

## THE PROBLEM OF FRAUDULENTLY INSURED AND FINANCIAL SUSTAINABILITY: CASE OF THE TÜRKİYE SOCIAL INSURANCE SYSTEM

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### Abstract

Social insurance fraud is a multidimensional and complex problem that affects the sustainability of social security systems and social justice. Nowadays, the most common form of social insurance fraud is fraudulently insured. The aim of this research is to explain the problem of fraudulently insured in its legal, economic, and social aspects and to make solutions for the sustainability of the social security system in Türkiye. This study explains the causes of fraudulent insurance through the differences in access to benefits and rights provided by short and long-term insurance branches and unemployment insurance for 4a and 4b insured persons, and provides recommendations to prevent fraudulent insurance in this context. It is possible to solve the problem of fraudulently insured and ensure the sustainability of the Turkish social security system with regulations to be made in the primary legislation, public policies and practices that raise awareness for insured persons, automation regulations, and more supervision.

**Keywords:** Fraudulent Insurance Holder, Fake Workplace, Social Insurance Fraud Audit, Social Security, Social Insurance

**JEL Codes:** H55, J88

## SAHTE SİGORTALILIK SORUNU VE FİNANSAL SÜRDÜRÜLEBİLİRLİK: TÜRKİYE SOSYAL SİGORTA SİSTEMİ ÖRNEĞİ

### Öz

Sahte sigortalılık, sosyal güvenlik sistemlerinin ve sosyal adaletin sürdürülebilirliğini etkileyen çok boyutlu ve karmaşık bir sorundur. Günümüzde sosyal sigorta dolandırıcılığının en yaygın biçimi sahte sigortalılıktır. Bu araştırmanın amacı, Türkiye'de sahte sigortalılık sorununu yasal, ekonomik ve sosyal yönleriyle açıklamak ve sosyal güvenlik sisteminin sürdürülebilirliğine yönelik çözümler üretmektir. Araştırma, betimleyici yapıda dizayn edilmiştir. Araştırmada sahte sigortalılığın nedenleri 4a ve 4b sigortalıları için kısa ve uzun vadeli sigorta kolları ile işsizlik sigortasından sağlanan yardım ve haklara erişimdeki farklılıklar üzerinden açıklanmakta; bu kapsamda sahte sigortalılığın engellenmesine dair önerilere yer verilmektedir. Birincil mevzuatta yapılacak düzenlemeler, sigortalıları bilinçlendiren kamu politikaları ve uygulamaları ve otomasyon düzenlemeleri yoluyla sahte sigortalılık sorununun çözülmesi ve Türk sosyal güvenlik sisteminin sürdürülebilirliğinin sağlanması mümkün görünmektedir.

**Anahtar Kelimeler:** Sahte Sigortalılık, Sahte İşyeri, Sahte Sigortalılık Denetimi, Sosyal Güvenlik, Sosyal Sigorta

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## INTRODUCTION

Social security is a system that provides income security if a person loses his/her life due to working life or other physiological or socio-economic reasons, temporarily or permanently loses his/her working power and/or income. The social security system provides protection not only against the person himself but also against income losses and increases in expenses incurred by the dependents (Alper, 1986, p.47; Gerek, 2000, p.4; Guvercin, 2004, p.89). For this reason, social security is of great importance for all members of society.

Since the 1800s, social security systems have expanded in terms of the people they cover, and the rights they provide showed expansion. However, with the neo-liberal policies adopted due to the socio-economic changes experienced in the 1970s, changes began to occur in the social security systems. These changes have caused individuals who want to gain the rights and benefits provided by the systems to take undesirable ways. Social insurance fraud is one of these undesirable ways in the social security system of Turkey.

In this study, the concept of fraudulently insured (henceforth FI) and fraudulent insurance holder (henceforth FIH) (*the status of being insured by making a false statement even though he/she is not insured*) together with fake workplace (henceforth FW) (*the state of having opened up an active workplace by making a false statement even though it is not actually active*) as a social insurance fraud and its detection within the framework of the relevant legislation, the sanctions applied and the unfair benefits it provides were considered. We evaluated the causes and consequences of the problem, especially within the framework of different insurance statutes<sup>4</sup>. The aim of this study is to determine the negative impacts of FI on the financial sustainability of the social security system and to make recommendations on the regulations and practices to be made for the prevention of it. Research findings are important for the positive contribution to the financial sustainability of the Turkish social security system and in terms of benefiting from insurance activities within the framework of social justice among citizens covered by social security.

In the first part, the transformation of social security systems within the framework of financial sustainability and its relationship with FI was discussed. In the second part, the reasons that push individuals

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<sup>4</sup> According to Paragraph (a) of the Sub-article 1 of article 4 of the Social Security and General Health Insurance Law (SSGHIL) No. 5510, those employed by one or more employers with an employment contract are considered under 4a, individuals working on their own name and account are considered under 4b, and those employed under the civil servant's law are considered under 4c (Ekin, 2016, p. 99). Furthermore, according to article (a.) 50 of the Act, Long-Term Insurance branches and optional insurance that grants the right to be insured under Universal Health Insurance (UHI) are also considered as "4b" insurance status (SSGHIL a.50-51; Guzel et al., 2014, p. 219).



to become fraudulently insured and the legislation was handled. In the conclusion part, suggestions were made for the prevention of FI.

## **SOCIAL SECURITY SYSTEMS, ITS CHANGES, AND NEGATIVE EFFECTS**

### **The Changing Face of Social Security Systems and Financial Sustainability**

It is known that one of the main features of the change and transformation that began with neo-liberalism in the world is the weakened practices relating to the social state and the welfare state (Ozcan, 2009, p. 49). As a typical reflection of this situation, while spending on social protection decreases in national budgets, social security measures included in social security practices<sup>5</sup> are weakened in terms of their personal coverage and benefits provided. Despite reducing the monetary support given to insured persons, social security expenditures have increased in Turkey as in other countries. This rise is so great that the social security funds have started to be referred to as a “black hole” in society due to the money transfers made at high rates from the general budget (Cural, 2016, p. 695; Guzel, 2005, p. 68-69). Despite the ever more difficult conditions to comply with before benefiting from social security and the reduced social transfer costs, it is difficult to ensure the financial sustainability of social security systems. The growing need for social protection due to increasing epidemics and other social risks around the world has made the sustainability of social security systems an important issue for both Türkiye and the rest of the world (Tatli and Gocer, 2015, p. 89).

