

# The Adjustments of the Maternity Insurance System in Consequence of Two-Child Policy in China

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**Abstract.** In consideration of the population and economic problems such as the aging of the population, the rising of labor costs and the crisis of pension insurance, Chinese government carried out a new population policy in 2016, which was called two-child policy. This policy allows almost every family to have at least two children. The purpose of the policy is to restrain the aging process. Before having the expectant effect, this policy has already brought about some other problems. The two-child policy can't achieve its goals well without the matched relevant systems, the most important of which is the maternity insurance system. This paper investigated the current maternity insurance systems in different provinces and found the defects of China's maternity insurance system from the perspective of the two-child policy. It tried to make it clear that whether the scope of application of maternity insurance is comprehensive, whether the maternity leaves in every province in China are coordinated and appropriate, whether the maternity insurance fund can pay the insurance benefits steadily for a long time. To overcome the possible defects, in addition to the analysis of the domestic data, this paper also investigated the maternity leave abroad. If the maternity insurance system can be adjusted properly, the two-child policy will achieve better effects.

## 1. Introduction

Since the implementation of the one-child policy in 1970s, China's fertility rate has been keeping slow growth for several decades. As a consequence, the arrival of Lewis Turning-Point will trigger a series of population and economic problems such as the aging of the population, the rising of labor costs, the crisis of pension insurance etc. In order to raise the fertility rate, Chinese government changed its one-child policy two years ago. Since November 2013, the families in which one parent is the only child could have a second child. But what the government didn't expect was that there were only 700,000 of the 11,000,000 eligible couples applied for the permission of the second child. The rate was only 6.36%. With no obvious effect, Chinese government expended the range of the eligible couples in 2016. Almost every family can have at least two children now in China. However, the two-child policy need a matched maternity insurance system. If there is no a matched maternity insurance system, the two-child policy can't be implemented well either. This paper will analyze the defects of Chinese maternity insurance system and find some solutions to make it match the two-children policy and minimize its negative effect. The data in this paper were gathered from the database named The Magic Weapon of Peking University or from the website of National Bureau of Statistics of China.

## 2. The Defects of China's Maternity Insurance System

### 2.1 The Limited Coverage.

Although the *Special Regulations of Female Workers' Labor Protections* enlarged the scope of application of the Maternity Insurance in 2012, some women such as the female entrepreneurs, the female farmers and most of men were still kept out of the regulation. What is more serious is that, in practice, many female works can't receive maternity insurance benefits because of the employer's evasion of legal sanctions and the female workers' lack of legal awareness. According to *The Program of China's Women Development*, the coverage of the maternity insurance should be 90%

in 2010. But as a matter of fact, the number was only 40 in 2007 [1]. Obviously, there is a long way to achieve the comprehensive maternity insurance.

**2.2 Different Standard of Maternity Leave in Different Province.**

Every Province has its own relatively independent legislative authority in China. So different provinces may have different standards of maternity leave. Gathering the data in *The Magic Weapon of Peking University*, it found that there are four grades of maternity leave days after the implementation of the two-children policy in China. What needs to be explained is that Hong Kong, Macao and Taiwan are not included in this statistics. It’s evident from Figure 1 that some provinces like Beijing give women 218 days as maternity leave, but some provinces like Shanghai, Henan and Sinkiang just give women 98 days. There are big gaps in standards of maternity leave in China.

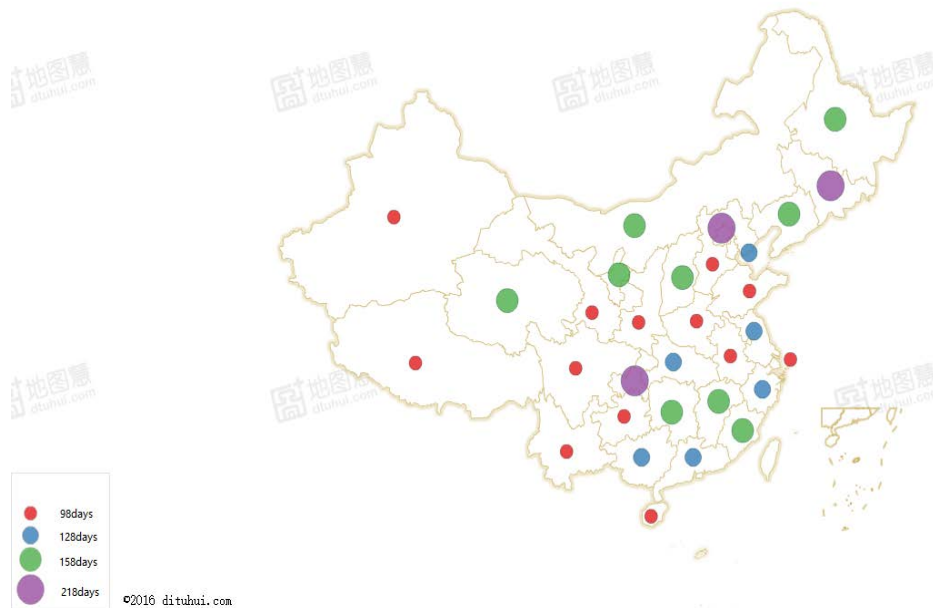


Fig. 1 Maternity leave days in different province in China

**2.3 The Lack of Maternity Insurance’s Ability to Pay.**

With the implementation of two-children policy, most of the provinces increased their maternity leave days. However, according to the present income level , the government’s social insurance fund will break the pale in the near future. Taking Fujian for example in Table 1, if the maternity leave days is calculated as 158, not the present 98, the accumulative surplus of maternity insurance fund will can’t make ends meet in five years.

