

Legal Regulation of the Lump-Sum Compensation in the Jordanian Social Security Law

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Abstract: This study aimed to explain the legal regulation of the lump-sum compensation in the Jordanian Social Security Law by analyzing its concept, legal nature, eligibility conditions, and legal effects. The study problem focused on how successful the Jordanian legislator was in organizing this compensation to achieve legal protection for the insured person without harming the philosophy of social security based on sustainability and solidarity. The study used descriptive and critical methods to study the relevant legal texts.

The importance of this study comes from its direct connection to the application of Jordanian social security texts related to lump-sum compensation. This study helps clarify the scope of these texts and explains pension and future rights. The study concluded that the lump-sum compensation is an exceptional insurance benefit created by the Jordanian legislator to prevent the loss of the insured person's rights. It also showed that this compensation has legal effects, which include the end of pension rights for the periods that were paid.

INTRODUCTION

Social security is one of the main pillars of the social protection system in modern countries. It plays a vital role in securing individuals against social and economic risks that may face their career or daily life, such as disability, old age, death, and end of service. The Jordanian legislator has given the social security system special attention, realizing the importance of this system in achieving

social and economic stability and strengthening the principle of solidarity between members of society. ¹

In organizing the insurance benefits provided by the Jordanian Social Security Law, the legislator approved the lump-sum compensation as one of the exceptional benefits granted to the insured person or their beneficiaries if they do not meet the conditions for receiving a pension. This compensation is a legal mechanism that aims to enable the insured person to benefit from their social security contributions instead of losing them. However, using it raises many legal and social issues because of its future effects on the insured person's position and their right to long-term insurance protection. ²

The importance of this research lies in studying the legal regulation of lump-sum compensation in the Jordanian Social Security Law by analyzing the relevant legal texts and explaining the conditions for receiving this compensation and its legal and social effects, as well as how much it matches the philosophy and goals of social security. ³

RESEARCH PROBLEM:

This study examines the topic of lump-sum compensation in the Jordanian Social Security Law because of the legal effects it has on the rights and legal position of the insured person. Therefore, the research problem is the following question:

To what extent does Jordanian legislation succeed in organizing lump-sum compensation to achieve legal protection for the insured person without harming the goals of the social security system based on sustainability and social solidarity?

STUDY QUESTIONS:

1. What is meant by lump-sum compensation, and what is its legal nature?
2. What is the legal basis used by the Jordanian legislator to organize this compensation?
3. What are the conditions and effects of receiving lump-sum compensation in the Jordanian Social Security Law?

RESEARCH IMPORTANCE:

The importance of the research is in addressing a practical topic that affects many insured people. It helps clarify the legal effects of using lump-sum compensation, which helps increase legal awareness among workers and decision-makers.

RESEARCH OBJECTIVES:

1. Explaining the concept of lump-sum compensation and its legal nature.
2. Analyzing the legal texts that organized lump-sum compensation in Jordanian legislation.

3. Clarifying the conditions and effects of receiving lump-sum compensation, the cases where it is paid, and the legal results of this payment.

RESEARCH METHODOLOGY:

The researcher used the descriptive method to describe the legal texts and basic concepts related to lump-sum compensation, and the analytical method to analyze the texts of the Jordanian Social Security Law.

PREVIOUS STUDIES:

First: Study by Abu Al-Heija, Muhammad Ali (Social Law and Social Security, Dar Wael for Publishing, Amman). This study examined the social security system from a general legal perspective. Where the author addressed the theoretical and legal foundations of social security and the types of insurance benefits provided by the system, including pension benefits and various compensations. The author mentioned lump-sum compensation as one of the exceptional insurance benefits, but his discussion was brief without expanding on its eligibility conditions or its legal and social effects. This is where our study differs, as it expands on the eligibility conditions and legal effects of lump-sum compensation.

