

SOCIAL SECURITY ORGANISATION (SOCSO), MALAYSIA

Introduction

Social Security Organisation (SOCSO) was established in 1971 with the main function to provide social security protection to employees and their dependants through its various schemes.

SOCSO also carries out accident prevention activities by enhancing safety awareness and implementing occupational health programmes amongst the employers and employees.

Currently, SOCSO has 53 offices nationwide including the Headquarters.

Acts and Regulations

The Employees' Social Security Act 1969 and the Employees' Social Security (General) Regulations 1971 are applicable to all industries having one or more employees.

Employers

Employers are categorised into two categories, namely principal employer and immediate employer.

- **Principal Employer**
An employer who directly employs an employee under a contract of service or apprenticeship. All matters relating to services and payment of wages are handled by them too.
- **Immediate Employer**
An employer who employs an employee by or through him to perform work under the supervision of a principal employer. This includes a person who has a contract of service with an employee and temporarily lends or lease the service of that employee to a principal employer.

Employer's Responsibility

Principal and immediate employers who employ one or more employees are responsible to register and pay contributions to SOCSO. The principal employers are also accountable to ensure the registration and payment of contributions for all employees employed by the immediate employer.

Registration of Employer and Employee

Employer and its employees must be registered with SOCSO not later than 30 days on which the Act becomes applicable to the industry. For the purpose of registration, an employer is required to complete the Employer's Registration Form (Form 1) as well as the Employee's

Registration Form (Form 2). These forms and other relevant documents are to be submitted to SOCSO office.

Employee

An employee must be a Malaysian citizen or a Permanent Resident who is employed for wages by an employer under a contract of service or apprenticeship, whether the contract is expressed or implied, or is oral or in writing, or in connection with the work of an industry to which this Act applies.

Employee's Eligibility

All employees who are employed under a contract of service or apprenticeship in the private sector and contractual / temporary staff of Federal / State Government as well as Federal / State Statutory Bodies need to be registered and insured under SOCSO without being bound by any maximum salary limit. However, the contribution will be capped at monthly remuneration of RM4,000.00.

Amongst the persons exempted from the Employees' Social Security Act 1969 coverage are as follows: -

- Federal and State Government permanent employees
- Domestic servants
- Self-employed (except self-employed taxi, Uber and Grabcar drivers who will be liable under the Self-Employment Social Security Act 2017 effective from 1 June 2017)
- Spouse/s of a sole proprietor or partners
- Foreign workers (covered under Workmen's Compensation Act, 1952 since 1 April 1993).

Contribution

Contribution payable under this Act in respect on an employee shall comprise contributions payable by the employer and employee. The contributions shall fall into the following two categories namely:

- **Contributions of First Category**

Contributions payable by or on behalf of the employees insured against the contingencies of invalidity and employment injury.

The rates of contribution under this category consist of 1.75% employer's share and 0.5% employee's monthly wages.

Note:

All employees who have not attained 60 years of age are required to contribute under the first category, except those who have attained 55 years of age and have made no prior contributions before they reach 55 years.

Contributions of Second Category

Contributions payable by or on behalf of the employees insured only against the contingency of employment injury.

The rate of contribution under this category is only 1.25% of the employee's monthly wages solely borne by the employer.

All employees who have attained the age of 60 are required to contribute under second category.

Note:

An employee who has attained 55 years of age in respect of whom no contributions are payable before attaining 55 years is required to contribute under the second category.

Payment of Contribution

Payment of contributions can be made through:

- i. Online payment via Financial Process Exchange (FPX) portal
- ii. Internet Banking
- iii. Collection Agent Counter
- iv. SOCSO Office Counter

- **Time of Payment of Contributions**

Contributions payable for any month shall be paid not later than 15th of the succeeding month (eg. contributions for June 2016 must be paid not later than 15 July 2016).

SOCIAL SECURITY SCHEMES

SOCISO provides two social security protection schemes, namely the Employment Injury Scheme and Invalidity Scheme.

EMPLOYMENT INJURY SCHEME

Employment Injury Scheme provides protection to an employee against accident or an occupational disease arising out of his employment.