In order to protect society from social risks, states must take the necessary measures and make the necessary expenditures as one of the main tasks of the social state. For this task to be carried out effectively, it is necessary that the social security systems cover all members of society and provide qualified social protection to everyone within the framework of social justice. This, in turn, can be achieved by ensuring that social security funds have a sufficient size and continuity (sustainability). Because of the sustainability of social security systems, it becomes possible for the wider scope of society to benefit from more qualified social support. Sustainability is also related to the number and nature of assistance provided to individuals, although it is usually used in a financial sense. The number and nature of benefits are related to sustainability in a social sense. Ensuring social sustainability may be possible by maintaining or improving the number and nature of acts provided by the social security system (Ministry of Development, 2014, p. 20).

The premium system (social insurance) for providing social security is the most accepted system with the ability to create funds and especially includes the working class. This method, which includes the receipt

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<sup>5</sup> These are monetary benefits produced by the social security system such as allocating continuous and/or temporary disability income from short-term insurance branches, and old-age, disability, survivors' pension, as well as medical expenses from long-term insurance branches.

of premiums from the employee and employer and the contribution of the state to a certain extent, is one of the most widely used methods today. Working individuals often have a high share of the active population. The increasing exposure of these people to social risks that reduce income or increase expenses makes it necessary that the social security system, which is the only monetary supporting mechanism for them, can also maintain its effectiveness in future periods. For this reason, many economies are making various reforms/regulations in order to ensure both the financial and social sustainability of the social security system. These regulations may vary depending on the adopted welfare state model<sup>6</sup>, the adopted method in the social security system (*Bismarck method, Beveridge method or mixed methods*), and the system's sources of income (*premiums only, taxes only, or premiums+taxes*), as well as the country's level of development. On the other hand, the fact that the elements that negatively affect the sustainability of the system are different in each country is another element that affects the regulations.

The rights provided by social security systems and the beginning of the sustainability problems faced today date back to the 1970s. During this period, financial and economic crises began to appear in welfare states, and economic crises were followed by continuous and widespread unemployment (Acar, 2017, p. 251). Furthermore, the same period saw the development of early retirement policies in order to combat rising unemployment around the world and to ensure the employment of young people (Guloglu, 2000, p.239). On the one hand, high unemployment rates reduce the premium income of social security organizations. On the other hand, they increase expenses through unemployment benefits and aid. With this dual result caused by unemployment, it is understood that on the one hand, the damages of the unemployed are compensated, and on the other hand, the problems of the social security system increase due to increased expenses (Akyildiz, 1999, p. 200). In addition, with the preference for early retirement, the number of people receiving income monthly from social security institutions increased, and accordingly, the number of people paying premiums decreased. These practices have weakened financial sustainability due to the effect of disrupting the financial structure of the social security system. Health expenditures from universal health insurance (UHI) are another expenditure item that increases fund expenditures (Akyildiz, 1999, p.200-201). Because many diseases have started to be treated thanks to therapeutic health technologies, the average life expectancy has increased worldwide. While this increment increases treatment costs due to the use of high technology, it has had an additional effect on increasing costs with increasing demand for health services.

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<sup>6</sup> Although there is more than one classification for welfare regimes, the generally accepted classification of welfare states belongs to Esping-Andersen. According to Esping-Andersen, there are 3 types of welfare states. These are; Liberal welfare model (US, UK), The Conservative Model which is also called The Continental European welfare model (France, Germany, Belgium) and Social-Democratic Model which is also named The Scandinavian Welfare Model (Sweden, Denmark) (Ozmen, 2017, p. 604).



With these improvements, average life expectancy has heightened, and pensioners have benefited from the old age pension for longer periods of time.

Increased expenses of social security funds in Turkey have led to a deterioration of the active/passive insured's rate against the assets (premium payers) (Guloglu, 2000, p. 239). Active/passive insured's balance, which is also called actuarial balance (income/costs balance); is an important indicator in terms of the cost of facilities provided under the social security system and the financial sustainability of the system (Tatli and Gocer, 2015, p. 91).

The breakdown of actuarial balance in social security systems is linked to the Keynesian approach. Since the increasing unemployment and inflation rates and economic contraction could not be solved with this approach, liberal economic policies began to be re-adopted (Akyildiz, 1999, p. 199). Within this period the responsibilities of the state were reduced; a new order called neoliberalism emerged, in which welfare services and social security services were provided in the free market (Karadogan, 2015, p. 5). With neoliberalism, public spending began to decline, and public services were transferred to the private sector (Volkan, 2018, p. 111). This amendment prioritizes individual responsibility in the field of social security (Dekker, 2020, p. 1). The effects of the global change and transformation experienced by neoliberalism in the field of social security can be summarized as follows: *“together with its application in the example of Türkiye”*:

- Privatization or gravitation towards complementary systems: privatization is carried out in two ways: *“Voluntary”*, as in the UK and Japan, or *“compulsory”*, as in Chile (Turner, 2005, p. 1). In Turkey, the first step towards privatising social security was taken with the “Law on Individual Pension Savings and Investment System” No. 4632, adopted in 2001. While it is possible for employers to be included in this non-mandatory and complementary private pension system by paying premiums, the funds are managed by private portfolio management companies (Gokbayrak, 2010, p. 147). Participation in the system, presented as a complement to the public pension system, is voluntary (Cimrin and Durdu, 2015, p. 69-70).

- Raising the retirement age and premium payment term: In countries such as Australia, Austria, Germany, Belgium, the United States, the United Kingdom, Canada, Sweden, Switzerland, Spain, Norway, Denmark, Italy, France, the Netherlands, and Chile, the retirement age ranges from 60-65 years (ISSA, 2020). In parallel with these countries, in Turkey, the aggravation of the conditions for using pensions and other social security measures began with the legal regulation made in 1999. By this law, the retirement age was gradually increased, the earnings based on the premium were increased; premiums for some branches

of insurance were increased, and new premium items were introduced; the method of calculating monthly payments and income related to social insurance was changed (Gokbayrak, 2010, p. 147).

- Flexible retirement practice: These are practices that allow a person who has reached mandatory retirement age to stay in working life for a shorter period of time and with less workload. In this way, it is aimed that the person stays working life for longer and does not create pension costs (Parlak and Ozdemir, 2011, p. 45). As part of flexible retirement practices, people in countries such as Germany, the United States, Austria, Finland, the Netherlands, the United Kingdom, Sweden and Switzerland also have the freedom to choose before/after the mandatory retirement age. People who retire before the mandatory retirement age receive their salary by making a certain deduction from the mandatory pension, while those who continue to work after the mandatory retirement age can also continue to receive their salary (Van Vuuren, 2014, p. 575). However, apart from mandatory retirement for a civil servant in Turkey, there is neither mandatory retirement nor flexible retirement practices.

