

## A Study of Development of a Model of Semi-compulsory Social Security Coverage for Independent Workers

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### ABSTRACT

This research had an objective to propose developing guidelines of a model of semi-compulsory social security coverage for independent workers as part of improving the quality of life for independent workers and self-employed people. It was conducted as mixed-method research including the Documentary Research, Field Study and Focus Group. The study participants were composed of 120 stakeholders including the elderly, self-insured persons under Article 40, volunteers, core leaders of the Article-40 Social Insurance Network in Nonthaburi province. The tool used to collect data was a questionnaire about the development of Article 40 semi-compulsory social insurance benefits whereas the data were then analyzed in terms of frequency and percentage. The findings revealed that in order to develop the semi-compulsory social security coverage for independent workers, the Social Security Office should choose the development of social insurance benefits under Article 40 so that people who are independent workers of all sexes, ages and careers are entitled to the rights. From mathematical analysis, social insurance benefit that can be developed is that for the death case only because it is a privilege that everyone must have. Again, for the social security coverage to be developed, in the beginning phase, it should be compulsory for 60 - 65 year independent workers and depends on voluntary consent for those aged 15 - 59 years. According to the results from the questionnaire, the elderly in the independent labor want to receive protection from the Social Security Office because it helps create social insurance for themselves and it is to make a careful plan for themselves not to be a burden to those who are behind when they die; moreover, those above 60 years of age are also confident that they can continue to make the contribution because they regularly have elderly allowance from the government. The development of a model of semi-compulsory social security coverage for independent workers also supports the government policy to provide the independent sector workers with the social security coverage and to reduce social inequality among individuals.

**Keywords:** Social Insurance Under Article 40, Benefits from the Social Insurance under Article 40,  
Model of Social Security Coverage, Independent Workers

## 1. INTRODUCTION

In 2011, according to the Royal Decree Prescribing Criteria and Rates of Contribution Payments, Types of Benefits and the Rules and Conditions of the Right to Receive Benefits for the Person Applying for the Self-Insurance, B.E. 2554 [1], there are 2 options for the insured persons under Article 40 (IPA40) to choose for the social security coverage as follows:

Option 1: for the contribution payment rate of 100 baht / month (70 baht / month paid by the IPA 40 and the other 30 baht / month paid by the government support), the IPA 40 will receive coverage benefits in 3 cases including 1) danger or illness, 2) disability and 3) death.

Option 2: for the contribution payment rate of 150 baht / month (100 baht / month paid by the IPA 40 and the other 50 baht / month paid by the government support), the IPA 40 will receive coverage benefits in 4 cases including 1) danger or illness, 2) disability, 3) death and 4) old age.

In 2013, another option 3 of old age case in the coverage benefits was proposed by the SSO in the Royal Decree Prescribing Criteria and Rates of Contribution Payments, Types of Benefits and the Rules and Conditions of the Right to Receive Benefits for the Person Applying for the Self-Insurance (no.2), B.E. 2556 [2]; thus, for the contribution payment rate of 200 baht / month (100 baht / month paid by the IPA 40 and the other 100 baht / month paid by the government support), the IPA 40 will receive another coverage benefit of old age pension. However, for the old age pension, the IPA 40 cannot make more contribution payment than 1,000 baht.

In 2015, the coverage of the old age pension was cancelled by the SSO in the Royal Decree Prescribing Criteria and Rates of Contribution Payments, Types of Benefits and the Rules and Conditions of the Right to Receive Benefits for the Person Applying for the Self-Insurance (no.3), B.E. 2558 [3]; thus, only option 1 and 2 were left and option 3 was ended. Therefore, the informal workers were not motivated to apply for the social security coverage and some of them were also calling for improvement of the benefits in the social insurance under Article 40.