The protection under this scheme covers the following accidents:

i. Industrial accidents while carrying out their duties;

ii. Accidents while travelling;

- On a route between his place of residence or stay and his place of work
- On a journey made for any reason which is directly connected to his employment
- On a journey between his place of work and the place where he takes his meal during any authorized recess

Note:-

An accident that occurs during any interruption or deviation shall not be deemed to arise out of and in the course of his employment.

iii. Accident during emergency;

An accident happening to an employee while he is in or near any premises at which he is being employed and it occurs while assisting, rescuing or protecting other people from disaster or danger during an emergency.

iv. Occupational diseases

Diseases resulted from his occupation as described in the Fifth Schedule of Employees' Social Security Act 1969. Amongst the occupational diseases includes:-

- Loss of hearing due to continuous excessive noise exposure.
- Occupational asthma due to work involving constant exposure to the inhalation of dust or harmful chemical and *etc.*

Benefits Under The Employment Injury Scheme

- Medical Benefit
- Temporary Disablement Benefit
- Permanent Disablement Benefit
- Constant-attendance Allowance
- Facilities for Physical or Vocational Rehabilitation
- Dependants' Benefit
- Funeral Benefit
- Education Benefit

Medical Benefit

Employees suffering from employment injuries or occupational diseases may receive free medical treatment at SOCSO's panel clinic or Government clinic / hospital until they are fully recovered.

For serious injuries, medical care may be obtained from the Government hospital and the employee is eligible for second class ward treatment. Specialist treatment will be provided, if required.

Temporary Disablement Benefit

- **Period of Temporary Disablement**

Temporary Disablement Benefit is paid for the period the employee is on medical leave certified by a doctor for not less than four (4) days including the day of accident. However, Temporary Disablement Benefit will **NOT** be paid for the days for which the employee works and earns wages during this period.

- **Rate of Temporary Disablement Benefit**

The daily rate of Temporary Disablement Benefit is 80% of the employee's average assumed daily wage. The minimum rate is RM30.00 per day while the maximum rate is RM105.33 per day.

Permanent Disablement Benefit

Permanent Disablement is defined as a permanent disability due to employment injury that reduces employee's ability to perform his duties.

Rate of Permanent Disablement Benefit

The daily rate of Permanent Disablement Benefit is 90% of the employee's average assumed daily wage, subject to a minimum of RM30.00 per day or a maximum of RM118.50 per day.

Constant-attendance Allowance

This allowance is paid to an employee who is suffering from permanent total disablement and is so severely incapacitated as to constantly require the personal attendance of another person, certified by the Medical Board or Special Medical Board or the Appellate Medical Board. The allowance is fixed at RM500 per month.

Facilities for Physical or Vocational Rehabilitation

These facilities are given to eligible employees in the form of:

i. Physical rehabilitation that includes:

- Physiotherapy
- Occupational therapy
- Reconstructive surgery
- Supply of prosthetics, orthotics and other appliances
- Supply of orthopaedics apparatus such as wheelchair, crutches, hearing aid, spectacles, special shoes and others

ii. Vocational rehabilitation includes:

Training in courses such as electrical, sewing, radio / TV repair, typing, secretarial and others.

All expenses incurred for the above rehabilitation facilities will be borne by SOCSO based on stipulated rates, terms and conditions.

Dependants' Benefit

If an employee dies as a result of an employment injury, his dependants are entitled to this benefit.

• Rate of Daily Benefit to Be Paid

Daily rate is 90% of the average assumed daily wage subject to a minimum of RM30.00 per day and a maximum of RM118.50.

Funeral Benefit

Funeral Benefit will be paid to the eligible person as prescribed in the Act, if the employee dies as a result of employment injury or while he/she is in receipt of disablement benefit. In the absence of such person, the benefit will be paid to the person who actually incurs the funeral expenditure.

The amount paid will be the actual amount incurred or RM2,000 whichever is lower.

Education Benefit

This benefit is in the form of loans, which may be provided to a dependent child of an insured person who: -

- Dies as a result of employment injury
- Is in receipt of periodical payments of permanent disablement benefit.

Note:

Application is subject to terms and conditions specified by SOCSO.

INVALIDITY SCHEME

An insured person shall be considered as suffering from invalidity by reason of specific morbid condition of permanent nature either incurable or is not likely to be cured and no longer capable of earning, by work corresponding to his strength and physical ability, at least one-third (1/3) of the customary earnings of a sound insured person.