- Male-female equalization of the retirement age of the insurance holders: In the majority of countries such as Australia, Austria, Germany, Belgium, the United States, the United Kingdom, Canada, Sweden, Switzerland, Spain, Norway, Denmark, Italy, France, the Netherlands and Chile, the retirement age of male and female insurance holders are equated (ISSA, 2020). According to Social Security and General Health Insurance Law No. 5510 (SSGHIL), which is also in force today in Turkey, women who are insured for the first time will have access to the right to retirement at the age of 58 and men at the age of 60. But the retirement age will gradually increase and eventually be equalized at 65 years of age for men and women in 2048 (SSGHIL, a.28).

A typical feature of social security regulations implemented in the world and in Turkey as described above is reversing social rights and interests such as retirement, etc. in the content of previous social security systems. With this transformation in the social security system, the state's social security expenditures are trying to be reduced (Akyildiz, 1999, p. 205). In fact, it seems that instead of the right to social security, models in which the individual pays the price themselves have been raised with the idea that social security systems hinder their financial sustainability (Gokbayrak, 2010, p. 143). All these practices come to the fore as elements that make it difficult for individuals to retire and increase their costs. The rationale for these practices is to ensure the financial sustainability of social security. But while these policies support financial sustainability, they undermine social sustainability (social protection). The sustainability of social security systems has the potential to create new social problems and increase the need for social protection, if only from a financial point of view. Policies applied only on the axis of financial sustainability make it difficult



for individuals to benefit from social insurance. This causes individuals to seek new methods to benefit from social insurance. This search often leads people to take illegal actions.

### **Social Insurance Fraud and Its Outlook**

Due to the decrease in social sustainability, it seems that it is becoming difficult to meet the conditions necessary to benefit from the monetary support provided by social security systems today. These difficulties lead people to fraudulent transactions to benefit from social insurance. Differences in the social security system of each country also change the fraudulent actions used to benefit from social insurance in that country. For example, in Norway, social insurance fraud is committed through abuse of benefits, making false statements about claims, buying or selling social security cards, and concealing information that affects eligibility for benefits<sup>7</sup>. It is estimated that 5% of the payments made under social security in Norway in 2015 were paid towards social insurance fraud (Gottschalk and Gunnesdal, 2018, p. 74). According to Goveia and Sosa (2017, p. 91-96), social insurance fraud has been carried out by employers, beneficiaries (*insurance holders*) and their family members. An example of these tricks is not reporting the death of a person to the social security organization to continue receiving pension payments. In-cash benefits provided from short-term insurance branches other than pension payments (see footnote 6), health benefits, social assistance and services, unemployment benefits and family benefits are other areas where tricks can be performed. As quoted in the study of Spicker (1998, p. 4-8), to benefit from the means-tested aid; working informally, hiding income and/or capital, and making false statements about the disability rate of claimants of the disability payments to receive higher aid are also considered social insurance fraud.

In Turkey, both the increase in the retirement age and the increase in the number of premium payment days determined to benefit from other social insurance rights have led to the emergence of illegal cases called “*social security/insurance fraud*” to gain social insurance benefits. While social insurance fraud (SIF) occurs as a reaction to weakened social sustainability in regards to access to the scope (*not being within the scope of the social security system*) and benefits (*more severe conditions to access benefits*); with the state's increasing social security expenditures, it also has a negative effect on the financial sustainability of the system. It is possible to say that such tricks also have a detrimental effect on social justice, as they benefit some groups in accessing social insurance benefits. Resorting to these and similar SIF is associated with the culture of the public regarding the levels of trust and respect for public institutions, and the level of deterrence of sanctions, which are the equivalent of fraud (Goveia and Sosa, 2017: 88). It is claimed that

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<sup>7</sup> For example, failure to inform the Norwegian social security authorities about the work and earnings that are being done in order to receive a disability salary from the social security system is one of them (Gottschalk and Gunnesdal, 2018, p. 74-76).

SIF, one of these tricks, is the result of moral weakness in the field of social security (Canbay and Demir, 2013; Engin, 2017; Erol, 2014, p. 39).

## THE CONCEPT OF FRAUDULENTLY INSURED, ITS REASONS AND LEGISLATION

This part examines the relationship between employment and FIH notification and reasons for individuals to turn to SIF under two separate sub-headings.

### Fraudulent Insurance Holder and Fake Workplace

FI is closely related to the “4a” insurance status in SSGHIL (*for 4a and other insurance statutes, see Footnote 7*). 4a insurance status is largely based on the working condition based on the employment contract. As an “*Employment Contract*”, SSGHIL is based on the definitions made in the Labor Code<sup>8-9</sup> - and the Turkish Code of Obligations<sup>10</sup> (SSGHIL, a.3). Therefore, to mention the existence of an employment contract, in a place provided by the employer (*workplace*), a job designated by the employer must be performed personally (*de facto*) by the employee, and a sum should be paid for this work. One of the main elements of the contract is that the worker is physically or intellectually dependent on the employer during the work, doing the work under his command (Celik, 2005, p. 72-74; Aslankoylu, 2004, p. 138). Contracts that do not carry these elements are not considered employment contracts. In other words, an employment contract cannot be mentioned if the employee himself does not carry out work depending on the employer for a fee. An employment contract is the main condition of insurance from 4a status (Guzel, Okur, and Caniklioglu, 2014, p. 104-113). In a situation where an employment contract does not exist (oral and/or written), the person's registration of 4a status as an insurance holder is an FIH notification as it does not correspond to actual work. In that case, it is possible to define SIF as “*the notification of insurance holder employment report (registration of employee’s employment) by the employer to the Social Security Institution (SSI) as an employee, even though it is not actually performed by an employee for a wage at a place designated by the employer, under the orders of the employer.*” In other words, notifications not based on actual work are social insurance fraud (Guzel et al, 2014, p.113-115). In the decision of the court of cassation dated 16.06.1999 Basis, numbered 1999/21-508 and 1999/525, “*It is not enough to give a*

<sup>8</sup> A natural person working based on an employment contract is called an employee, a natural or legal person, or institutions and organizations that do not have a legal entity who employ people are called the employer; and the relationship established between the employee and the employer is called a labor relationship (Labor Law Act. No. 4857, a.2).

<sup>9</sup> An employment contract is a contract in which one party (employee) undertakes to work as a dependent, and the other party (employer) undertakes to pay wages (Labor Law Act. No. 4857, a.8).

<sup>10</sup> It is a contract in which the employee undertakes to work for a certain or non-specific period dependent on the employer, and the employer undertakes to pay him wages according to the time or work performed (Turkish Obligations Law Act. No. 6098, a.393).





