Woman's pre-birth salary (versus those making NIS 2000 per month)					
NIS 2,000-4,000	1	-6.85294	0.16697	-41.04	<.0001
NIS 4,000-6,000	1	-13.00181	0.17132	-75.89	<.0001
NIS 6,000-8,000	1	-17.49986	0.18706	-93.55	<.0001
More than NIS 8,000	1	-19.80467	0.18067	-109.62	<.0001

\* A dummy variable that receives a value of 1.

\*\* Extension of maternity leave as of May 2007 from 12 to 14 weeks.