The scheme provides 24-hour coverage to employee who suffers from invalidity or death due to any cause and not related to his employment, has not attained 60 years of age and fulfils the full / reduced qualifying period.

Benefits Under Invalidity Scheme

- Invalidity Pension
- Invalidity Grant
- Constant-attendance Allowance
- Survivors' Pension
- Funeral Benefit
- Facilities for Physical or Vocational Rehabilitation and Dialysis
- Education Benefit

Invalidity Pension

This Invalidity Pension is:

- payable to the eligible insured persons who have been certified invalid by the Medical Board or the Appellate Medical Board
- payable from the date Notice of Invalidity is received or from the employee's resignation date if he/she resigns after the notice of invalidity is received by Organisation
- payable as long as the employee is invalid or until death
- replaced by Survivors' Pension if the Invalidity Pension recipient dies, regardless of his age.

- **Invalidity Pension Rate**

The rate of invalidity pension for full qualifying period is from 50% to 65% of the average of assumed monthly wage subject to a minimum pension of RM475 per month. The insured persons are entitled to receive a pension at the rate of 50% of their average of assumed monthly wage, increased by 1% for every 12 months' contributions that are paid in excess of the first 24 months. Provided that the rate of monthly pension shall not in any case exceed 65%.

- The rate of invalidity pension for reduced qualifying period is 50% of the average of assumed monthly wage subject to a minimum pension of RM475 per month

Invalidity Grant

Invalidity Grant is payable to the eligible Insured Persons who have been certified invalid by the Medical Board or the Appellate Medical Board but not eligible for invalidity pension due to failure to complete any of the qualifying conditions but has paid a minimum of 12 monthly contributions.

The amount for Invalidity Grant is equivalent to the contributions paid in respect of him together with interest at the rate specified in the regulations. It is a one-time lump sum payment.

Constant-attendance Allowance

This allowance is paid to an employee who is suffering from invalidity and is so severely incapacitated as to constantly require the personal attendance of another person, certified by the Medical Board or Special Medical Board or the Appellate Medical Board. The allowance is fixed at RM500 per month.

Facilities for Physical or Vocational Rehabilitation and Dialysis

Amongst the facilities provided are:

- i. Physical rehabilitation includes:
 - Physiotherapy
 - Occupational therapy
 - Reconstructive surgery
 - Supply of prosthetics, orthotics and other appliances
 - Supply of orthopaedics apparatus such as wheelchair, crutches, hearing aid, spectacles, special shoes and others.

- ii. Vocational rehabilitation includes:

Training in courses such as electrical, sewing, radio / TV repair, typing, secretarial and others.

- iii. Dialysis facilities for insured persons suffering from chronic renal failure includes:
- Haemodialysis treatment at SOCSO's panel and non-panel dialysis centre or Government Hospitals
 - Continuous Ambulatory Peritoneal Dialysis (CAPD)
 - Subsidy for Erythropoietin (EPO) injection
 - Subsidy for Immunosuppressant medicine
 - Payment for Arteriovenous (AV) Fistulae surgery.

All expenses incurred for the above rehabilitation facilities will be borne by SOCSO based on stipulated rates, terms and conditions.

Survivors' Pension

Survivors' Pension is payable to the eligible dependants of an insured person who dies irrespective of the cause of death, or not related to employment.

- **Survivors' Pension Rate**

The rate of Survivors' Pension for full qualifying period is from 50% to 65% of the average of assumed monthly wage subject to a minimum pension of RM475 per month. The dependants are entitled to receive a pension at the rate of 50% of the Insured Persons average of assumed monthly wage, increased by 1% for every 12 months' contributions that are paid in excess of the first 24 months. Provided that the rate of monthly pension shall not in any case exceed 65%.

- The rate of Survivors' Pension for reduced qualifying period is 50% of the average of assumed monthly wage subject to a minimum pension of RM475 per month

Funeral Benefit

Funeral Benefit will be paid to the eligible person as prescribed in the Act, if the employee dies due to any cause. In the absence of such person, the benefit will be paid to the person who actually incurs the expenditure. The amount paid will be the actual amount incurred or RM2,000 whichever is lower.