Second: Study by Abdullah, Ahmed Muhammad (Social Security: A Comparative Legal Study, Dar Al-Thaqafa for Publishing and Distribution, Amman). This study aimed to explain the legal system of social security by comparing different Arab legislations. It focused on the similarities and differences in organizing insurance benefits, especially retirement and old age. Lump-sum compensation was mentioned within the context of the comparison. This study differs because it focuses independently on Jordanian legislation.

RESEARCH PLAN:

SECTION ONE: THE NATURE OF LUMP-SUM COMPENSATION IN THE SOCIAL SECURITY LAW.

- First Requirement: The concept of lump-sum compensation.
- Second Requirement: The legal basis for lump-sum compensation.

SECTION TWO: ELIGIBILITY CONDITIONS FOR LUMP-SUM COMPENSATION AND ITS LEGAL EFFECTS.

- First Requirement: Eligibility conditions for lump-sum compensation.
- Second Requirement: Legal effects of lump-sum compensation.

SECTION ONE

THE NATURE OF LUMP-SUM COMPENSATION IN THE SOCIAL SECURITY LAW

Lump-sum compensation is considered a legal concept of special importance within the social security system, as it is directly linked to the rights of the insured person and their legal position when their insurance relationship ends. This concept gains its importance from the fact that it represents a legislative exception to the general rule of the social security system which aims to provide a regular and sustainable pension income that ensures a decent standard of living for the insured person upon the end of their service or the occurrence of risks such as old age, disability, or death.⁵

Lump-sum compensation is seen as a legal mechanism created by the legislator to achieve the principle of not losing the insured person's rights, particularly in cases where service ends without meeting the conditions for receiving a pension. However, although this compensation provides an immediate benefit to the insured person, it raises multiple legal issues regarding its nature, effects, and how much it matches the social security philosophy based on solidarity and sustainability.⁶

This topic gains double importance in Jordanian legislation, where the legislator organized the lump-sum compensation within the texts of the Social Security Law and the regulations issued under it. As the legislator defined the cases of eligibility, the calculation mechanism, and the effects of its payment. Through this regulation, the legislator aimed to balance the individual interest of the insured person in getting back their contributions and the public interest in maintaining the financial stability of the Social Security Fund and preventing the drain of its resources.⁷

Based on the above, this section discusses the nature of lump-sum compensation in the Jordanian Social Security Law through two requirements. The first requirement explains the concept of lump-sum compensation and its legal nature. The second requirement defines the legal basis for its regulation in Jordanian legislation, as a preparation for studying the eligibility conditions and legal effects in the following section.⁸

FIRST REQUIREMENT

THE CONCEPT OF LUMP-SUM COMPENSATION

Lump-sum compensation is one of the insurance benefits decided by the legislator within the social security system. It means a single lump-sum amount of money paid to the insured person or their beneficiaries in exchange for their social security contribution periods. This happens when specific cases stated by the law occur, which prevent the person from meeting the conditions to receive a pension. Therefore, the study will discuss the concept of lump-sum compensation in legal jurisprudence.⁹

FIRST SUBSECTION

THE CONCEPT OF LUMP-SUM COMPENSATION IN LEGAL JURISPRUDENCE

Legal jurisprudence discusses lump-sum compensation as an exceptional form of social protection. One part of jurisprudence believes this compensation represents social justice, as it prevents the loss of the insured person's contributions, especially when they leave the labor market without a realistic hope of completing the retirement conditions.¹⁰

Another legal opinion considers lump-sum compensation a necessary legislative solution used when it is impossible to achieve the original goal of social security, which is providing a regular pension income. These experts emphasize that expanding the payment of this compensation might weaken the social dimension of the insurance system.¹¹

Another opinion sees it as a legal tool which helps the insured person get back the money from their social security payments if their insurance ends before they meet the retirement rules resulting in legal effects on the person's future legal position.¹²

Based on legal literature and studies, the researcher believes that the lump-sum compensation can be defined as an exceptional insurance benefit provided by the Social Security Law. It is a one-time payment given to the insured person or their beneficiaries for their periods of contributions in the system when they do not meet the conditions for a pension and by receiving this payment ends all pension rights for those periods.

