The most important fact that took place in Belgium in the last few years is the adoption of the July 9th, 1975 legislation concerning insurance controls. The Act establishes general supervision of all insurance branches by a control office, independent from the Department of Economic Affairs which used to control the Life Insurance operations as well as the operations of Public Liability Insurance with regard to motor vehicles.

The new legislation provides for the control of all insurance branches, and this includes private provident societies created under the form of non-lucrative associations and whose main activity is to contract obligations, the execution of which depends on the duration of human life; also included are organizations set up within private firms and already existing at the time and new law took effect.

The Act provides, in various chapters, the rules for:

(a) Acceptance of Companies
(b) Insurance Operations
(c) Control Organization
   1. Insurance Control Office
   2. Licensed Commissioners
   3. Insurance Committee
(d) Winding up of Insurance Operations
(e) Bankruptcies and Procedures
(f) Special rules governing the liability funds for damages caused by vehicles.
(g) Penalties.

This is a general law from which several Royal orders will eventually be taken, some of which are presently being studied. Life Insurance, which was the first branch to be controlled, i.e., since 1932, is used as a basis for formulating various orders relative to controls. Presently, the Insurance Institution Professional Union is examining the preliminary plans regarding Individual Life Insurance and Group Insurance.

The Royal orders relative to pension funds will probably not be examined for a few months; it is therefore difficult to foresee the type of controls and the number of provisional clauses which would be necessary to avoid jeopardizing the financial operations of firms which have established pension funds.

With regard to statutory pension plans which exist in Belgium, three main categories can be perceived:

(a) Pensions provided by the different public powers to their representatives, namely Federal Government, Provinces, Communes and powers depending directly from one of such authorities. Those pensions are generally calculated on the average salary of the last five years earned by the representative and are also based on his years of service.

The widows' and orphans' pensions are financed by a personal contribution equal to 6.5% of salary earned by male as well as female personnel. The retirement pensions are financed through the general federal budget, in other words by taxes.

(b) Pensions provided for employees, laborers, seamen and miners. These various groups used to have different pension systems, of which the oldest form was the Merchant Marine Pension System dating back to July 21, 1844; its purpose was to expand the Belgian merchant marine through creation of a roll, old age insurance, sickness insurance, accident insurance and insurance covering loss of property during a shipwreck. The bulk of retirement plans was standardized by a 1967 law taking effect January 1, 1968. Certain aspects are still part of a general law.

Hence some differences:

Employees receive a retirement pension based on salary paid but limited by a ceiling; for labourers, pension is calculated on their total indexed salaries; seamen with more than 14 years of actual navigation (expressed in days shown in the crew list) are being provided with a more favourable plan; the underground miners and the surface miners have different plans, their years of service and eventual disabilities being taken into account for granting their benefits.

(c) Self-employed workers (merchants, farmers, professionals and business administrators) have had a special plan since July 1956. The cost for past service is today so high that the plan has become unbalanced. From a plan whose funding would hopefully result from a joint contribution for past service, we have, after 20 years, arrived at a pure assessment plan which grants benefits on the average 3 times higher than those under the salaried employees' plan and not comparable to those provided to former agents of public powers.

In Belgium, all pension plans are automatically linked to the cost of living index.

With each index increase of 2%, pensions are automatically increased by 2%. At the same time, wages and salaries are generally increased by the same percentage.

As at January 1, 1978, the salary ceiling for calculation and deduction purposes for pensions is 50.025F per month; for labourers, there is no ceiling. At the same date, deductions and allowances were equivalent to 14%, with the employee paying 6% and the employer 8%.