

## Italy

Exchange rate: US\$1.00 equals 0.80 euros (€).

### Old Age, Disability, and Survivors

#### Regulatory Framework

**First law:** 1919.

**Current laws:** 1952, 1965, 1968, 1974, 1975, 1978, 1980, 1981, 1984, 1992, 1995, 1997, and 2001.

**Type of program:** Social insurance system.

#### Coverage

Employed persons, including domestic employees.

Voluntary coverage for contract and professional workers not covered by any specific fund.

Special systems for public-sector workers and the self-employed.

#### Source of Funds

**Insured person:** 8.89% of earnings.

**Employer:** 23.81% of payroll. (A lower contribution rate is paid by specific employers and/or employers in certain economically distressed areas.)

**Government:** Full cost of income-tested allowances and any overall deficit.

The minimum daily earnings for contribution purposes are €9.16 for workers in industry or, if higher, the minimum wage.

The minimum wage is established by sector and by category through collective bargaining.

There are no maximum earnings for contribution or benefit purposes, except for the newly insured. The maximum earnings for newly insured persons entering the system after January 1, 1996, are €4,401 a year.

#### Qualifying Conditions

**Old-age pension:** Conditions vary according to three categories of insured person:

- Category 1. New entrants to the labor force as of 1996. Age 57 with 5 years of contributions. Cessation of gainful employment is necessary. The pension must not be less than the social allowance plus 20%. There is no entitlement to a pension below this level, unless the insured is aged 65 or older or has 40 years of contributions.
- Category 2. Insured persons with less than 15 years of contributions as of December 31, 1992. Age 65 (men) or age 60 (women) with 20 years of contributions. Cessation of any gainful employment is necessary.

- Category 3. Insured persons with at least 15 years of contributions as of December 31, 1992. Age 65 (men) or age 60 (women) with 15 years of contributions. Cessation of any gainful employment is necessary.

Old-age allowance (means tested): Age 70. Payable for a single person or a couple.

**Seniority pension:** Age 57 with 35 years of contributions or regardless of age with 38 years of contributions (for the self-employed, age 58 with 35 years of contributions or regardless of age with 40 years of contributions). The contribution period will rise gradually to 40 years by 2008. Cessation of gainful employment is necessary.

New entrants to the labor force as of 1996 are not eligible for the seniority pension.

**Social allowance:** Age 65 and an Italian citizen or a citizen of a member state of the EU resident in Italy; also payable to non-EU citizens resident in Italy with a residence permit. Income, including that of a partner, must be below a government-set level.

**Disability pension:** Total and permanent inability to perform any work with at least 5 years of contributions, including 3 in the 5 years before the claim. Entitlement is based on the absence of all other forms of income, including earnings from self-employment and unemployment benefits.

**Disability allowance (means-tested):** The loss of 2/3 of working capacity with at least 5 years of contributions, including 3 in the 5 years before the claim. The allowance is payable in the first instance for a period of 3 years; may be extended for additional 3-year periods. After the allowance has been extended for a second consecutive time, the award becomes permanent. At retirement age and if the insured satisfies the qualifying conditions for the old-age pension, entitlement ceases and the old-age pension is awarded. The disability allowance is reduced by 25% if the insured has income four times greater than the minimum income (€1,433.36) and by 50% if income is five times greater than the minimum income (€6,791.70).

**Survivor pension:** The insured was either receiving an old-age, seniority, or disability pension, had 15 years of contributions, or had 5 years of contributions, including 3 in the 5 years preceding death.

Eligible survivors are the spouse, a separated spouse entitled to alimony, dependent minor children, dependent children who were students or disabled at the time of the insured's death, and nephews, nieces, or grandchildren who were dependent on the deceased.

Other eligible survivors (in the absence of the above) are parents older than age 65 without entitlement to a pension who were dependent on the deceased.

**Death grant:** Awarded if the qualifying conditions for the survivor pension are not met. The deceased must have paid at least 1 year's contributions in the previous 5 years.

## Old-Age Benefits

**Old-age pension:** The pension calculation varies according to the starting date of the insurance period.

Category 1: For insured persons whose insurance period began on or after January 1, 1996, the pension is 33% (20% for the self-employed) of annually adjusted insured earnings multiplied by a variable coefficient (4.72 at age 57 or 6.136 at age 65).