*declaration of entry to work*<sup>11</sup> for a person to be considered insurance holder, but the existence of a working phenomenon” was considered mandatory. Similarly, the Court of cassation civil division 10th Chamber has decreed with Decision No.2010/6607 Basis, 2010/10572, dated 08.07.2010, the existence of the phenomenon of “*actual working*” is required for the acquisition of insurance qualification (Demir, 2014, p. 139). Actual working is the duties assigned to the employee, which must be performed for the actual existing workplace to continue its activities and which are determined by the employer and are performed by the person reported to be insured personally.

The appearance of SIF is not just as described above. Sometimes notifications can also be made as if they have a workplace and *employees* that do not exist. A workplace that is the subject of notification but never actually existed is considered an FW. The characteristics of this type of workplace can be summarized as follows:

- Workplaces consist just of signboards.
- In fact, there is no active production of goods/services.
- The workplace has no tangible presence.
- It is established for the purpose of an FIH notification from the workplace file.
- Often, addresses that do not actually exist are declared (empty land, empty shop, etc.).
- Most of the time, no premium is paid, or very small amounts are paid.
- Most of the time, a company is established on behalf of people who do not have financial power (SGK, 2020b). Therefore, declarations made in cases where there is a de facto workplace but not actual work are considered FI, the same way notifications made from a non-de facto workplace are considered FI.
- As can be seen from the above explanations, SIF is the notification of people to the SSI, as if they were working in that workplace, even though they were not actually working in a workplace (see footnote

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<sup>11</sup> An example is included in the Additional List of the regulation on social security operations. Employers must submit this declaration to the SSI manually or on the internet, showing in which work and when the person starts working. This action is important because it initiates the insurance of the reported person and ensures that they are covered by social security.

11). In this way, FIHs can claim benefits for themselves and their dependents within the framework of short- and long-term insurance branches<sup>12</sup> (Guzel et al, 2014, p. 114).

- These people can also additionally benefit from unemployment benefits when their leave-of-work notices<sup>13</sup> are given to the SSI from the workplace where they are FIHs. These people are able to receive benefits from SSI for many years for themselves (thanks to notification of fraudulent insurance), and in case of death, their beneficiaries (spouse, children, parents) receive benefits (monthly survivors' pension, widow-orphan survivors' pension). As can be seen, through social insurance fraud, people can qualify for more than one monetary assistance from more than one insurance branch. This creates significant public damage and is a significant problem regarding the financial sustainability of the social security system and the damage to social justice.

Social insurance benefits and other expenses (*expenditure*) made during the period to finance the social security system in Turkey are covered by premium income collected during the same period (*the method known as the “distribution method” or “pay-as-you-go method”*) (Canbay and Demir, 2013, p. 305). Given that the social security system is funded by a premium cycle and that people working (*active insurance holders*) to pay pensions connected to (passive insurance holders - pensioners) must pay premiums to the SSI, it seems that SIF creates the following problems:

- Pensions earned without merit create a burden on those who participate in the “*active*” part of the system by paying premiums (Caniklioglu, 2011, p. 5; Ocal and Boyacioglu, 2018, p. 913; Toparlak, 2018, p. 588-589);

As can be seen in Table 1, in the period from 2015 to 2022, the number of active insurance holders in any year has not even reached 2 times the number of the passive insurance holder. This indicates that there are not even 2 active insurance holders (*employees*) who will bear the income, monthly and medical expenses for each passive insurance holder. According to the OECD, the active/passive ratio should be 7 for the financial sustainability of the system, and a decrease in this ratio below 4 means that the system will become financially unsustainable (Tatli and Gocer, 2015, p. 89). Therefore, the fact that the number of passive insured is so high, as can be seen in many countries, leads to a deterioration of the active/passive balance in Turkey.

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<sup>12</sup> Short-term insurance branches consist of incapacity benefits and income given to the insured and/or rights holders in cases of occupational accident, occupational disease, maternity and illness. Long-term insurance branches consist of the monthly wages granted to the insured and/or rights holders in case of old age, disability and survivor.

<sup>13</sup> This declaration shows that the actual work ends with the departure from work. In this way, the state of insurance of the person concerned is terminated and excluded from the scope of social security.

**Table 1:** Number of active-passive insurance holders in Turkey between 2015 and 2022

Years	Number of Active Insurance Holder (NAIH)	Number of Passive Insurance Holder (NPIH)	NAIH / NPIH Ratio
2015	20.773.227	11.384.263	1,82
2016	21.131.838	11.755.365	1,79
2017	22.280.463	12.154.140	1,83
2018	22.072.840	12.613.151	1,74
2019	22.000.964	12.977.719	1,70
2020	23.344.547	13.264.220	1,76
2021	24.745.149	13.644.030	1,81
2022	26.344.234	13.933.020	1,89

Source: <https://veri.sgk.gov.tr/>

- SSI causing budget deficit by unnecessarily duplicating payment items (Erol, 2014: 55-59);

According to Table 2, between 2015 and 2022, the SSI failed to maintain its income-expense balance and consistently ran a deficit. Moreover, the income-expense gap has nearly sixfold from 2015 to 2020. As can be seen, SIF increasingly undermines financial sustainability by disrupting the active-passive balance of the social security system. The effect of SIF does not only affect reducing SSI premium income and increasing its expenses. According to Karadeniz and Karadeniz (2002), SIF, in addition to increasing SSI expenses, also leads to low tax bases since SSI is shown as an expense, even though no premium is paid. According to Savran (2014), FIHs are mostly done to receive maternity<sup>14</sup> payments and get pension rights, which increase expenses as cash payments from short-and long-term insurance branches, respectively.

<sup>14</sup> According to SSGHIL, maternity insurance is one of the branches of short-term insurance. Accordingly, with the employment contract, a woman who is (*4a insurance*) or who is an insured individual working on their own name and account (*4b insurance*), (or the non-working wife of an insurance man), the discomfort and disability of a woman since the beginning of her pregnancy until the first eight weeks after childbirth, first ten weeks in case of multiple pregnancies, is considered as maternity. Outpatient and in-bed treatment costs needed due to maternity are covered by the SSI from UHI. Insurance benefits from maternity insurance are the provision of nursing benefits and temporary incapacity benefits. To be eligible for these benefits and to cover the costs of treatment, the requirement to work for a certain period of time before maternity (*payment of insurance premium*) must be met.

