

Social security as an insurance mechanism for individuals in Algerian society

Said Feitas ^{1 *}

¹ Phd student, Family and Society, Faculty of Humanities and Social Sciences, Batna 1 University, Abbas Laghrou University, Khenchela, Email: Fetassaid2@gmail.com

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Abstract:

This study explores the role and importance of social security systems in providing financial protection and social stability to individuals facing various social and economic risks, including unemployment, disability, illness, and old age. Social security ensures economic well-being through benefits such as pensions, healthcare, and unemployment assistance, contributing to poverty reduction and social justice. The research highlights the critical role of social insurance mechanisms in modern societies, emphasizing the need for their improvement to address emerging challenges. Key findings indicate that social insurance is essential for societal resilience, while recommendations focus on strengthening and expanding social support programs. The study stresses the need for further development in retirement programs and social inclusion efforts.

Keywords : Social security, Social insurance, Financial protection, Social stability.

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1. Introduction :

Social security is one of the essential tools used by governments to provide a safety net through financial support and healthcare services for individuals facing various risks. It ensures financial stability for individuals and families during periods of income loss or inability to work. By doing so, social security helps reduce social inequality and improves the overall quality of life within communities. The system is typically funded through mandatory contributions from individuals and employers. These collected funds are then allocated to eligible beneficiaries in the form of assistance or pensions. As a cornerstone of state policies, social security aims to ensure individual stability and protect rights during challenging times. The concept revolves around providing a safety net wherein individuals make regular

* Corresponding author

financial contributions, which are later utilized to offer aid in times of need. The benefits provided by social security include pensions, support allowances for widows, and financial assistance for low-income families, among other provisions. This system seeks to promote social justice by offering economic protection, particularly in countries undergoing significant economic transitions or financial crises. It also reduces financial stress on poor and vulnerable families, thereby fostering greater social cohesion within the broader community. For families, social security plays a vital role in maintaining financial stability and ensuring a decent standard of living. It supports individuals and households in overcoming economic challenges, serving as a foundational element of social policies in many nations. The benefits extend beyond retirement pensions to include widow allowances and financial aid for households with limited income.

Social security not only improves living conditions but also helps reduce poverty and strengthen societal stability. It is a crucial subject for both individuals and society as a whole, as it provides the stability and assurance often absent without such systems. It addresses a wide range of risks that individuals face, driving them to seek available means of protection. The mechanisms of social security are based on specific criteria and conditions to identify the rightful beneficiaries of financial support. In essence, social security is a system designed to assist and protect the most vulnerable groups in society, including the elderly, the unemployed, and individuals with special needs. It achieves this through financial support and social services that help people navigate economic crises and attain social stability. Programs such as pensions, compensation, and emergency assistance contribute significantly to poverty reduction and the promotion of social justice. This highlights the vital role of social security in enhancing service quality, improving citizens' quality of life, and fostering social cohesion within families, thus providing a sense of security.

Research Question : Based on the above discussion, the following question can be asked :
To what extent does social security, through social insurance, contribute to the social protection of individuals ?

Importance and Objectives of the Study : This study aims to:

- Highlight the necessity of research, particularly as social security has become a tool for progress and social transformation.
- Emphasize its significant role in the lives of individuals.
- Provide a clear understanding of social security.
- Explore its mechanisms and ongoing efforts towards improvement.
- Enhance the level of social services.
- Offer benefits to subscribers and insured individuals.

- Understand the importance and role of social security and its funds in economic life.

Motivations for Choosing the Topic : The motivations for selecting this topic are categorized into personal and objective factors :

- A strong interest in the field of social security.
- Its direct relevance to our professional lives.
- The connection between the topic and our current profession, as well as our area of interest.
- The significant role social security plays in various professional domains.
- The relevance of this topic to ongoing developments in professional systems.

2. General Concepts of the Study :

Social security is one of the forms of social protection enshrined in international treaties and constitutions. It aims to grant a special status to beneficiaries by addressing their needs through various forms of support. As a fundamental human need, social security is considered a basic human right that should be fulfilled for every individual (*Universal Declaration of Human Rights, Article 22*).

This section delves into the key concepts surrounding insurance, social security, and social insurance, exploring them both linguistically and terminologically. The first section focuses on the definition of insurance, the second on the concept of social security, and the third on social insurance.