Table 1. The operation of maternity insurance fund in Fujian Province [2]

Year	Number of insured persons	Number of persons enjoying the benefit	Income (RMB)	Expenditure (RMB)	Surplus (RMB)	Accumulative surplus (RMB)	Annual average wage (RMB)
2010	3744.1k	49.0k	430000k	290000k	140000k	820000k	32647
2011	4518.7k	56.7k	745900k	369180k	376720k	1194850k	38989
2012	4842.8k	81.5k	795720k	584980k	210740k	1405590k	44979
2013	5395.5k	121.4k	1262370k	818840k	443530k	1849110k	49328
2014	5567.3k	127.6k	2071330k	1648410k	422920k	2272020k	54235

**3. The Adjustments of the Maternity Insurance System**

**3.1 Allowing Men on Parental Leave.**

On the basis of *The Convention on the Elimination of All Forms of Discrimination against Women*, raising children is the responsibility of the whole society including women and men. Many countries have given fathers a long time paid or unpaid parental leave to share the responsibility with mothers [3]. According to the Figure 2, some countries give fathers hundreds of days to raise their babies. But

there has no mandatory provisions about father's parental leave in China yet, although some provinces give fathers one or two weeks to take care of their family after the babies are born.

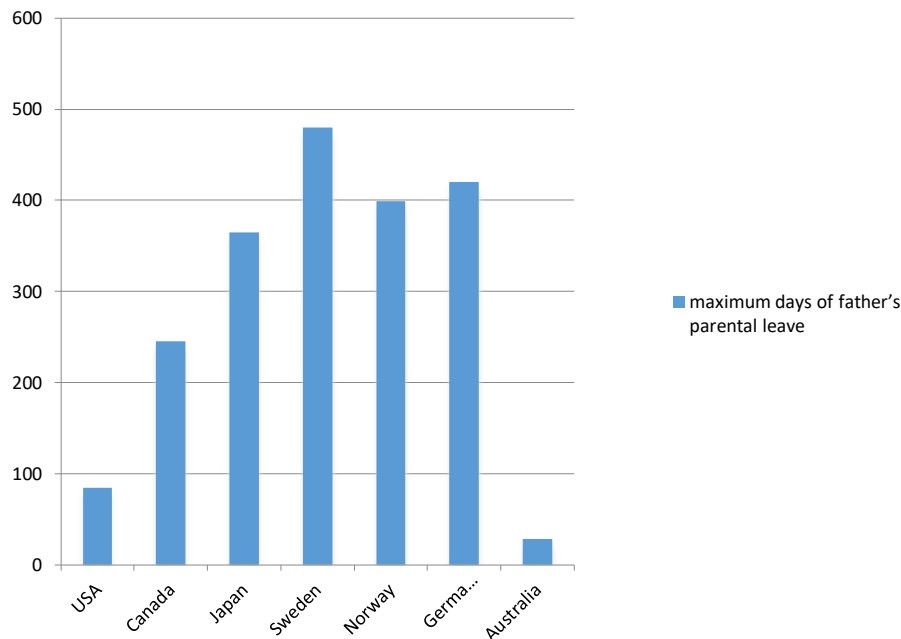


Fig. 2 Some countries' maximum days of father's parental leave

### 3.2 Determining the Liability Subject of the Increased Benefits of Maternity Leave.

As a result of the two-child policy, many provinces in China revises their family planning regulations. Most of them increased the days of the maternity leave. But the national law doesn't do these revisions. So the employers don't need to pay for the increased benefits of maternity leave. It's necessary for the government to determine the liability subject of the increased benefits as soon as possible.

### 3.3 Improving the Payment Rate of Maternity Insurance.

The increased days of the maternity leave also brought about the lack of maternity insurance's ability to pay. The most effective solution is to improve the payment rate of maternity insurance which will increase the employers' labor cost inevitably. Accordingly, the government should reduce or remit the taxation for the employers. On the other hand, it's helpful to give some financial support to the maternity insurance fund.

## 4. Summary

In conclusion, the most pressing adjustments for Chinese government are allowing fathers on parental leave, determining the liability subject of the increased benefits of maternity leave quickly and improving the payment rate of maternity insurance. As the research moves along, maybe some other solutions can be found to solve the problems caused by the unmatched birth policy and maternity leave system in China. What this paper wants to advise is that no matter what adjustments are made by the Chinese government, one very important thing is to avoid aggravating the gender discrimination against women.

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