**Table 2:** SSI Statistics 2015-2022 (TL-million)

Years	SSI Revenues	SSI Expenses	SSI Deficit
2015	220.102	231.546	-11.444
2016	255.880	276.536	-20.656
2017	288.560	312.735	-24.175
2018	369.211	384.962	-15.751
2019	424.176	464.121	-39.945
2020	472.626	540.095	-67.469
2021	633.206	654.819	-21.613
2022	1.000.385	1.040.117	-39.732

**Source:** Compiled from the annual statistical bulletins of the SSI

- It causes an unfair rise in the number of people given income and monthly benefits by the SSI and therefore prevents people who need to receive social assistance from using the system effectively (Canbay and Demir, 2013, p. 303-304).

According to the annual report for 2013, 82.693 workplaces were suspected to be fake between 01.01.2010-31.05.2013 and 1.009.102 people from these workplaces were notified to be insured (SGK, 2013b, p. 80). The number of false insurance holders identified in 2014 was 6.539, while the number of FW was 289 (SGK, 2014, p. 70). In 2016, 18.882 FIHs were found in only 211 jobs examined under the “FW and FIH Detection Project” through “Statistical Analysis Software (SAS)” (SGK, 2019). These data reveal that FI poses a significant problem for the financial sustainability of the social security system. In Table 3, the number of audits carried out within the scope of FW and FIH in Turkey since 2015, and the number of FW and FIH determined as a result of these audits are included. It is noticeable that this number of audits, which are in general Turkey, is very low. The scarcity of audit numbers makes it difficult to detect cases of FWs and FIHs. Despite this, the number of FWs and FIHs detected is quite high. All these determinations also reveal that adequate precautions have not been taken regarding SIF. If the number of workplaces examined increases, it is possible to see more clearly the great damage caused by SIF through FIHs and FWs to the social security system. The delay of the measures to be taken in this regard will also lead to an increase in the number of people who prefer being FIHs. With the complete detection and elimination of false insurance holders and fake workplaces, the financial sustainability of the social security system and the establishment of social justice can only be possible.

**Table 3:** SSI FW and FIH's Statistics 2015-2022

Years	Number of audits	Number of FW	Number of FIH
2015	4.055	1.897	64.825
2016	4.162	1.738	71.326
2017	4.445	1.474	69.056
2018	4.235	2.073	60.578
2019	4.856	2.472	50.275
2020*	3.167	1.070	67.245
2021**	3.230	2.318	106.358
2022***	-	2.513	124.373
<b>Total</b>	<b>28.150</b>	<b>15.555</b>	<b>614.036</b>

\*The number of audits is until the date 30.06.2020

\*\* According to SSI's letter dated 15.10.2021 and numbered 33409703 and 2021 annual statistical bulletins of the SSI

\*\*\* The number of audits was not mentioned in the 2022 annual statistical bulletin of the SSI

**Source:** SGK, 2020a; SGK, 2021; SGK, 2022

### Reasons for Turning to Fraudulently Insured from The Point of View of Individuals

SSGHIL defines the insurance holder as *“the individual, for whom premium should be paid or who should pay a premium in terms of short and/or long-term insurance branches”* (a.3). Individuals in working life maintain their insurance by paying a premium to the SSI for every day they are in working life to compensate for the material damage they may suffer in accidents, occupational diseases, maternity and disease situations occurring due to work if they become disabled or unable to work due to old age; or to compensate the material damage for the people they are obligated to take care of in case of them becoming widowed or orphaned due to death for any reason (Alper, 2006, p. 79-93).

Insurance status in the social security system in Turkey is considered within the scope of the SSGHIL, which was adopted on 31.05.2006 and entered into force on 01.10.2008 (Guzel et al, 2014, p. 89-90; Izgi, 2008, p. 101). SSGHIL includes the rights and obligations granted to these insurance statuses. In the law, insurance status is classified according to how the person is involved in working life (*See Footnote 7*).

According to the insurance status specified in the law, there is a question of whether you can benefit from the actions provided by short-and long-term insurance branches. In other words, the effects obtained according to the status of the insurance may also vary. As a result of this variability, some rights granted

from short-and long-term insurance branches are not included in some insurance statuses. However, the conditions for the use of certain rights provided may vary (*may become difficult or easier*) depending on the status of the insurance. Because of its encouraging nature to being FIH, some examples of these differences can be given as follows:

- Both insurance holders of 4a status and insurance holders of 4b status can receive temporary incapacity payment for each day they are incapacitated due to occupational accident or occupational disease (STIB). But while those insurance holders under 4a status benefit from the benefit under all circumstances, insurance holders under 4b status can only benefit during inpatient treatment or after inpatient treatment as required during the paid rest report and provided that all kinds of premium and premium debt, including UHI, have been paid (SSGHIL, a.13,14,18; Guzel et al., 2014, p. 412-454). The same condition applies to continuous incapacity payment; a type of assistance provided if the earning power in the profession is reduced by at least 10% as a result of STIB (SSGHIL, a.16,19; Guzel et al., 2014, p. 454-464).

- In SSGHIL, disorders that cause incapacity other than STIB are defined as “disease”. In case of illness, insurance holders of 4a status are granted temporary incapacity payment provided they have paid a short-term insurance branches (STIB) premium for at least 90 days, 1 year before the beginning of incapacity. But there is no provision that insurance holders with 4b status can benefit from the temporary incapacity benefit provided by this insurance branch. For this reason, insurance holders with 4b status cannot benefit from temporary incapacity payment in case of illness (SSGHIL a.15,16,18; Guzel et al., 2014, p. 501).

- Temporary incapacity payment is paid for every day in case of maternity to both 4a status and 4b status women insurance holders, except the corporate partners, for 8 weeks before and after childbirth -10 weeks before birth in case of multiple pregnancies- with the condition of having paid at least 90 days of STIB within the last 1 year before birth. In addition, insurance holders of both statuses can benefit from the nursing benefit if the STIB premium is paid for 120 days within 15 months before birth. However, to benefit from these benefits, no additional requirements have been introduced for insurance holders of 4a status, while insurance holders of 4b status are required to pay all premiums and debts related to premiums, including UHI (SSGHIL, a.15,16,18; Guzel et al., 2014, p. 512-520). In addition, in case of insurance not being notified within the legal period, all kinds of income and benefits as a result of the maternity situation occurring before the notification are given to the insured in 4a status, while they are not given to the insured in 4b status (SSGHIL, a.23).



• In connection with the disability pension, there is no difference between those insured in 4a status and 4b status, the period of insurance and the number of premium payment days, or the rate of loss based on the disability pension. Within both insurance statuses, the insurance holders can benefit from disability insurance in case of being insured for at least 10 years, having paid 1800 days of Invalidity, old age and survivors' (Long Term Insurance Branches) (LTIB) premiums and losing at least 60% of the earning power in profession. The only difference here is that, as in other insurance branches, insurance holders with 4b status, but do not have any debts of premiums related to premiums, including UHI (SSGHIL, a.25,26; Guzel et al., 2014, p. 521-554).