2.1 Insurance

The Algerian legislator defines insurance in Article 619 of the Algerian Civil Code as: *"Insurance is a contract whereby the insurer commits to pay the insured or the beneficiary designated in the contract a sum of money, income, or any other financial compensation in the event of the occurrence of an incident or the realization of a risk specified in the contract, in exchange for a premium or any other financial contribution paid by the insured to the insurer."* (Algerian Civil Code, Article 619).

Social insurance emerged as a system aimed at protecting individuals from risks based on the principle of mutual solidarity. Over time, social protection methods evolved from traditional approaches, such as savings and assistance, into more structured legal frameworks. Specialized funds now manage this protection, covering workers of all types—salaried or self-employed—across various sectors (*ILO, Social Protection Floors*

Recommendation No. 202, 2012). Beneficiaries contribute financially to these funds and, in return, receive compensations and benefits in cases of injury, disability, or other specific circumstances as outlined by applicable laws and regulations.

2.2. Social Security

The term "security" in Arabic conveys the idea of a guarantee or assurance. To "guarantee" means to take responsibility for something, while a guarantor provides care, support, and sustenance. For example, the Quran mentions: "*Zakariya took charge of her care*" (Surah Aal-E-Imran, 3:37), reflecting a form of guardianship and responsibility.

Linguistically, social security refers to social care, support, and sustenance, embodying the principle that capable individuals should meet the needs of the less fortunate. From a broader perspective, social security is rooted in the principle of mutual solidarity, which involves pooling contributions to distribute losses and provide compensations and benefits to those in need (*World Bank, Social Protection Overview, 2020*).

Social security is a complex term and represents one of the greatest challenges in contemporary legal thought. Its complexity stems from the distinctive characteristics of its legal framework and the rapid evolution of legislation to meet societal changes (*ILO, World Social Protection Report 2020-2022*). It is fundamentally a legal system established by the state's legislative authority. This system defines its objectives, scope, beneficiaries, and the risks it aims to mitigate.

Additionally, social security serves as a government mechanism to protect vulnerable and disadvantaged groups within society. It provides economic and social care to individuals facing financial or social difficulties, irrespective of the type of challenges they encounter in their lives.

2.3 Social Insurance

Social insurance is an economic and social system implemented directly by the state. It plays a central role in societal and individual welfare, reflected in its recognition within Algerian legislation. The associated rights, obligations, and disputes arising during its application underline its significance (*Algerian Social Insurance Law, 1983*).

This system is designed to provide financial protection to individuals in specific situations, such as disability, illness, retirement, or unemployment. Funded through contributions from

individuals and employers, social insurance is typically managed by the state or other governmental institutions (UN, *Social Protection Systems Report*, 2018).

Linguistically, the term "insurance" derives from the Arabic root "أَمَّنَ" (to ensure or secure), symbolizing safety or protection. The term "social" emphasizes the collective aspect, highlighting that this type of insurance aims to safeguard individuals within the framework of society.

Social insurance is also a legal system created to achieve social security for individuals whose livelihoods depend on their work. It addresses risks such as illness, occupational injuries, disability, old age, or death that might prevent individuals from continuing to work. Even when social insurance is managed by private institutions, its primary purpose remains the same: to ensure social security. In most cases, however, governments directly oversee and manage these programs to ensure their effective implementation (ILO, *Essentials of Social Protection*, 2019).

3. The Social Security roles and importance

Social security is a structured system designed to provide financial assistance to individuals who cannot meet their basic needs due to unemployment, injury, old age, or other challenges. Its primary purpose is to ensure economic stability for families, particularly when the primary income earner loses their source of income. Key benefits under this system include retirement pensions, disability aid, unemployment allowances, and health insurance, which covers medical expenses for beneficiaries and their families (World Bank *Social Protection Overview*, 2020).

By mitigating financial hardships, social security plays a vital role in reducing poverty and fostering social justice. It strengthens the social fabric by supporting families during economic difficulties and ensuring they maintain a basic standard of living.

Social security possesses distinctive features that underline its importance as a societal safeguard. It ensures income continuity during disruptions caused by illness, disability, old age, or death. It also embodies the principle of social solidarity, fostering cohesion and stability within society. Additionally, social security compensates individuals for medical treatment costs, operates as a mandatory system tied to public policy, and functions as a tool for social and economic development (ILO *World Social Protection Report*, 2020-2022).

The significance of social security extends across social, psychological, and economic dimensions.

