

60th Anniversary of the National Insurance Institute of Israel: Looking Forward

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The National Insurance Institute of Israel (NII) — a cornerstone of Israel's social security system — plays a major role in fashioning, implementing and maintaining the country's welfare policy. The main goals of this policy are to reduce economic uncertainty and income risks (both short-term and long-term) and to prevent social distress. The National Insurance Law, which was passed 60 years ago, on the 18th of November 1953, expresses a world view of social justice, mutual assistance, respect for others and empathy for those in need. These were the guiding lights behind the establishment of the NII and they remain so today.

The NII provides social insurance for all residents of the state, based on two main principles: the principle of contributory insurance and the principle of universality. This insurance expresses itself in many programmes, in particular the payment of benefits: subsistence allowances and insurance benefits. The type of benefit entitlement and its level are determined through legislation by the government of Israel and the Knesset (Parliament).

The NII budget is funded through statutory contributions, surplus funds invested in government bonds and the state Treasury. As of 2014, the NII income stands at about NIS 76 billion and its expenditure at about NIS 71.5 billion. One of the NII's main tasks is the maintenance of its long-term financial sustainability, that is, its long-term ability to continue paying benefits under conditions of economic and demographic changes. Recent findings show that if appropriate steps are not taken, by 2036 the NII will have a current account deficit, and its income, including that from the surplus fund, will be less than its expenditure. In 2012 an inter-ministerial

1 National Insurance Institute.

committee on the financial stability of the NII published its findings, and these are awaiting discussion by the government.

The underlying principle behind the NII's service policy is that all persons insured in the NII should receive their full entitlements, according to their needs and as laid down in the law, this being the only way to implement a successful social policy.