Category 2: For insured persons with less than 18 years of contributions as of December 31, 1995, the pension for the contribution period before January 1, 1996, is based on a progressive percentage (0.9% to 2%) of earnings times the number of years of contributions. The pension for the contribution period beginning January 1, 1996, is 33% (20% for the self-employed) of annually adjusted insured earnings multiplied by a variable coefficient (4.72 at age 57 or 6.136 at age 65).

Category 3: For insured persons with at least 18 years of contributions as of December 31, 1995, the pension is based on a progressive percentage (0.9% to 2%) of salary multiplied by the number of years of contributions, up to a maximum of 40.

The minimum monthly pension for pensioners with an annual income lower than a predetermined level (€10,716.68 for a single person; €21,433.36 for a couple) is €12.18.

The minimum monthly pension for pensioners aged 70 or older receiving a special supplement to the pension and with annual income lower than a predetermined level (€6,967.35 for a single person and €11,750.96 for a couple) is €35.95.

Schedule of payments: The pension is paid monthly, with a 13th payment in December.

Benefit adjustment: Benefits are adjusted annually according to the average change in the cost of living.

**Seniority pension:** The pension is based on a progressive percentage (0.9% to 2%) of earnings multiplied by the number of years of contributions, up to a maximum of 40.

**Social allowance:** €4,738.61 a year; may be increased to €35.95 a month for pensioners aged 70 or older receiving a special supplement to the pension and with annual income lower than a predetermined level (€6,967.35 for a single person and €11,750.96 for a couple).

Schedule of payments: The pension is paid monthly, with a 13th payment in December.

Benefit adjustment: Benefits are adjusted annually according to the average change in the cost of living.

## Permanent Disability Benefits

**Disability pension:** The pension calculation varies according to the starting date of the insurance period.

Category 1: For insured persons whose insurance period began on or after January 1, 1996, the pension is 33% (20% for the self-employed) of annually adjusted insured earnings multiplied by a variable coefficient depending on the insured's age.

Category 2: For insured persons with less than 18 years of contributions as of December 31, 1995, the pension for the contribution period before January 1, 1996, is based on a progressive percentage (0.9% to 2%) of earnings times the number of years of contributions. The pension for the contribution period beginning January 1, 1996, is 33% (20% for the self-employed) of annually adjusted insured earnings multiplied by a variable coefficient depending on the insured's age.

Category 3: For insured persons with at least 18 years of contributions as of December 31, 1995, the pension is based on a progressive percentage (0.9% to 2%) of salary multiplied by the number of years of contributions, up to a maximum of 40.

For each of the above three categories, an increment based on the anticipated number of years between the date of the onset of disability and the normal pension age is paid.

The minimum pension is €92.69; €26.46 for an insured person aged 60 with income below a predetermined level (€6,714 for a single person and €11,271.39 for a couple).

Constant-attendance supplement: €369.27 a month.

**Disability allowance (means-tested):** The calculation is the same as for the disability pension but without the increment for the anticipated number of years between the date of the onset of disability and normal pension age.

The minimum disability allowance is the minimum pension.

Schedule of payments: Benefits are paid monthly, with a 13th payment in December.

Benefit adjustment: Benefits are adjusted annually according to the average change in the cost of living.

## Survivor Benefits

**Survivor pension:** 60% of the pension paid or accrued to the insured is payable to the spouse; 80% for a spouse with one child; 100% for a spouse with two or more children.

**Full orphan's pension:** 70% of the pension paid or accrued to the insured for one orphan; 80% for two orphans; 100% for three or more orphans.

**Other eligible survivors (in the absence of the above):** 15% of the pension paid or accrued to the insured for each parent, brother, or sister.

Income test: For survivor pensions awarded after September 1, 1995, the pension is reduced by between 25% and 50% if the eligible survivor has income above certain limits.

The maximum survivor pension is 100% of the insured's pension.