SECOND SUBSECTION

THE CONCEPT OF LUMP-SUM COMPENSATION IN JORDANIAN LEGISLATION

The Jordanian legislator did not provide a direct or complete definition for lump-sum compensation. However, its meaning can be understood from the texts of the Social Security Law and the regulations issued under it, especially the Insurance Benefits Regulation. It is clear that this compensation is paid in specific cases, such as the end of the insured person's service without completing retirement conditions, death, or disability without having the required contribution period.¹³

Based on these texts, the researcher defines lump-sum compensation legislatively as:

A financial insurance benefit paid once to the insured person or their beneficiaries as compensation for social security contribution periods when retirement conditions are not met. Paying this amount means the right to claim any pension benefits for those periods is over.

SECOND REQUIREMENT

THE LEGAL BASIS FOR ORGANIZING LUMP-SUM COMPENSATION IN THE JORDANIAN SOCIAL SECURITY LAW

The organization of lump-sum compensation in the Jordanian Social Security Law is based on legal foundations. These foundations show the legislator's goal

to balance protecting the rights of the insured person and keeping the insurance and solidarity nature of the social security system. This legal basis appears in clear legislative texts, general legal principles, and legal studies that helped shape the rules for this compensation.

FIRST SUBSECTION

THE LEGISLATIVE BASIS FOR LUMP-SUM COMPENSATION

The Jordanian Social Security Law is the direct legal basis for organizing lump-sum compensation. The legislator included this compensation under the insurance benefits section. The law defines the cases where the insured person or their beneficiaries deserve the compensation, its conditions, and its legal effects.

The legal texts show that the legislator did not create lump-sum compensation as a primary benefit. Instead, it is an exceptional legal solution used when retirement conditions are not met to prevent the loss of the insured person's rights from their contributions in social security. This system is completed by regulations and instructions issued under the law, especially the Insurance Benefits Regulation, which defines how to calculate the compensation and its procedures.¹⁴

SECOND SUBSECTION

THE CONSTITUTIONAL BASIS FOR ORGANIZING THE LUMP-SUM PAYMENT

The organization of lump-sum compensation is based on general legal principles with a constitutional nature. The most important principles are social justice and the protection of acquired rights. These are principles that the Jordanian legislator works hard to include these principles in social laws.

Giving the insured person compensation for their contributions when their relationship with the insurance system ends is an application of the principle of protecting acquired financial rights. It prevents the administration from benefiting at the expense of the insured person without a legal reason. Also, this regulation shows the state's commitment to its social role in protecting individuals from economic and social risks. This matches the philosophy of social security as a tool for the modern state to achieve social stability.¹⁵

THIRD SUBSECTION

THE INSURANCE BASIS FOR LUMP-SUM COMPENSATION

The social security system is based on the idea of compulsory social insurance. It aims to provide a regular income for the insured person when risks happen. However, lump-sum compensation is an exception to this rule.

Legal experts believe the insurance basis for this compensation is that it acts as an alternative benefit. It is given when it is impossible to benefit from the system in the long term with affirming that this compensation ends the insurance

relationship for the periods that were paid to keep the financial balance of the system.¹⁶

In contrast, recent legal studies confirm that expanding the use of lump-sum compensation may weaken long-term social protection. This requires organizing it with clear texts and strict rules. The Jordanian legislator tried to do this by limiting the cases where it is paid instead of making it open to everyone.¹

Therefore, the researcher believes that the legal basis for organizing lump-sum compensation in the Jordanian Social Security Law is built on integrated legislative, constitutional, insurance, and legal pillars which collaboratively aim to ensure that the insured person's rights are not lost, while keeping the social security philosophy based on sustainability and social solidarity.