- **Social Importance:** Social security provides tangible benefits to individuals through labor and insurance legislation. It offers a safety net that supports workers and their families in times of need.
- **Psychological Importance:** By ensuring financial stability, social security offers insured individuals peace of mind and a sense of security about their future, alleviating uncertainties and fostering psychological well-being (*UN Social Protection Systems Report, 2018*).
- **Economic Importance:** Social security functions as a critical savings mechanism. Contributions and premiums are pooled to form capital, ensuring financial stability and equitable distribution among social classes. Its legal guarantees protect workers from exploitation and provide unemployment benefits or retirement pensions in cases of disability, illness, or death. This ensures a dignified standard of living for workers and their dependents.

The social security system includes various insurance schemes such as health insurance, maternity insurance, disability insurance, and death insurance. These schemes aim to mitigate social risks by addressing the financial challenges associated with health issues, childbirth, loss of income, or death. Historically, traditional approaches such as savings, social assistance, individual responsibility, and private insurance were used to address these risks. However, the structured development of social security has provided a more equitable and efficient framework for addressing economic and social challenges (*Algerian Social Insurance Law, 1983; ILO Essentials of Social Protection, 2019*).

By addressing social and economic challenges, social security ensures a fair and secure living standard for all, contributing to societal cohesion and stability. Its implementation underscores the commitment of governments and institutions to uphold the rights and well-being of their citizens.

Social security institutions play an essential role in modern social systems, providing support and protection to vulnerable groups, including the elderly, individuals with disabilities, and the unemployed. Their primary responsibility is to deliver financial and social services that contribute to social justice and improve the quality of life for individuals by ensuring they have stable income sources during challenging times. These services range from providing monthly pensions to emergency assistance, job training, and employment programs. As such, social insurance is fundamental to both the economic and social life of society, with states creating specialized funds or ministries dedicated to administering social protection mechanisms (*International Labour Organization, World Social Protection Report, 2020-2022*).

In Algeria, several institutions are tasked with providing social protection to citizens during times of illness, disability, retirement, and family needs. The key institutions include:

- The National Pension Fund (CNR): This institution focuses on delivering pensions and retirement benefits to employees in both public and private sectors.
- The National Social Security Fund for Workers (CNAS): CNAS manages health and social insurance for both salaried and non-salaried employees, covering risks such as accidents, illness, and retirement.
- The National Social Security Fund for Non-Salaried Workers (CASNOS): CASNOS insures non-salaried workers like freelancers and farmers, offering benefits such as retirement and health insurance.
- The National Unemployment Insurance Fund (CNAC): CNAC provides financial support to unemployed individuals, along with programs aimed at retraining and facilitating their re-entry into the workforce.

These institutions form the backbone of Algeria's national social insurance system, working together to provide comprehensive social protection across various life stages (*Algerian Social Security System, 2021*).

The social security system in Algeria serves several key functions to protect citizens from different social and economic risks. These functions include:

- Health Insurance: Provides coverage for medical expenses for salaried and non-salaried individuals, including treatments, medications, and medical exams.
- Insurance for Occupational Accidents and Diseases: Covers work-related accidents and illnesses, ensuring financial compensation and treatment costs for the injured.
- Retirement Insurance: Guarantees pension payments to beneficiaries when they reach retirement age, offering financial security post-employment.
- Disability Insurance: Provides compensation for individuals who become unable to work due to disability, whether resulting from illness or accidents.
- Family Insurance: Assists families in cases of the breadwinner's death and supports dependents such as children and individuals with special needs.
- Unemployment Insurance: Provides financial support and retraining programs to help the unemployed reintegrate into the workforce.

In addition to these primary services, social security institutions monitor eligibility for various benefits, including maternity and pregnancy compensation, and offer social protection to vulnerable groups like the elderly and those with disabilities (*UN Social*

Protection Floors Recommendation, 2012). These programs are essential to maintaining social justice, ensuring a decent standard of living for citizens at different stages of their lives.

Social security plays a pivotal role in Algeria's social and economic structure, significantly contributing to social justice and sustainable development. Its importance can be understood in several ways :

- **Protecting Social Rights** : Social security guarantees the rights of individuals facing illness, disability, retirement, or maternity, providing essential financial and healthcare support.
- **Promoting Social Stability** : It acts as a safety net during challenging periods such as illness, disability, or unemployment, thus maintaining social cohesion.
- **Encouraging Workforce Participation** : By ensuring financial and healthcare security, social security encourages individuals to actively participate in the labor market.
- **Supporting Vulnerable Groups** : Social security safeguards the most vulnerable groups, such as the elderly, disabled individuals, and orphaned children, promoting equality and fairness within society.