**Death grant:** A variable lump-sum award of between €2.31 and €6.93.

In the case of the death of an insured person who entered the labor force on or after January 1, 1996, a lump-sum benefit may be paid equal to the disability allowance multiplied by the number of years of contributions.

## Administrative Organization

Ministry of Labor and Social Welfare and Ministry of Economy and Finance provide general supervision.

National Social Insurance Institute administers the mandatory national program through its branch offices as well as administering a number of special programs for certain categories of insured worker.

## Sickness and Maternity

### Regulatory Framework

**First laws:** 1912 (maternity), 1927 (tuberculosis), and 1943 (sickness).

**Current laws:** 2001 (maternity); 1978, 1983, 1999, and 2001 (sickness); and 1970, 1975, and 1998 (tuberculosis).

**Type of program:** Social insurance (cash benefits) and universal (medical care) system.

### Coverage

**Sickness benefit:** Employed persons and contract workers.

**Maternity benefit:** Employed persons, contract workers, and the self-employed.

**Tuberculosis benefits:** Employed persons; some self-employed categories are covered.

**Medical benefits:** All residents.

### Source of Funds

#### Insured person

*Sickness benefits:* None; some categories of contract workers make variable contributions.

*Maternity benefits:* None; self-employed persons contribute. Some categories of contract workers make variable contributions.

*Tuberculosis benefits:* None.

#### Employer

*Sickness and maternity benefits:* Total cost for employed persons. Variable contributions are made on behalf of some categories of contract workers.

*Tuberculosis benefits:* None.

**Government (sickness, maternity, and tuberculosis benefits):** Total cost of maternity benefits for certain categories of worker and the total cost of tuberculosis benefits.

### Qualifying Conditions

**Sickness and maternity benefits:** Currently covered; self-employed and contract workers must meet contribution conditions.

**Tuberculosis benefits:** One year of coverage.

**Medical benefits:** There is no minimum qualifying period.

## Sickness and Maternity Benefits

**Sickness benefit:** 50% of average earnings for the first 20 days; thereafter, 2/3 of average earnings. The benefit is payable after a 3-day waiting period for up to 180 days; may be extended in special cases.

For contract workers, the daily benefit is awarded only for days of hospitalization and the amount is variable and based on a percentage of the value of the contributions made in the 12 months before hospitalization. The benefit is payable for 180 days of hospitalization a year.

**Maternity benefit:** Employees are entitled to 80% of earnings, payable from 2 months (or 1 month) before the expected date of childbirth and for 3 months (or 4 months) after childbirth.

The self-employed are entitled to 80% of earnings, payable from 2 months before the expected date of childbirth and for 3 months after childbirth.

Different rules for maternity benefits apply in cases of adoption, for contract workers, and for part-time workers.

**Parental leave:** Six months' leave for either parent, to be taken before the child is age 3; the self-employed receive 3 months' leave, to be taken before the child is age 1. The benefit is equal to 30% of earnings. Parents are entitled to an additional 6 months' leave before the child is age 8 plus an income-tested allowance of 30% of earnings if the parent's income is less than 2.5 times the minimum pension.

### Tuberculosis benefits

*Daily benefit:* A fixed daily benefit paid while receiving institutional care and payable for up to 180 days.

*Postsanatorium benefit:* A fixed benefit paid after leaving institutional care and payable for 2 years.

*Care and support allowance:* A fixed allowance paid for a 2-year period. The award is renewable.

*Christmas allowance:* A supplementary allowance paid in addition to the benefits already received.

### Workers' Medical Benefits

Services are provided by doctors and pharmacists under contract with, and paid directly by, the National Health Service. Benefits are paid for by the Health Service or by hospitals, most of which are public. Benefits include general and specialist care, hospitalization, prescribed medicines, dental care, the attendance of midwife or doctor at childbirth, specified appliances, and spa treatment. Tuberculosis care includes curative and convalescent care in sanatorium, postsanatorium care, and rehabilitation.

**Cost sharing:** A copayment by patients is required for certain prescribed medicines and hospital tests; copayments are waived for certain categories of insured persons and for persons with certain medical conditions.

There is no limit to duration.