SECTION TWO

CONDITIONS FOR RECEIVING LUMP-SUM COMPENSATION AND ITS LEGAL AND SOCIAL EFFECTS

Lump-sum compensation is an insurance benefit that the Jordanian legislator surrounded with many conditions and rules. This is because paying it has legal effects on the core of insurance protection in the social security system. Since this compensation is an exception to the general rule of the pension, its eligibility is only achieved when specific conditions are met as stated by the law and the regulations issued under it. This achieves a balance between the individual interest of the insured person and the requirements for the sustainability of the insurance system. Therefore, this section addresses the conditions for lump-sum compensation eligibility and then highlights the legal effects of its payment..

FIRST REQUIREMENT

ELIGIBILITY CONDITIONS FOR LUMP-SUM COMPENSATION

The Jordanian legislator organized the conditions for receiving lump-sum compensation in the Social Security Law and its amendments, as well as the Insurance Benefits Regulation. These conditions are specific and limited to emphasize the exceptional nature of this compensation. The conditions are as follows:

FIRST SUBSECTION

ENDING THE INSURED PERSON'S SERVICE WITHOUT MEETING PENSION CONDITIONS

To receive lump-sum compensation, the insured person's service must end before they complete the minimum contribution periods required for a pension, whether it is early retirement or old-age retirement. This means the compensation is not paid if pension conditions are met, as the pension remains the primary goal of the social security system.

This condition shows the legislator's care not to lose the retirement purpose of the system and to prevent the lump-sum compensation from becoming a permanent alternative to a pension.¹⁷

SECOND SUBSECTION

CASES STATED BY LAW

Ending service is not enough to get the lump-sum compensation. One of the cases defined by law must happen, most importantly:

1. Reaching retirement age without completing the legal contribution period.
2. Death of the insured person without qualifying for a pension, which is then paid to the beneficiaries.
3. Total or partial disability without meeting the conditions for a disability pension.

The legislator limited the compensation to these cases because it is very difficult or impossible to complete the contribution period, which makes this exceptional solution necessary.¹⁸

THIRD SUBSECTION

SUBMITTING AN OFFICIAL APPLICATION TO THE SOCIAL SECURITY CORPORATION

The law requires the insured person or their beneficiaries to submit an official application to the Social Security Corporation to get the lump-sum compensation. This must follow the steps and dates set by the Insurance Benefits Regulation.

This is a procedural condition. The compensation is not paid automatically. There must be a clear request showing the person wants to change their possible future pension into a single payment.¹⁹

FOURTH SUBSECTION

NO COMBINING LUMP-SUM COMPENSATION WITH PENSION BENEFITS FOR THE SAME PERIODS

One of the essential conditions established by the legislator is that it is not allowed to combine the lump-sum compensation with any pension salary or benefit for the same periods. The payment of the compensation results in the final termination of the insurance relationship for those periods.

This condition is an application of the principle of non-duplication of insurance benefits and ensures fairness among the insured persons.²⁰

SECOND REQUIREMENT

LEGAL EFFECTS OF LUMP-SUM COMPENSATION

The payment of the lump-sum compensation results in important legal effects that affect the legal status of the insured person. These effects influence their insurance rights and their relationship with the Social Security Corporation. The Jordanian legislator organized these effects within a legal framework to achieve stability and prevent duplicate benefits. This matches the philosophy of the social security system based on sustainability and solidarity.

FIRST SUBSECTION

EXTINCTION OF THE INSURANCE RIGHTS FOR THE PAID CONTRIBUTION PERIODS

The extinction of pension rights constitutes the fundamental legal effect resulting from the payment of the lump-sum compensation. Upon receipt of such compensation, the insured forfeits the right to claim any insurance or pension benefit for the contribution periods in respect of which the compensation has been paid, whether in the form of a pension salary or any alternative benefit. This effect arises directly from the legal provisions prohibiting the combination of lump-sum compensation and any pension entitlement for the same period.²

This effect is based on the legal nature of lump-sum compensation as a final lump-sum payment that replaces periodic insurance benefits and completely closes the insured person's legal position for those periods. Legal jurisprudence has confirmed that the payment of this compensation is a final settlement that cannot be reversed, in order to protect the principle of legal stability and the proper management of social security funds.³