• After the adoption of SSGHIL, women who are insured within 4a for the first time can qualify for the old age pension provided that they are 58; men can be qualified provided that they are 60 years old and have been notified of premiums from the insurance branches of disability, old age, survivors' (LTIB) for at least 7200 days. For the first time in this law, those with 4b will be able to qualify for the old age pension by paying a premium of at least 9000 days under the same age conditions (Guzel et al., 2014, p. 575). In addition to the fact that the number of premium payment days required to grant the pension is greater, insurance holders with 4b status must not have any premium debts and debts related to the premium, including UHI (SSGHIL, a.28).

• In the event of the death of the insured in 4a status, the LTIB premium must be reported for at least 1800 days to be granted to the rights holders monthly. If this condition cannot be met, it is also sufficient that the deceased person has been insured for at least 5 years and has been notified of the LTIB premium for 900 days. Rights holders can also claim funeral benefits. As an additional right, the survivors' pension for life is also attached to the daughters of the insured who have died "provided that they are not married and do not work". In case of the death of the insured in 4b status, it is necessary that he has paid the LTIB premium for at least 1800 days and does not have any premium debts and debts related to the premium, including the GHI. In this case, survivors' pension and funeral benefits may be given to the rights holders (SSGHIL, a. 32,37; Guzel et al., 2014, p. 713-717; Tuncay and Ekmekci, 2009, p. 358). As can be seen, for the 4b insurance holders to benefit from the survivors' pension and funeral benefit, both the terms of the premium payment due to the number of days are stricter and the absence of premium debt is necessary.

• It is possible that the presence of differences in both STIB and LTIB issues violates equality and can be interpreted as "failure to get what you give" from the point of view of individuals who work for their own name and account (4b) (Oztepe and Akbas, 2018, p. 79). It can be said that being in 4a status gives an advantage over being in 4b status in terms of both short-and long-term insurance branches. In addition, employers who pay premiums for those with 4a status often receive discounts, amnesties or incentives,

while those with 4b status receive no incentives or discounts other than a 5-point discount (Alper, 2009; Kabatas, 2009, p. 414-419; Caniklioglu, 2011; Ugras, 2017, p. 269-270; Oral, 2019, p. 225). This may cause people to choose to be insured in working life with 4a status instead of 4b status. As a matter of fact, according to its actual work, mostly tradesmen or agricultural insurers who should be 4b can turn to be false insurance holders from 4a status to retire in a shorter time and not incur premium debt in their names (Engin, 2017, p. 34-35).

Apart from STIB and LTIB, the fact that employees who work in their own name and on their behalf (4b) are not included in the unemployment insurance coverage in Turkey is also noted as another situation of inequality (Oztepe and Akbas, 2018, p. 80). Considering that these inequalities apply to optional insured persons<sup>15</sup> and 4b insured persons, it turns out that they prefer to be 4a insured in both groups and deviate to being false insurance holders if they cannot. Therefore, the fact that the conditions set out in the law to benefit from the rights vary according to the status, which leads to the 4a status being advantageous, can be considered as a reason for FI (Engin, 2017, p. 36).

As can be seen from the above explanations, people who have taken part in working life with an employment contract (4a status) can benefit from both benefits and income related to (STIB), illness and maternity conditions called STIB, as well as disability, old age and survivors' pensions, called LTIB. But in general, to take advantage of both short-and long-term insurance branches, it seems that the condition of the specified number of premium paydays is sought. If the number of days is missing even 1 (one) day, insurance holders can't benefit from these rights. Because completing the number of days specified in the law is one of the main conditions. It is also believed that people prefer to be FI in cases where they cannot actually complete the number of premium payment days required to take advantage of the applied rights. Therefore, the fact that the time required to take advantage of social security rights cannot be completed by actual work, pushes people who want to take advantage of these rights to earn missing days and periods with (fraudulent) notifications that are not based on actual work. This situation appears as another reason for FI. In addition to short-term and long-term insurance benefits, people also need to get through the number of premium payment days for a certain period of time to take advantage of unemployment insurance benefits. According to Law No 4447;

- People who are unemployed against their wish and will (a.47/c),

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<sup>15</sup> People who do not have less than 30 days or full-time work days per month on a mandatory basis, can become insurance holders by optionally paying premiums through long-term insurance branches of UNI for the times they are out of work. These optional insurance premiums paid are regarded as being insured within the 4b status of the law (SSGHIL, a.50-51).





- In the case of service contracts continued the last 120 days before being unemployed (a.50),
- If they have worked at least 600 days in the last 3 years and paid unemployment insurance premiums (a.50/a);

They can benefit from unemployment insurance (Unemployment Insurance Law Act. 4447, a.47-50; Kumas and Karadeniz, 2017, p. 203). The absence of the possibility or desire to complete these periods by actually working leads to being an FIH to complete the number of days that remain missing.

In addition to the above gains, the desire to benefit from maternity benefits, permanent incapacity income, unemployment benefits and health benefits and the intention to retire in a shorter time and pay fewer premiums can also lead people to be FIHs.

In addition, other reasons may vary from person to person. For example, it is also known that citizens of Türkiye living abroad who cannot qualify for an old-age pension in the country in which they live, or those who want to get an old-age pension from both countries can apply to be false insurance holders (memurlar.net, 2020).

The premium incentive introduced by Law No. 6322 on the Collection Procedure of Public Debts published on 15.06.2012, and the Law of Amendments to Some Laws is also one of the applications open to FI abuses. All employer premiums and part of employee premiums are paid by the state through an arrangement called The Sixth District<sup>16</sup> to encourage investment in development-priority cities. Because premiums are largely covered by the state, the cost of premiums does not arise for the employer, employers can report their employees in other regions as if they were working in Incentive Zones. In addition, spouses, friends, and relatives can also report from workplace files opened in Incentive Zones to benefit from the rights of being insured (Esen, 2012). Another reason to be an FIH is minimum labor<sup>17</sup>. To complete the minimum amount of labor, it is found from construction workplace documents that some employers have insured even women who do not have knowledge, talent, and experience about any stage of construction. Another way to be FIHs is that insurance holders who actually work in a workplace report from (*other*)

<sup>16</sup> With the Decree on State Aid in Investments No. 2012/3305 published in the Official Gazette No. 28328 dated 19.06.2012, Turkey is divided into six regions according to investment, production and employment criteria. According to the list found in Annex-1 of the Decree, the districts of Agri, Ardahan, Batman, Bingol, Bitlis, Diyarbakir, Hakkari, Iğdir, Kars, Mardin, Mus, Siirt, Sanliurfa, Sirnak, Van, Bozcaada and Gokceada are recognized as region 6. To increase investment, production and employment in the 6th region, the incentive elements mentioned in the Annex-2 article of the SSGHIL are applied to employers operating in this region.

