

Understanding the Relationship between the Public Institute for Social Security and the Manpower and Government Restructuring Program

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Essentially the agency is funded through payments from both the employer and the employee. Under law NO. 61. of 1976 (the “Social Insurance Law”), the employer must register its new employee within 10 days of employment. Upon registration, the employee and the employer are to pay a certain percentage of the employee salary into the PIFFS fund.

In addition to the PIFSS system, Kuwait has also created the Manpower and Government Restructuring program (“MGRP”) to ensure the continued welfare for citizen employed in the private sector. The MGRP essentially provides a citizen with a monthly supplement to his or her salary and the amount depends on the educational background of the citizen: the higher the education, the higher the supplement.

As disused above, the employer is obligated to register the employee with PIFFS; however the same is not true for the MGRP. In fact, it is the Employees responsibility to register himself, or herself, with the MGRP.

Although the employer may fail to register the employee, the social insurance Law provides an avenue to the employee to register himself or herself with PIFFS in the event the employer fails to do so. Thus, the employee cannot claim that due to the employer’s failure to register he or she with PIFFS has detrimentally affected his/her entitlements under the MGRP program.

It should be worth noting that larger companies, though required to register an employee within 10 days of employment, do so periodically throughout the year for efficiency purposes. The employer, who files a late registration, pays a nominal fee.

Given this common practice, an awareness campaign should be considered for the employees of a company to inform them of the employee’s right to register themselves with PIFFS so to avoid any possible delay to MGRP benefits. Lastly, to a certain extent, an employee is able to retroactively register himself with PIFFS and thus receive retroactive payments from MGRP; however, there are deadlines which must be followed.