In 2018, the benefits of option 1 and 2 were added without increased contribution payment and another option 3 covering 5 cases including injury or illness, disability, old age and funeral allowance was also added at the contribution payment rate of 450 baht / month (300 baht / month paid by the IPA 40 and the other 150 baht / month paid by the government support) in the Royal Decree Prescribing Criteria and Rates of Contribution Payments, Types of Benefits and the Rules and Conditions of the Right to Receive Benefits for the Person Applying for the Self-Insurance, B.E. 2561 [4].

In 2019, the Draft of Royal Decree on the Qualifications of Persons Who May Apply to be Insured (Version ..) B.E. ...which was proposed by the Ministry of Labor and passed the considerations by the Office of the Council of State, the Office of the National Economic and Social Development Council (ONESDC) and the Budget Bureau was approved by the Cabinet Resolution on 24<sup>th</sup> December 2019 [5]. In essence, this Decree was to amend the qualification for the IPA 40 in the Social Security Act, B.E. 2533 (1990) from formerly, "must be at least 15 years of age and not over 60 years of age" to "must be at least 15 years and not more than 65 years of age."

Due to the change of laws and the current social situation that there are more elderly people, the researchers are interested in studying the social security coverage for independent workers aged 60 - 65 years, which is a group of people who are still healthy, able to work and be self-employed in response to the government's policy to solve the social inequality and improve the quality of life for the said elderly.

## 2. OBJECTIVE

To propose developing guidelines of a model of semi-compulsory social security coverage under Article 40 for independent workers

## 3. DEFINITION

An insured person under Article 40 refers to an independent worker who registered and paid the contributions for the IPA 40 of the SSO.

Independent workers refer to those people who are eligible to register for the IPA 40 of the SSO.

The elderly refer to those aged 60 - 65 years who are Thai nationals.

Semi-compulsory social security coverage means that is compulsory for those aged 60 - 65 years and not for those aged 15 - 59 years to enter the social security coverage.

## 4. LITERATURE REVIEW

As follows are theories and concepts related to the research.

### Communication

Jarupongsopon, Wittaya. [6] pointed out that the communication theory that empowers independent workers to understand and need to register as an insured person consists of 6 steps as follows:

Step 1: Exposure encourages the independent workers to accept news about the social security coverage.

Step 2: Attention encourages the independent workers to be interested in becoming an insured person in the SSO.

Step 3: Comprehension means the message sent by the SSO is understandable to the independent workers.

Step 4: Yielding is the communication that empowers the independent workers to appreciate and respond.

Step 5: Intentions are what the SSO must do to enable the independent workers to intend to apply as an insured person.

Step 6: Behavior means when the independent workers intend to apply as an insured person, the SSO manages the registration process.

According to Aaker, D.A. [7], information perception based on the marketing communications is a result of 5 types of activities, which are:

(1) Advertising that news and information of products and services are sent through various media to the target group.

(2) Marketing Promotion Activities which are done to motivate the consumers by distributing and organizing such as sweepstakes, freebies, and vouchers, etc.

(3) Online Marketing Communications which are done through website online ads and videos and other social media.

(4) Event Marketing and Sponsorship Activities which are done to in order to create broaden and deepen bond between the products and the consumers.

(5) Brand Amplifiers that promote, make public relations or tell someone the brand products etc.

### Social Protection

Sumitanan, Roongpetch. [8] define the social protection as the management of systems or measures to protect the basic rights of all citizens in terms of social services social security and social assistance. Moreover, this also refers to formal and informal protection covering the Social Safety Nets for the underprivileged and the poor and the Social Risk Management arising from the economic and social crises and various disasters.

According to the National Economic and Social Development Council, Office of. [9]; the social protection is defined as the management of systems or measures to protect the basic rights of all citizens in terms of social services social security and social assistance. Moreover, this also refers to formal and informal protection covering the Social Safety Nets for the underprivileged and the poor and the Social Risk Management arising from the economic and social crises and various disasters.

