

**Law No. 2
of January 8, 2007
Whereby articles of Law 51 of 2005 are modified,
the Social Security Agency Organic Law, and other provisions are prescribed;**

THE NATIONAL ASSEMBLY

DECREES:

Article 1. Article 192 of Law 51 of 2005 will read:

Article 192. Rise of pensions in force. Starting on January 1, 2007 and every five years thereafter, the old age and disability pensions in force will automatically increase by ten Balboas (B/.10.00) per month, except for pensions of over five hundred Balboas (B/.500.00) per month. The pension amount that will be used to determine the right to the increase will include the sum of increases received by what is stipulated in Article 224 of this Law.

Regarding the pensions for survivors, they will be favored by said increase, which will be distributed proportionately among all rightholders of a single causer.

Paragraph. The Social Security Agency Board of Directors, according to the Institution's financial conditions, pursuant to what articles 218 and 219 state, starting on the year 2010, can agree to make similar increases for the pensioners and retirees that earn pensions over five hundred Balboas (B/.500.00) per month, except for pensions of one thousand five hundred Balboas (B/.1,500.00) or more per month. For this purpose, said increases will be the same as those set by this article.

Article 2. Numeral 3 of article 152 of Law 51 of December 27, 2005 will read:

**Article 152. Insured persons included in the Mixed Subsystem.
The following are covered by the Mixed Subsystem:**

...

3.

All workers that join social security by the account of another for the first time on or after January 1, 2008.

...

Article 3. Article 40 of Cabinet Decree No. 68 of 1970 will read as follows:

Article 40. The minimum amount for permanent absolute disability pensions will equal:

1.

The sum of one hundred seventy five Balboas (B/.175.00) per month, until December 31, 2009.

2.

Starting on January 1, 2010 and every five years thereafter, the minimum amount set in the preceding numeral will increase by ten Balboas (B/.10.00) per month.

The maximum amount for these pensions will be:

1.

Up to one thousand Balboas (B/1,000.00) per month, until December 31, 2006. When the insured has paid at least twenty five years of contributions and has an average monthly salary no less than one thousand five hundred Balboas (B/.1,500.00) during the last fifteen years of contributions, this pension can reach up to one thousand five hundred Balboas (B/.1,500.00) per month.

2.

Up to one thousand five hundred Balboas (B/1,500.00) per month, starting on January 1, 2007.

The lowest and highest survivor pensions granted by virtue of Occupational Hazards will be the result of applying the percentages set for said pensions on the highest amounts set for the pensions allotted in this article.

Starting on January 1, 2007 and every five years thereafter, permanent absolute disability pensions that are in force and are less than or equal to five hundred Balboas (B/.500.00) per month will be increased by ten Balboas (B/.10.00) per month. The pension amount that will be used to determine the right to the increase will include the sum of increases received by what is stipulated in Article 224 of Law 51 of 2005.

The survivor pensions will benefit from this increase, which will be distributed proportionately among all rightholders of a single causer.

Paragraph. The Social Security Agency Board of Directors, according to the financial conditions of this Hazard, can agree to make similar increases for the pensioners that earn pensions of over five hundred Balboas (B/.500.00) per month, as long as they do not exceed one thousand five hundred Balboas (B/.1,500.00). For this purpose, said increases will be the same as those set by this article.

Article 4. The pension amount that will be used to determine the right to the increase provided for in Article 192 of Law 51 of 2005 will comprise all the economic benefits received by the pensioner, including the increases attained pursuant to what article 224 of said Law provides.

These pensioners will receive the increase to which article 192 of Law 51 of 2005 refers, when they have attained the right to the old age pension at the age of reference, or the disability pension, pursuant to the provisions of said Law.

Article 5. The effect of numeral 13 of article 1 of Law 6 of June 16, 1987 is reinstated as follows:

Article 1. ...

...

13.

The personal and commercial loan transactions performed in their name in banks, financing companies, cooperatives and loan institutions, are exempt from paying the surcharge or encumbrance stipulated in the Interest Clearing Special Fund (FECD).

...

Article 6. The effect of article 9 of Law 4 of May 17, 1994 is reinstated as follows:

Article 9. Exceptions to the application of article 8 of this Law:

The personal and commercial loans granted to persons in the golden age, retirees and pensioners favored by the benefits stipulated by Law 6 of June 16, 1987, modified by Law 18 of August 7, 1989 and Law 15 of July 13, 1992.

In cases of numerous loans granted jointly, the exemption can be applied only if all joint debtors meet the age or conditions required by Law 6 of June 16, 1987, except in case of joint codebtors who are married to each other; in the latter case, the exemption can be applied if any one of them meets the age or conditions.

In cases of numerous loans granted jointly, the exemption can be applied only with respect to the debtors that meet the age or conditions required by Law 6 of June 16, 1987, in proportion to the quota-part that pertains to the beneficiary borrower and in favor of said borrower.

The personal and commercial loans granted to micro-companies are also an exception, whether they be natural or legal persons, as long as they can prove they are registered in the corporate registry in charge of the Authority, with a certification issued by the latter.

Funds granted as loans, pursuant to the provisions of the previous paragraph, must be completely invested in the business' normal operation.

Article 7. This is a public order and social interest Law.

Article 8. This Law modifies article 192 and numeral 3 of article 152 of Law 51 of December 27, 2005 and article 40 of Cabinet Decree 68 of March 31, 1970, modified by Law 51 of December 27, 2005; it rescinds numeral 5 of article 128 of Law 22 of June 27, 2006; and it restores the effect of numeral 13 of article 1 of Law 6 of June 16, 1987 and article 9 of Law 4 of May 17, 1994.

Article 9. This Law will be in force starting on January 1, 2007.

TO BE RELEASED AND FULFILLED.

Approved in third debate in the Justo Arosemena Palace, Panama City, at 30 days of the month of December of the year two thousand six.

The President,

(illegible signature)

Elias A. Castillo G.

The Secretary General In Charge,

(Signature: José Ismael Herrera)

Jose Ismael Herrera

NATIONAL EXECUTIVE BRANCH. PRESIDENCY OF THE REPUBLIC.
PANAMA, REPUBLIC OF PANAMA, January 8, 2007.

(Signature: Martin Torrijos)

MARTIN TORRIJOS ESPINO

President of the Republic

(illegible signature)

CAMILO ALLEYNE

Minister of Health