Education Benefit

This benefit is in the form of loans or scholarships, that may be provided to a dependent child of an insured person who:

- dies whilst in receipt of Invalidity Pension
- dies before attaining the age of 60 years but has completed a full or a reduced qualifying period
- is in receipt of Invalidity Pension.

Note:

Application is subject to terms and conditions specified by SOCSO.

Return to Work Programme

The Return to Work Programme was introduced in the year 2007. This rehabilitation programme applies a systematic case management methodology in assisting insured persons who suffer from disablement or invalidity to return to work.

Participation Criteria for the Programme

This programme may be provided to insured person who:

- suffers from employment injury and is receiving temporary disablement benefit
- is receiving permanent disablement benefit and has been recommended to undergo rehabilitation by the Medical Board, Special Medical Board and the Appellate Medical Board
- is 50 years of age or below and who has **NOT** been certified invalid but has been recommended to undergo this programme by the Medical Board, Special Medical Board and the Appellate Medical Board
- is 40 years of age or below and who has been certified invalid but are still interested / capable to return to work.

Note:

All information regarding SOCSO is available at <http://www.perkeso.gov.my/>

Other Facilities

Tun Razak Rehabilitation Centre

The centre supports the Return to Work Programme by providing comprehensive facilities to referred insured persons until they are back on their feet, return to the working world and actively contribute to the socio-economic development of their families, communities and country.

Health Screening Programme

The Health Screening Programme (HSP) is a free health screening offered to all insured persons who are 40 years of age and above and actively contributing to SOCSO.

The objectives of this programme are to:

- identify high-risk groups of employees with Non-Communicable Diseases and to cultivate a healthy lifestyle
- detect Non-Communicable Diseases in the early stage
- to prevent the reduction or loss of income due to Non-Communicable Diseases

Health Screening Programme vouchers will be distributed to all eligible insured persons through their respective employers. The insured persons will be able to go to any registered HSP Panel clinics for screening.

Amongst the screening facilities provided are:

- Physical examination
- Blood test
- Mammogram
- Pap smear
- Report analysis
- Relevant consultation services

Note:

All information regarding the health screening programme is available at <http://sehat.perkeso.gov.my/>

SELF-EMPLOYMENT SOCIAL SECURITY ACT 2017

The Self-Employed Employment Injury Scheme for self-employed taxi drivers or individuals carrying out similar services took effect on 1 June 2017. This social protection was accorded under the provisions of the Self-Employment Social Security Act 2017.

The duration of protection is 12 months from the date and time the contribution is paid and validated by the payment receipt.

Self-Employed Employment Injury Scheme

SOCSSO provides protection scheme for self-employed taxi drivers or individuals carrying out similar services under the Self-Employment Social Security Scheme.

This Scheme provides protection to self-employed insured persons from employment injuries including occupational diseases and accidents during work-related activities.

This Scheme also provides cash benefits to taxi drivers and their dependants, in addition to medical care, physical rehabilitation and vocational training.

Benefits under the Scheme

- * Medical Benefit
- * Temporary Disablement Benefit
- * Permanent Disablement Benefit
- * Constant-attendance Allowance
- * Dependants' Benefit
- * Funeral Benefit
- * Education Benefit
- * Facilities for Physical and Vocational Rehabilitation and
- * Return to Work Programme (RTW)

EMPLOYMENT INSURANCE SYSTEM 2017

Background

The Employment Insurance System (EIS) was implemented in January 2018 as a social security net aimed at helping workers who lost their jobs by providing financial assistance and helping them find new jobs.

Objective

- Provide immediate financial assistance (7 days after job loss confirmation)
- Assist contributors who lost their jobs to get new jobs through job relocation programme including mobility assistance
- Increase employability of contributors who lost their jobs through training and vocational programmes.

Coverage and Contributions Rate

Coverage

- All employers who have one or more employees
- All private sector workers regardless of their salaries - subject to insured wage ceiling of RM4,000

Qualifying Condition

- Loss of employment (EXCEPT for voluntarily resigning from the job, employment contract expires, termination due to employee misconduct and retirement)
- Claims requires a minimum of 12 months' contributions within 24-month period prior to the loss of employment month

Contribution Rate

Employers: 0.2%, Employees: 0.2%

Benefit of EIS

- Job Placement and Counselling
- Job Search Allowance
- Early Re-employment Allowance
- Training Allowance
- Training Fee
- Reduced Income Allowance