#### **Integration of Cooperation**

Charoenwongsak, Kriengsak. [10] interestingly suggested that integration-based thinking consists of 3 steps: Step 1, a thinker should be free from the traps of thought, culture, knowledge, and experience, etc. Step 2, he should think based on the concepts of such as holism, inter-discipline, induction, positive-and-negative coordination and win-win conclusion and Step 3, he should think within any certain conceptual framework; thus, he turns to the concept of integration again.

#### **Social-Security-related Laws**

According to the Government Gazette [11] in the Social Security Act (no. 4), B.E. 2558, there are amendments related to the social security coverage under Article 40 as follows:

Article 19. The provision of Article 40 of the Social Security Act, B.E. 2533 (1990) shall be repealed and replaced by the following:

Article 40. Any other person who is not an employee under article 33 or not subject to this Act may apply to be an insured person under this Act by expressing his or her intention to the Office. Qualifications of such person shall be as prescribed in the Royal Decrees.

Criteria and rates of the contributions remitted by insured persons, types of benefits entitled to under Article 54 and criteria and conditions of benefit entitlement shall be prescribed in the Royal Decrees.

The Government shall make contributions to the Fund at the rate prescribed in the Ministerial Regulations, but shall not exceed one-half of the amount of contributions received from the insured person under paragraph one.”

According to the Government Gazette [4], in the Royal Decree Prescribing Criteria and Rates of Contribution Payments, Types of Benefits and the Rules and Conditions of the Right to Receive Benefits for the Person Applying for the Self-Insurance, B.E. 2561, the benefits added for the insured person under Article 40 are as follows:

Article 6. The insured person who contributes to the fund seventy baht per month is entitled to compensation benefits as follows: (1) compensation benefit in case of danger or illness, (2) compensation benefit in case of disability and (3) compensation benefit in case of death.

Article 7. The insured person who contributes to the fund one-hundred baht per month is entitled to compensation benefits as follows: (1) compensation benefit in case of danger or illness, (2) compensation benefit in case of disability, (3) compensation benefit in case of death and (4) compensation benefit in case of old age.

Article 8. The insured person who contributes to the fund three-hundred baht per month is entitled to compensation benefits as follows: (1) compensation benefit in case of danger or illness, (2) compensation benefit in case of disability, (3) compensation benefit in case of death, (4) compensation benefit in case of old age and (5) child allowance.

#### **The Elderly-related Law and Concepts**

In the Government Gazette [12], the Act on the Elderly, B.E. 2546 (2003 A.D.) defined “the elderly” as persons who have attained the age above complete sixty years and are of Thai nationality.

According to Petchkong, Duangporn [13], the old-age pension is a monthly welfare provided to the elderly aged 60 years and more to help and ease their burden of living expenses. Each year, the registration is held for those who are eligible to register to receive the allowances for the elderly. In the Rules by the National Committee on the Elderly (NCE) on the Payment Criteria of the Old-age Pension, B.E. 2552 (2009), there are the criteria of the entitlement, and the elderly registration and qualifications. According to this Rules, the elderly receive the monthly old-age pension in accord with the range of age until their deaths as follows:

- The elderly aged 60 – 69 receive 600 baht monthly.
- The elderly aged 70 – 79 receive 700 baht monthly.
- The elderly aged 80 – 89 receive 800 baht monthly.
- The elderly aged 90 – their deaths receive 1,000 baht monthly.

The elderly registered in 2017 will begin to receive their first old-age pension from October 2018 onwards.

## **5. METHOD**

It was conducted as mixed-method research including the Documentary Research, Field Study and Focus Group.

The study participants were composed of 120 stakeholders including the elderly, self-insured persons under Article 40, volunteers, core leaders of the Article-40 Social Insurance Network in Nonthaburi province and the SSO's academics and executives

The tools were a questionnaire about the model development of Article-40 semi-compulsory social security benefits used to collect the data from the stakeholders in the Article 40 and the note-taking forms used to collect the data from the Focus Group meetings among the social security experts and the SSO executives.