Social security significantly impacts both the social and economic spheres of Algerian society, contributing in various ways :

- **Achieving Social Justice** : It provides financial support to individuals and families who lose stable income sources due to retirement, illness, or disability.
- **Improving Public Health** : Social security ensures that citizens have access to necessary healthcare and medical treatments.
- **Supporting the National Economy** : The system contributes to the overall economic stability by reducing unemployment through training and rehabilitation programs.
- **Assisting Algerian Families** : It provides allowances and pensions for families impacted by disability or the death of a breadwinner.

Additionally, social security acts as a critical tool for poverty reduction, creating a safety net for economically vulnerable groups, including the unemployed and those without stable income. By supporting sustainable development, social insurance funds also finance development projects related to health, education, and human development programs aimed at improving societal conditions (*Algerian Ministry of Social Security, Annual Report, 2020*).

4. Conclusion

Social security is a structured and organized system designed to provide protection and financial support to individuals facing various social and economic risks. These risks include unemployment, disability, old age, illness, and death, which can destabilize an individual's life and disrupt their ability to support themselves or their families. The primary objective of the social security system is to enhance individual well-being by ensuring a safety net during difficult times, while also promoting broader societal stability. This is achieved by offering financial assistance, healthcare services, pensions, and other forms of aid to those in need.

In addition to protecting individuals, social security systems also play a key role in mitigating societal risks. These risks can arise from various adverse events, such as economic downturns, natural disasters, or public health crises, which may threaten the stability and safety of communities. The strategies implemented to address these risks typically include government intervention in the form of insurance programs, financial aid, and humanitarian assistance. These mechanisms help ensure that communities can weather unexpected challenges and maintain stability.

An important consideration in the effective operation of social security is the balance between individual protections and broader community risk coverage. This balance is crucial for ensuring that the system does not only protect individuals but also contributes to the overall resilience of society. Social insurance, which is a key component of social security, operates on the principle of solidarity, where the contributions made by individuals and employers are pooled together to provide benefits for those who experience certain risks. This system fosters a sense of shared responsibility and collective support within society, contributing to both social and economic stability.

Our findings can be enumerated as follows :

1. **Social Insurance as a Subsystem of Social Protection :** Social insurance is one of the foundational subsystems of contemporary social protection frameworks. It is designed to work alongside other social and economic systems to offer protection to individuals against risks that might otherwise compromise their economic security. By pooling resources from both individuals and employers, social insurance allows for the distribution of benefits to those who need them most, creating a safety net that helps ensure that all members of society have access to basic protections when they encounter hardship.
2. **Social Security as a Form of Social Protection:** Social security represents a key form of social protection that provides a special status to its beneficiaries, including wage earners, the self-employed, and dependents. This system extends beyond simple

financial support to include healthcare, pensions, and other benefits that collectively work to alleviate the social and economic burdens individuals may face during vulnerable times. The central aim of social security is to ensure that all individuals, regardless of their employment status, can access essential services and maintain a basic standard of living.

Our recommendations are formulated as follows :

1. **Strengthening the Social Insurance System:** In order to ensure the continued effectiveness and sustainability of social insurance, there is a need for reform and strengthening of the system. This includes improving the efficiency of fund management, expanding coverage to include more at-risk groups, and ensuring that benefits are adequately aligned with the evolving needs of society. Strengthening the system will help reduce gaps in coverage and prevent vulnerable individuals from falling through the cracks.
2. **Expanding Social Support Programs:** Expanding social support programs is crucial for addressing the evolving challenges faced by citizens, particularly in times of economic transition or crisis. This includes broadening the scope of social assistance to cover individuals in temporary hardship, such as during natural disasters or economic recessions. Expanding access to such programs will help ensure that individuals do not face the detrimental effects of sudden economic shocks or personal crises.
3. **Enhancing Retirement Programs:** Retirement programs are a central pillar of social security systems, but they need to be continuously adapted to meet the changing demographics and needs of society. As populations age and life expectancies increase, enhancing retirement programs becomes critical to ensuring that elderly citizens can maintain a dignified standard of living. This may involve increasing the flexibility of retirement savings, adjusting pension benefits to match inflation, and providing additional support to low-income retirees.
4. **Promoting Social Inclusion:** A fundamental goal of social security is to promote social inclusion by reducing inequality and providing opportunities for all individuals to participate fully in society. This includes designing programs that target marginalized groups, such as people with disabilities, the elderly, and ethnic minorities, ensuring that they have access to the same benefits and opportunities as other citizens. Additionally, social inclusion efforts should aim to improve access to education, employment, and healthcare services for disadvantaged populations.

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