<sup>17</sup> According to the precedent, nature, scope and capacity of the work, the minimum amount of insured persons' number required for the performance of the work refers to the amount of earnings based on the working time or premium. The minimum amount of execution of the work in terms of workmanship is determined by the SSI by considering factors such as nature of the work done, the technology used, the size of the workplace, the number of insured people engaged in similar businesses, relevant professional institutions or public opinion (SSGHIL, a.85).

workplace files that don't actually exist. In this way, employers are trying to eliminate the burden of paying premiums to the SSI.

In cases where FIHs cannot be detected, these notices, which are not based on actual work, make it possible for people to act as people who have actually worked to benefit from the rights provided by all insurance branches, such as maternity pay, health benefits, old age pension, and unemployment benefits. In the event of the death of these people, old age pensions will also be transferred to the rights holders, and due to these mostly unpaid notices, even the premium debt will be paid by the SSI both for these people and to the people, they are obliged to care for.

In practice, some cases make it difficult to detect FI. These are;

- For the purpose of being able to qualify for the old age pension in a shorter time, notifications made by mostly agricultural insurance holders or small tradesmen (4b insurance status) from workplaces that do not owe premiums to the SSI and have actually working insurance holders.

- For the purpose of benefiting from maternity payments, these notifications are made from workplaces belonging to spouses, friends, relatives, or other relatives on the last ninety days of women's pregnancies.

The detection of FIHs can only be made by the SSI as a result of research based on reasonable doubt. FI notifications made from workplaces that do not owe premiums, or from workplaces where other individuals have actual work, become difficult to detect. But in such cases, there are also methods that make detection possible. For this purpose, it is necessary that units that conduct audits in the field of social security can make check visits to workplaces, other than notifications and complaints. In these audits, definitions can be made for criteria such as the size of the workplace and the number of people notified, the nature of the workplace, and the gender of people notified. In case of doubt, a review may be initiated about the workplace/employer/(false) insurance holders. As a matter of fact, this can lead to more frequent cases as has been reported in the national media in recent years, about a thousand people from a 30-square-foot barber shop have been reported as insured (Anadolu Agency, 2017).

Another aspect encountered in practice is that even the residence of the notified persons is not in the province where the FW was opened up. Employers or Certified Public Accountants and financial advisers who perform transactions on behalf of the employer notify a person as insured by sending the declaration of entry to work to the institution (*submit*) from the interface provided by the SSI on the Internet. For this process, the “*The Republic of Türkiye identification number*” of the insured person is sufficient. Therefore,



in the current practice, it does not make sense in which province the residence of the insurance holder is to be reported. Because the systemic functioning of the insurance holder notification does not depend on the province of residence of the insurance holder, notifications can be made from workplace files located in provinces where FIHs do not live or never even visit. Another arrangement that needs to be made to solve this problem is to ensure the integration of the identity-sharing system, which is also used by the SSI, with the system that the declaration of entry to work is given. This way, when a declaration of entry to work is issued for a person who has a residence in different provinces, the system can trigger the audit process to check whether actual work is available. However, to make such workplace visits for audit purposes, it is necessary to reach a sufficient number of auditors. In addition, the minutes of surveys conducted by tax authorities at work may also contribute to detecting FIHs. In these minutes, only the numbers of employees are included in the current situation. If the employees' identification numbers are also included in the minutes, the identification of FIHs can be made by cross-checking carried out by the SSI. But the final solution may be possible by eliminating the reasons that would require the citizen to turn to FI.

### **Fraudulently Insured in Social Security Legislation of Türkiye**

The SSGHIL, which came into force in 2008 in Turkey, covered all previous social security insurance statuses and collected all statuses under a single (legal) roof (Usan, 2016, p. 211). For this reason, SSGHIL is considered the primary legislation on social security. But as (Demir, 2014, p. 143) points out, FI appears to have little or no place in primary legislation. Within the SSGHIL, there are provisions stating that premium incentives given only to employers will be collected from the employer with overdue fees and penalties, in case it is determined that the employees notified by the employers are not actually working; criminal complaints will be filed to Public Prosecutor's Office of The Republic, and the duration in which they cannot benefit from the premium subsidies will be determined according to the number of detections (SSGHIL, a.81, annex a.2, annex a.14; Nurdogan, 2019, p. 89-90; Oral, 2019, p. 223-227).

From these provisions in the law, one may think that the detection and cancellation of non-actual work is an element that will only affect the employer. But it could be seen that FI is covered by some secondary legislation norms, including the civil and criminal liability of the insurance holders and 3rd parties. These regulations take place in; the “*Social Security Operations Regulation*” (SSOR) (SGK, 2010). “*Regulation on the Rules and Procedures for the Collection of More or Undue Payments*” (SGK, 2008), located in “*Standards Regarding the Work and Operations of Social Security Auditors*” determined by 2013/5-Numbered Circulars (obsolete) (SGK, 2013a), approved on 15.09.2020, the Work Instructions of Social Security Auditors (SGK, 2020b).

In the 19th article of the SSOR, it is stated that people who are determined to make notifications for insurance, even though they do not possess the insurability that is defined by SSGHIL, will have their registration records canceled. In the 24th article, it is stated that these services will be cancelled if it is determined that services contrary to the truth have been obtained. Although at first glance it is thought that both articles mean the same thing, it can be said that article 19 is related to the cancellation of insurance obtained by the first insurability registration, therefore to the entitlement to an old-age pension at an earlier age, article 24 is a measure against an attempt to increase the number of premium days (SGK, 2010).

In the appendix article no.7 of SSOR, it is stated that persons will be charged to the Public Prosecutor's offices in case of knowingly preparing false documents, declarations and proclamations to take advantage of incentives, support, or discounts, to complete the amount of labor in jobs requiring minimum labor, to provide unfair benefits from short-and long-term insurance branches and UHI. In addition, it is stated that if the premiums of these notifications, which do not reflect the truth, are paid, these premiums will not be refunded and will be considered SSI income (SGK, 2010).

SSI reclaims excess and/or improper payments made due to intentional and defective behavior from the persons concerned. A maximum of 10 (ten) years of income and pensions are refunded along with interest, as well as health services and other rights used based on FIHs that are considered intentional. In addition, the Republic Prosecutor General's Office could also be notified about those who caused this improper and/or overpayment (*Regulation on Procedures and Principles for the Collection of Excess or Improper Payments, a.5*). From here, it is understood that a criminal complaint can also be filed with the Prosecutor General's Office, not only about FIHs but also the employer who mediates the FIH notification, as well as freelance accountants and financial advisers or other 3rd persons (Alpaslan, 2016; Coskun, 2019).