The data analysis consisted of the following steps: 1) The study results from the theories and concepts related to the research including communications, social security protection, integration of cooperation, social-security-related laws and the actuarial study were concluded and used in the analysis in seeking the Social Security Coverage under Article 40; 2) The analysis results in seeking the Social Security Coverage under Article 40 were used in the synthesis in seeking the Semi-Compulsory Social Security Coverage under Article 40, used to develop the question items in the questionnaire to collect the data from the stakeholders and in the Focus Group meetings held among the social security experts and the SSO executives and 3) the results from the questionnaire and the Focus Group meetings were properly concluded as the model of the semi-compulsory social security coverage for independent workers.

Some of the data were statistically analyzed in terms of frequency and percentage.

## 6. RESULTS

1) As for the synthesized result of the model of the semi-compulsory social security coverage for independent workers that provides only death protection and collected the contribution rates of 20-30 baht / month, it was found that according to the actuarial principles forcing the elderly aged 60 - 65 years into the coverage system through the integrated cooperation among government agencies to collect the contribution payments is possible. At the same time, those other workers aged 15 – 59 years can enter the social security coverage on voluntary purpose as well and the social security fund is still stable to look after the insured in the social security system.

2) As for the results from the questionnaire about the benefit coverage under Article 40 for only the case of death with the low contribution rate supported by the government distributed among 120 old age persons and other stakeholders, it was found that 98 % (118 persons) of the elderly and other stakeholders agree. Regarding the issues of being compulsory and on voluntary purpose, 73 % (83 persons) of them agree with that for the elderly aged 60 - 65 years, the social security coverage should be compulsory and on voluntary purpose for those aged 15 - 59 years. 70 % (83 persons) of them agree with that the elderly receive only the benefit from death and have to pay the contribution. However, as for the benefit of funeral expenses allowance of 30,000 baht, 62.50% (75 persons) of them agree to pay 20-baht-monthly contribution and 55.83 % (67 persons) of them agree to pay 30-baht-monthly contribution for the benefit of funeral expenses allowance of 40,000 baht as shown in Table 1.

**Table 1.** opinions of the elderly and other stakeholders on the development of the semi-compulsory social security coverage for independent workers

n = 120

No.	Questions	Number (persons)	Percentage
1	If the SSO develop the social security coverage for death only requiring 20 – 30 baht contribution from each, do you agree or not?		
	agree	118	98
	uncertain	2	2
	disagree	0	0
2	If the SSO develop the social security coverage under Article 40 compulsorily for the elderly aged 60-65 years, do you agree or not ?		
	agree	83	73
	uncertain	37	27
	disagree	0	0
3	If the SSO forces 60-65-year independent workers to enter the social security coverage under Article 40 for the death case only by collecting the contributions from their old age pension, do you agree or not ?		
	agree	90	75
	uncertain	20	16.67
	disagree	10	8.33
4	If you choose the coverage of 30,000-baht funeral arrangement allowance, you are happy to pay the contribution at the rate of .....baht monthly.		
	15 baht monthly	20	16.67
	20 baht monthly	75	62.50
	25 baht monthly	25	20.83
	At the rate of .....baht monthly		

**Table 1.** Continued from previous page

n = 120			
No.	Questions	Number (persons)	Percentage
5	If you choose the coverage of 40,000-baht funeral arrangement allowance, you are happy to pay the contribution at the rate of .....baht monthly.		
	20 baht monthly	30	25
	30 baht monthly	67	55.83
	40 baht monthly	23	19.17

3) As for the results of the Focus Group meetings held among the social security experts and the SSO executives about the development of the compulsory social security coverage of death case only for independent workers aged 60 – 65 years, the problems which have been found are as follows: Some of the elderly are so poor and having too much family responsibilities that they cannot pay the contributions. Some of them have already had the funeral expenses allowances by private sector so they are not interested to have another one more that is too redundant. However, if the government provide supporting budget for the SSO to pay the contributions for all of those IPA 40, the mentioned compulsory social security coverage of death case only can be done on the condition that the appropriate rate of the contributions should be estimated by the actuarial study.