## Dependents' Medical Benefits

Services are provided by doctors and pharmacists under contract with, and paid directly by, the National Health Service. Benefits are paid for by the Health Service or by hospitals, most of which are public. Benefits include general and specialist care, hospitalization, prescribed medicines, dental care, the attendance of midwife or doctor at childbirth, specified appliances, and spa treatment. Tuberculosis care includes curative and convalescent care in sanatorium, postsanatorium care, and rehabilitation.

Cost sharing: A copayment by patients is required for certain prescribed medicines and hospital tests; copayments are waived for certain categories of insured persons and for persons with certain medical conditions.

There is no limit to duration.

## Administrative Organization

Ministry of Labor and Social Welfare and Ministry of Economy and Finance provide general supervision.

National Social Insurance Institute administers cash sickness, maternity, and tuberculosis benefits.

Twenty regional health authorities and their respective local health authorities administer the National Health Service.

## Work Injury

### Regulatory Framework

**First law:** 1898.

**Current laws:** 1965, 1998, and 2000.

**Type of program:** Social insurance system.

### Coverage

Manual workers, nonmanual employees in dangerous work, the self-employed in agriculture, domestic workers, company managers, contract workers, professional sportsmen.

Special system for seamen.

### Source of Funds

**Insured person:** None.

**Employer:** 0.5% to 16% of payroll, according to the assessed degree of risk. The average basic rate for industrial workers is 3.0%.

**Government:** Administrative costs.

### Qualifying Conditions

**Work injury benefits:** There is no minimum qualifying period.

## Temporary Disability Benefits

60% of the average daily wage for the first 90 days of disability; thereafter, 75%. The benefit is payable after a 3-day waiting period (during which the employer must pay the benefit).

Average daily wage: Calculated on the 15-day period preceding the accident or the onset of the occupational disease.

## Permanent Disability Benefits

**Permanent disability pension (for incidents before July 25, 2000):** The pension is awarded for an assessed degree of disability of 11% or more. The pension is based on wages for the year preceding the date of the accident or the onset of the occupational disease and on the assessed degree of disability. The amount of wages used to calculate the benefit is set within recognized minimum and maximum established limits. The amount of the pension may be revised according to changes in the assessed degree of disability. The pension cannot be combined with old-age, disability, and survivors pensions.

**Dependent supplement:** 5% of the pension for a spouse and for each child under age 18 (age 26 if a student, no limit if disabled).

**Constant-attendance supplement:** €369.40 a month with a permanent disability of 100%.

**Benefit adjustment:** Benefits are adjusted annually according to changes in consumer prices.

**Permanent disability pension (for incidents on or after July 25, 2000):** If the assessed degree of disability is 6% to 15%, a lump sum is paid based on disability and biological damage indemnity tables. If the assessed degree of disability is 16% or greater, a pension is paid according to the assessed degree of disability plus a cash supplement calculated according to wages (ceiling) and a coefficient table.

**Constant-attendance supplement:** €369.40 a month to those with a permanent disability of 100%.

**Benefit adjustment:** Benefits are adjusted annually according to changes in consumer prices.

### Transitional compensation for silicosis and asbestosis:

Benefit is payable for 1 year to compensate insured workers who are forced to abandon a harmful work position in order to avoid aggravation of a diagnosed disease. In cases in which the insured has become unemployed, the amount payable is equal to 2/3 of the average daily wage received in the 30 days preceding the abandonment of a harmful work position. In cases in which the insured has changed employment, the amount is equal to 2/3 of the difference between the average daily wage received in the period of 30 days preceding the actual abandonment of the former harmful work position and the remuneration received in the new employment.

**Unemployment pension:** A monthly payment of €205.30 is provided in cases in which the assessed degree of disability is

not less than 34%. The insured must be under age 65, have lost all capacity for work, or be a risk to colleagues' or workplace safety.

**Benefit adjustment:** Benefits are adjusted annually according to changes in consumer prices.

### **Workers' Medical Benefits**

Benefits include medical, surgical, and hospital care; appliances; and rehabilitation.

### **Survivor Benefits**

**Survivor pension:** 50% of the insured's earnings is payable to the surviving spouse.

**Orphan's pension:** 20% of earnings for each orphan under age 18 (age 26 if a student and dependent, no limit if disabled); 40% for a full orphan.

