Shanghai to make social insurance available to expatriate workers

Description

[NOTE: This short article was written when Shanghai started to introducing new rules offering social insurances benefits to foreign expat workers in Shanghai. With the new Social Insurances Law having come into force from July 1, 2011, it is expected that social insurances coverage will be largely expanded in many other cities. But I am still doubting that social insurances benefits will be extended to all expat employees in China. Also, the number or kind of social insurances extended to foreigners may not be the five insurances set forth in the new law. Like Shanghai, only three insurances are offered to foreigners.]

Foreigners in China are largely denied in many cities to the right to social insurance coverage when working in China. Shanghai is also on that list of cities. However, with the mounting demand for national treatment by foreign employees in respect of social insurances, Shanghai has recently stepped up a regulation amid that demand on October 10, 2009, namely, Notice of Several Issues on Foreign Employees in Shanghai Participating in Social Insurance (the â€œNoticeâ€•) Foreign employees in Notice shall include overseas Chinese citizens who have been granted the permanent residence status and Taiwan, Hong Kong and Macau residents.

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The main contents are:

(1) The social insurances available to foreign employees in the Notice are basic pension insurance, basic medical insurance and work injury insurance. To be eligible for such benefits, employees shall obtain the relevant work permit as required by law and regulations. We note that the Notice requires that such benefits should be written in the relevant employment contract, but however, it remains unclear what if the employment contract is silent on that.

We advise that foreign employees shall insist on inserting related clauses addressing social insurances in the employment contracts upon entry thereof.

(2) After participating in social insurances, foreigners, who reach the retirement ages (60 years old for man, and 55 years old for women), may apply to receive benefits from pension fund in accordance with laws and regulations.

(3) Foreign employees who fall ill during participation in social insurance are entitled to benefits from the basic medical insurance. However, medical costs incurred abroad shall not be covered by the basic medical insurance.

(4) Foreign employees participating in social insurance may enjoy benefits from work injury insurance if hurt during work or contracted occupational diseases.

(5) In the event that foreign employees terminate their employment with employers prior to reaching their respective retirement ages, the balance in their basic pension insurance and medical insurance accounts will be paid in a lump sum upon settlement.

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