4) From the synthesis for the model development of the Semi-Compulsory Social Security Coverage under Article 40, the following 4 issues were found:

4.1) It should be based on the benefits of which everyone has equal rights, such as death because everyone has to die.

4.2) It should be based on the integrated cooperation among related agencies such as the Ministry of Social Development and Local Administrative Organizations, and etc; to collect the contributions for the convenience of the elderly.

4.3) As for the contribution rate for the benefit of the death case, it should not be so high because it can be low according to the actuarial study; for example, 5 – 10 baht monthly rate for the benefit of 20,000 baht or 15 – 20 baht monthly rate for the benefit of 40,000 baht etc. However, it can be the social security coverage for death for all if the contribution is paid by the government

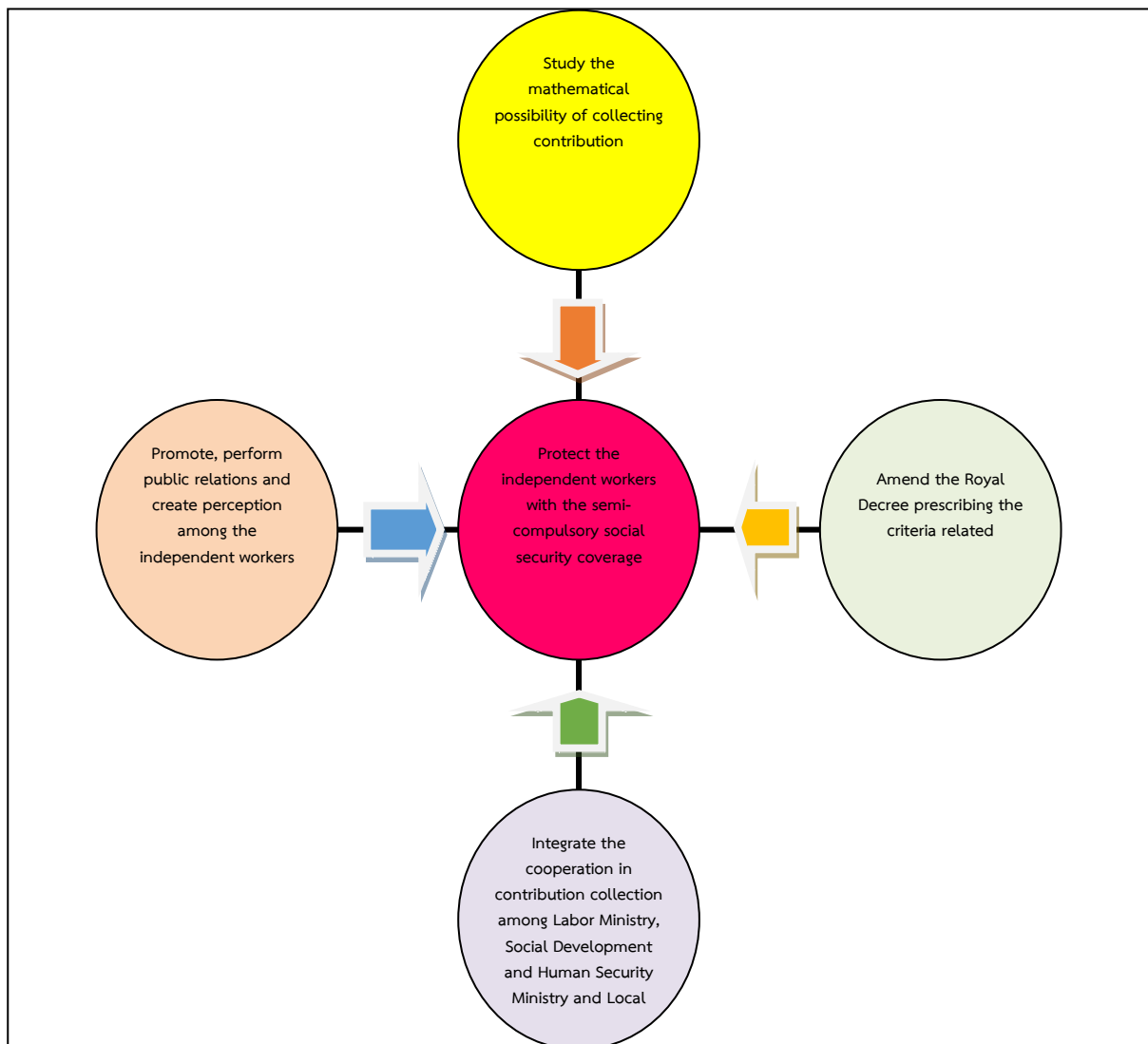
5) The Development Guidelines for the Model of the Semi-Compulsory Social Security Coverage under Article 40 has been done as follows:

5.1) The actuarial study was conducted to find a suitable contribution rate with the aim for the insured persons to receive maximum benefits and low contribution rates. This was also for the stability of the fund.

5.2) The Draft of the Royal Decree Specifying the Qualifications of Persons Who May Apply to Be Insured (version ..) B.E....was proposed to socially protect the independent workers aged 60 – 65 years.

5.3) The public relations about the Semi-Compulsory Social Security Coverage under Article 40 was performed regularly among the independent workers.

5.4) The integrated cooperation among related agencies such as the Ministry of Social Development and Local Administrative Organizations, and etc; to collect the contributions for the convenience of the elderly was conducted as shown in Figure 1.



**Figure 1:** The Model Development of the Semi-Compulsory Social Security Coverage under Article 40

## 7. DISCUSSION

From the Model Development of the Semi-Compulsory Social Security Coverage under Article 40, 3 issues are discussed as follows:

1 ) According to the questionnaire result, most of the elderly are happy to be protected under the Semi-Compulsory Social Security Coverage under Article 40 because they never want to leave any burden to their children after their deaths. This is consistent with the SSO [14] having drafted “the Draft of the Royal Decree Specifying the Qualifications of Persons Who May Apply to Be Insured (version ..) B.E....” to allow the elderly aged 60 – 65 years to enter the coverage and they are willing to pay the contribution because they have monthly old age pension.



2) As for the benefit of only death case having selected in the Social Security Coverage under Article 40, it is because the contribution to be paid is fairly low and it is the benefit for people of all sexes, ages, and occupations likely to use also. According to the SSO's [15] study on expanding the scope of social security coverage to informal workers in the Thai context, it revealed that age is related to the application to be insured under Article 40, and in line with the situation of Thailand entering the aging society completely in 2020, with the elderly at the rate of 20%. Promoting the elderly to have the social security under Article 40 is to create security in life and to reduce social problems of the elderly as the workers in the independent labor sector.

3) The Development of the Semi-Compulsory Social Security Coverage under Article 40 is a new approach for Thailand and a study of foreign research by the Social Security Office [15] found that the Philippines and Indonesia have applied social security protection system for informal workers in compulsory form. From this study results, this Social Security Coverage should be compulsory for the elderly aged 60 – 65 years and on voluntary purpose for other workers aged 15 – 60 years. Therefore, the Semi-Compulsory Social Security Coverage under Article 40 is in line with needs and context of the population of Thailand.

## 8. RECOMMENDATIONS

For more comprehensive data, the opinions on the Semi-Compulsory Social Security Coverage under Article 40 from the stakeholders like this should thoroughly and further be collected across the country. The SSO should pay attention to completely entering the aging society of Thailand to extend the age range of the IPA 40 in order to have a comprehensive social security coverage system, to reduce the social inequality and to encourage the elderly to properly plan their lives for themselves in the future.

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