**Other eligible survivors (in the absence of the above):** 20% of the insured's earnings for each parent, brother, or sister of the deceased.

The maximum survivor pension is 100% of the insured's earnings.

**Funeral grant:** A lump sum to the person who paid the funeral expenses.

### **Administrative Organization**

Ministry of Labor and Social Welfare provides general supervision.

National Accident Insurance Institute administers the program through provincial offices.

National Health Service administers medical benefits.

## **Unemployment**

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### **Regulatory Framework**

**First law:** 1919.

**Current laws:** 1924, 1935, 1957, 1972, 1975, 1977, 1988, 1991, 1994, 1996, 1997, 1998, and 2000.

**Type of program:** Social insurance system.

### **Coverage**

Private-sector employees. (Construction workers are also covered for a special supplementary benefit.)

### **Source of Funds**

**Insured person:** None.

**Employer:** 1.61% (for managers in industry) or 1.91% (for employees in industry and commerce) of payroll. Industrial employers also pay 0.3% (0.8% in construction) of payroll to a

special unemployment fund and 2.2% of payroll (1.9% for firms with fewer than 50 workers) for wage supplement funds.

**Government:** Administrative costs, plus subsidies for agricultural workers.

### **Qualifying Conditions**

**Unemployment benefit:** At least 2 years of coverage with 52 weeks of contributions in the last 2 years; construction workers must have 43 weeks of contributions during 2 years of employment in the sector. Unemployment must be involuntary.

**Special supplementary allowance:** Awarded to construction workers.

**Mobility allowance:** Paid to industrial workers with at least 1 year of insurance and 6 months of employment. Workers must be registered at an employment office and be capable of, and available for, work. Unemployment must be involuntary.

### **Unemployment Benefits**

Private-sector employees are entitled to 40% of the gross average daily wage received in the previous 3 months. The maximum duration of benefit is 180 days; 270 days for workers older than age 50.

Construction workers receive 80% of earnings for a period of between 18 months and 27 months, depending on the location of the employing firm.

**Special supplementary allowance:** 80% of earnings for a period of 90 days is paid to construction workers.

**Mobility allowance:** For the first 12 months, 100% of benefit from the special unemployment fund; thereafter, 80%. The maximum duration of the allowance is dependent on the age of the worker and the location of the place of employment but can be no more than 48 months.

### **Administrative Organization**

Ministry of Labor and Social Welfare and Ministry of Economy and Finance provide general supervision.

National Social Insurance Institute administers the program through its branch offices.

## **Family Allowances**

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### **Regulatory Framework**

**First law:** 1937.

**Current laws:** 1955, 1986, 1988, 1994, 1995, 1996, and 1997.

**Type of program:** Employment-related system.

### **Coverage**

Employees and social insurance, welfare, and unemployment beneficiaries with one or more children or other dependents.

Special systems for the self-employed and for pensioners of the special systems.

### **Source of Funds**

**Insured person:** None.

**Employer:** 2.48% of payroll.

**Government:** Subsidies, including 0.8% of the employer contribution.

The minimum daily earnings for contribution purposes are €39.16 or, if higher, the minimum wage.

### **Qualifying Conditions**

**Family allowances:** A dependent spouse; children under age 18 (no limit if disabled); orphaned brothers, sisters, nieces, and nephews who are dependent and under age 18 (no limit if disabled) and not eligible for a survivor pension.

### **Family Allowance Benefits**

**Family allowances:** The amount varies in relation to family size and income, from €10.33 to €65.26 for up to seven children.

Supplements for larger families: An extra 10% and €3.72 for each additional child.

Income ceilings are increased for single-parent families and for families with at least one totally disabled family member.

Benefit adjustment: Benefits are adjusted annually according to a government index.

### **Administrative Organization**

Ministry of Labor and Social Welfare and Ministry of Economy and Finance provide general supervision.

National Social Insurance Institute administers the program through the Central Family Allowances Fund.

Individual employers pay allowances directly to their own employees (except in agriculture) and domestic workers and settle the surplus or deficit of contributions due with the local branch office of the Institute.