The jurisprudence of the Jordanian Court of Cassation has settled on this trend, as it has decided in many of its rulings that the insured person's receipt of lump-sum compensation results in the forfeiture of their right to claim any insurance or pension benefits for the periods covered by the compensation, considering that this compensation is a final settlement of those rights.²¹

SECOND SUBSECTION

THE LEGAL EFFECT OF LUMP-SUM COMPENSATION ON THE LEGAL POSITION OF THE INSURED PERSON

The payment of lump-sum compensation leads to a change in the legal position of the insured person towards the Social Security Corporation, as it shifts from a potential legal position for receiving a pension to a closed legal position regarding the paid contribution periods. This results in the final termination of the insurance relationship for those periods.²²

This means that after receiving the compensation, the insured person no longer enjoys any future rights linked to those periods, and they are not legally allowed to claim their recalculation or addition later for any retirement purpose. This effect is a requirement for legal stability and to prevent fraud or double benefit from insurance advantages.²³

THIRD SUBSECTION

THE INDEPENDENCE OF SUBSEQUENT PERIODS AND THE POSSIBILITY OF RE-INCLUSION IN SOCIAL SECURITY

Despite the final legal effects of lump-sum compensation, this compensation does not prevent the re-inclusion of the insured person under the provisions of social security for subsequent periods, if they join a new job subject to the provisions of the law and the legal inclusion conditions are met. This right is a representation of the principle of comprehensive social protection.²⁴

However, the new insurance relationship is completely independent of the previous relationship that was settled with the lump-sum compensation. It is not legally allowed to link or combine the previous and subsequent periods. Future insurance rights are calculated only for the new contribution periods, without any effect from the periods for which compensation was previously paid.¹

The researcher believes that the lump-sum compensation produces specific legal effects. These include ending pension rights for the periods paid and changing the legal status of the insured person. However, the person can still join the social security system again in the future under a new legal relationship which confirmed by the texts of Jordanian legislation.

CONCLUSION

This study examined the legal regulation of lump-sum compensation in the Jordanian Social Security Law. It is considered an exceptional insurance benefit created by the legislator for insured persons whose insurance relationship ends without meeting the pension requirements. The study analyzed the concept and legal nature of this compensation, its eligibility conditions, and its legal and social effects.

The study also concluded that the Jordanian legislator successfully organized the lump-sum compensation as an exceptional option used only in specific cases. This protects the social security philosophy based on sustainability and social solidarity. The study also showed that while this compensation provides immediate benefits to the insured person, it may lead to negative long-term results, such as losing long-term insurance protection and facing future economic and social risks.

Despite the clear legal framework for lump-sum compensation, practical application shows an urgent need to increase legal awareness among insured persons. It also suggests reviewing some regulatory aspects to achieve a better balance between individual interests and the requirements of the insurance system as a whole.

STUDY RESULTS AND RECOMMENDATIONS

RESULTS

1. The lump-sum compensation in the Jordanian Social Security Law is an exceptional insurance benefit. It does not represent the general rule of the pension system, but it was created to prevent the loss of the insured person's rights when they do not meet the retirement conditions.

2. Jordanian legislation does not provide a clear definition of lump-sum compensation. It only organizes it by defining the cases, eligibility conditions, and legal effects.

3. The Jordanian legislator restricted the eligibility for lump-sum compensation with specific conditions to maintain the sustainability of the social security system and to achieve a balance between individual interest and public interest.

4. The payment of the lump-sum compensation results in significant legal effects, most notably the expiration of the right to claim pension benefits for the contribution periods that were paid.

RECOMMENDATIONS

1. Enhancing legal awareness and the need for the Social Security Corporation to increase awareness campaigns and legal guidance for insured persons.

2. The study recommends restricting the use of lump-sum compensation and reviewing some eligibility cases to limit the excessive payment of the compensation.

3. The study recommends introducing legislative amendments that provide more flexible alternatives, such as combining contribution periods or purchasing additional periods, instead of directly using the lump-sum compensation.

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