In Circular No. 2013/5 explaining the audit standards of social security auditors, “Reviews on FIH notifications based on workplace and insurance holders”, the issues to be considered and observed in the detection of FW and FI holders are described (SGK, 2013a). (Obsolete Circular No. 24). Accordingly, social security auditors have the right to conduct a thorough review of the workplace file, and the insurance holder's personal file, apply to the statements of the workplace accountant, employer, and insurance holders, conduct an actual audit at the workplace, conduct an environmental investigation around the workplace and where the insurance holder has a residence, and review workplace records and documents. It is understood that these powers are also included in the Social Security Auditors Work Instruction in the Annex to Circular 2020/39 (SGK, 2020b).



As a result of his investigations, when the social security auditors have enough evidence to determine that a person is an FIH, it could be decided through issued statements to erase the registration if it is the first registration made through this false insurance, to cancel all premiums paid to his name, to request the return of undue payments made by SSI for the insurance holder and/or his dependants, to make a criminal complaint to the public prosecutor's office who were deemed to be responsible of creating false documentation and if there are paid premiums under their name, having these payments recorded as revenue of SSI and not paying them back. In addition, if records and documents belonging to a workplace deemed to be an FIH were examined, they have the authority to impose administrative fines in case of invalidity of registration and documents according to Article No. 102 of SSGHIL which regulate administrative fines (SSGHIL; SGK, 2013a; SGK, 2020b). Given that administrative fines are determined by SSGHIL in the form of multiples of the gross minimum wage of the relevant year, administrative fines that will be applied can reach quite large numbers.

## **CONCLUSIONS AND RECOMMENDATIONS**

FI holder is a significant threat that negatively affects the sustainability of the social security system, not only economically, but also undermines the social character of the state. For this reason, it is necessary to determine the measures both in business processes and within the scope of the legislation and to implement them immediately. Measures taken in the current situation lead to irreparable sanctions for those who try to participate in the system with FI. Despite the sanctions, it is observed that adequate awareness of the risks associated with false insurance is not achieved in society. Accordingly, the sanctions in question have a reactive nature with no deterrence.

Administrative sanctions imposed in case of detection of false insurance do not contribute to the sustainability of the social security system. Because the important thing is not to detect FI but to take measures to ensure that such an action does not occur. With the measures to be taken, instead of false insurance, people should encourage to participate directly in working life and thus pay a premium in their name. Only with such measures, sustainability can be achieved both financially and socially. In this way, on the one hand, SSI revenues will increase, while expenses made by allocating income/monthly benefits or covering health expenses may also decrease. Such policies aimed at maintaining/improving actuarial balance will ensure the system's sustainability on the one hand and the establishment of social justice on the other.

Proactive measures that will eliminate fake insurance in the social security system with a change in the legislation include:



- “FI” should be defined in SSGHIL's Article No. 3, titled “Definitions”. Defining the concept in primary legislation would preempt FI.

- In Article No. 6 of SSGHIL, “Those who are not considered insured” are listed in detail. The text/description “those who are found to be a false insurance holder cannot be considered insured due to their notifications that are not based on actual work” should be added to this article. In this way, it will be included in the primary legislation that FI notifications will be canceled.

- In the Article No. 56 of SSGHIL “Situations where income and monthly benefits will not be allocated” are described. Article No.56 should also include the text/description “Income, and the monthly payment will not be paid to those who have been found false insurance, the amount which has been paid will be collected back”. This description has a deterrent content. Because people will know that not only will “false insurance” notifications be canceled but also that all kinds of income/pensions made to them by the SSI will be refunded due to these notifications.

- Because the social security legislation is very complicated, most citizens do not know about the practices, nor do they have the opportunity to read and study the laws. For this reason, although some people are not malicious, they may believe this when being a false insurance holder is offered to them as an option. Therefore, it is essential that mass awareness of citizens is provided through a resource they will trust. The simplest way to do this is to prepare public spots about the sanctions that will be faced if false insurance is detected. These messages, which will be transmitted through mass media, can make a significant contribution to the establishment of awareness of insurance in society and the prevention of false insurance. Moreover, individuals can be prevented from being deceived by malicious people with the promise of “retirement”.

- Freelance Accountants and Financial Advisers should be informed in detail about false insurance through conferences to be organized by SSI. In this way, Freelance Accountants and Financial Advisers can be provided to be more careful, questioning, and guiding about the notifications that their taxpayers want to make. In this way, Freelance Accountants and Financial Advisers who want to benefit from FI will be able to be aware of the sanctions they will face if their actions are detected.

- In the current case, optional insurance is fully evaluated from 4b status. This makes it difficult for the insured to retire and leads to lower benefits from old-age insurance. This practice is contrary to the principle of social justice. Before this insurance, the premiums people pay with optional insurance should also be counted from this status. In this way, individuals will prefer optional insurance rather than false insurance.



• In the current situation, insurance holders with 4b status (to retire from 4a status) must spend the last 1260 days in 4a status. For this reason, insurance holders in 4b status often convert their status to 4a through FI. In this way, people can be more easily entitled to the provisions provided and get higher monetary benefits from insurance branches within the 4a status, including disability, old age, death, maternity, disease, unemployment, occupational accident, and occupational disease insurance. For this reason, it is necessary to eliminate this difference between insurance statuses. In this way, especially insurance holders with 4b status can be prevented from turning to “FIHs”.

• Proposals for changes to business processes that will contribute to the fight against false insurance holders are as follows:

• While the employer is electronically submitting the job entry form, if a notification for an insurance holder residing outside the province where the workplace is located, the system triggers the audit process electronically,

• Increasing the number of workplace audits by increasing the number of auditors,

• It is also possible to obtain the Türkiye identification number of employees in the surveys conducted by the tax authorities at workplaces, thus ensuring that cross-checking can be done with SSI records.

Factors affecting the sustainability of social security systems may differ for reasons specific to the social security method used by each economy. Moreover, it may vary depending on the cultural and sociological characteristics and legislation of the country concerned. Currently, it is observed that the active/passive balance of social security systems continues to deteriorate due to the pandemic effect and increasingly deteriorating socio-economic indicators. For this reason, to eliminate the factors affecting the sustainability of social security systems in other countries' economies, it is essential to bring this kind of research into the literature.

#### **AUTHOR STATEMENT / YAZAR BEYANI**

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